

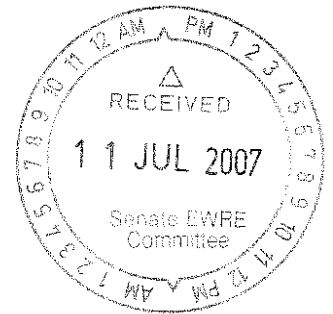


Australian Government
Department of Transport and Regional Services

Acting Secretary

Contact: Leslie Riggs
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Mr John Carter
Secretary
Senate Employment, Workplace Relations and Education Committee
PO Box 6100
PARLIAMENT HOUSE ACT 2600



Dear Mr Carter

Senate inquiry into workforce challenges in the transport industry

Thank you for your letter of 12 June 2007 seeking further advice on particular matters of interest relating to the role of the Department of Transport and Regional Services.

Please find attached written responses to the questions you posed. I have also included copies of the AusLink White Paper and North-South Rail Corridor Study.

Yours sincerely

Mike Mrdak
Acting Secretary

9 July 2007

Enc.

Responses to Senate Inquiry into Workforce Challenges in the Transport Industry

1) *The committee has heard that large scale increases in transport capacity will be needed to meet growing freight movement demands, and that such increases in capacity generally involve significant investment in large scale infrastructure with a relatively long lead time.*

Specifically, given that the national freight task is expected to double by 2020, what planning has the Department undertaken to ensure national infrastructure will be able to accommodate this increase?

In 2004, the Australian Government released the AusLink White Paper which outlined the Government's long term approach to tackling the transport challenges facing Australia. The White Paper responds specifically to the expected doubling of the freight task over a twenty year period and to the need for high quality decisions to be made in relation to national infrastructure. The White paper also took account of the need for Australia to remain competitive in an increasingly global economy and the consequent demands that this places on the nation's key strategic road and rail links.

This policy statement on land transport is designed to revolutionise the way that Australia thinks about and funds its critical land transport infrastructure. The former National Highways System and Roads of National Importance have been replaced with a broader and more strategic network of multi-modal transport corridors.

AusLink involves:

- A defined National Network of important road and rail links and their intermodal connections
- The National Land Transport Plan which outlines the Government's approach to improving and integrating the National Network and the investments it will make;
- A single funding regime
- Separately earmarked funding for local and regional transport improvements
- Specific legislative, intergovernmental and institutional mechanisms that are designed to target Australian Government funding more closely to our freight and trade needs.

I have enclosed a copy of the AusLink White Paper.

A key element of AusLink planning is the development of 24 corridor strategies. These strategies, undertaken in partnership with the states and territories, assess the current state of the transport infrastructure (both road and rail) in these corridors and detail investment priorities based on deficiencies within the AusLink National Network. These strategies build upon planning work already undertaken by the states and territories. As implied above a major part of the rationale for the development of AusLink was the need for a new approach to ensure that both Commonwealth and state/territory investment was directed towards the projects most needed to sustain our freight network.

All 24 corridor strategies have now been completed to the public consultation stage and posted to the AusLink website at www.auslink.gov.au. They will inform the investment decisions that the Government will take under AusLink 2. The Government has already committed \$22.3 billion towards AusLink 2, which will run from 2009/10 – 2013/14. This is a significant increase over the previous five year AusLink programme and a very substantial increase over the former National Highways programme. By combining planning and funding elements the AusLink programme is structured in such a way as to allow a focus on the projects that will need to be undertaken before physical bottlenecks and deficiencies occur, and in this way maximise the ability of our national land transport infrastructure to handle the predicted freight in 2027 and beyond.

Further information about AusLink may be found at www.auslink.gov.au.

2) *What planning has the Department undertaken to ensure the intermodal interface (particularly the maritime and road/rail interface at ports) will be able to accommodate freight task increases? Who has been consulted or provided input to planning, and what have been the outcomes?*

Planning for increased freight around intermodal terminals (including road and rail connections to ports) has been undertaken during the development of the AusLink corridor strategies. Where major ports are contained within an AusLink corridor, extensive consultation has occurred with port authorities and state governments.

For example, during the development of AusLink corridors such as Sydney Urban and Sydney-Wollongong the Sydney Ports Corporation and Port Kembla Ports Corporation were consulted on future freight flows and their views on how these might be accommodated. Such consultation occurred with all major ports on the AusLink National Network, especially those in urban environments. Many industry groups were also consulted as part of the corridor strategy development process, including transport companies and freight forwarders.

The overall intent behind a joint approach to corridor planning with state and territory governments and inclusion of stakeholders in the consultation approach is to develop a consensus amongst government and industry on the appropriate priority for future investment. The Australian Government has accorded high priority to port access projects under the first AusLink programme.

It is noted that the House of Representatives Standing Committee on Transport and Regional Services is undertaking an *Inquiry into integration of regional rail and road networks and their interface with ports*.

3) *What timeframe does the Department's planning in this area cover? How does it relate to the five year plan currently being developed by the Australian Logistics Council, and does it extend beyond this?*

The AusLink corridor strategies consider two timeframes in their analysis of the deficiencies and priorities within each corridor. These are short-term (to 2015) and longer term (beyond 2015). Generally, the corridor strategies are designed to be a statement of the shared strategic priorities of the Australian and state/territory governments for the long-term (20-25 year) development of the corridor.

The Australian Logistics Council (ALC) participated in consultations led by the Department during the development of the AusLink corridor studies. The ALC is currently developing a new logistics industry strategy which will, among other things, consider some industry perspectives on infrastructure issues in meeting increased freight tasks.

The new logistics industry strategy being developed by the ALC will replace the Australian Logistics Industry Strategy (ALIS) which commenced in 2002 and was finalised in February 2007. The ALIS was developed through the Government's Industry Action Agenda Program and was led by the ALC. The Government shares the funding of the ALC with States and industry.

In February 2007, following an independent review of the ALIS, the Minister for Transport and Regional Services concluded the Strategy noting that it had gone as far as it could in its current form in addressing efficiency and capability issues facing the Australian logistics industry. The Minister subsequently charged the ALC with the task of developing a new logistics industry strategy building on

the outcomes of the ALIS and taking account of developments in the industry and government since the ALIS was conceived. The new strategy will be independent of the Government's Industry Action Agenda Program.

The Government has committed funding to the ALC over 4 years from 2007 to 2010 (to be matched by the States/industry) to develop and implement the new strategy. The ALC is currently consulting widely with industry and government stakeholders and anticipates having a draft strategy available for consideration towards the end of 2007 - the new strategy will be implemented from 2008. The ALC is proposing that the strategy run for 5 years.

Industry input on infrastructure issues such as that through the ALC 5 year logistics strategy is complementary to the AusLink 5 year planning and investment programs. Both have the common goal of enhancing transport efficiency to achieve economy wide benefits.

4) It has been suggested to the committee that the replacement value of highways and main roads in Western Australia alone is in the order of \$21.4 billion. Given that passage of heavy vehicles constitutes a major strain on roads and their maintenance, what are your views on developing a more integrated transport infrastructure system, including coordination with waterways and rail, to alleviate some of this burden?

AusLink is creating a more integrated land transport network as the programme is multi-modal in nature. Rather than road and rail competing for funds, investment is being directed to those projects within a corridor that provide the best solutions to transport issues. Rail is already used extensively in Western Australia for mining exports and is the dominant mode of freight transport between Western Australia and the eastern states. Coastal shipping may also have a continuing role to play in the movement of certain commodities, particularly over very long distances, but it is private industry and the shipping lines that make decisions about the economics involved and level of services provided.

The committee may wish to review the *Perth-Darwin Corridor Strategy* as an example of a corridor that relies on road transport but is crossed by a number of dedicated mining railways. The *Adelaide-Perth Corridor Strategy* is also worth considering as an example of a corridor where road and rail compete (copies are available on the AusLink web site at www.auslink.gov.au).

5) It has been suggested that a decline in the number of roadhouses, break down areas and rest areas are of significant concern to truck drivers and trucking companies, particularly those active on long haul routes. Is this a matter for states and territories alone, or a task for COAG?

COAG has included the issue of the provision of rest areas within its transport reform agenda. Such provision also has a key supporting role in facilitating delivery of new fatigue regulations for the heavy vehicle industry.

To progress the COAG requirements, the Austroads Road Safety Taskforce will undertake a national audit of all rest areas against national guidelines and report to the Australian Transport Council. Strategies will be developed, for implementation by state and territory road agencies to address any deficiencies identified in the audit.

The issue has also been identified in several of the corridor strategies that cover long haul road transport.

6) *The committee has heard the view that there is a need for improved interstate rail infrastructure including new north-south railway links, to handle long trips currently undertaken by trucks. Has the Department considered infrastructure investment priorities in the light of serious shortages of truck drivers in the next ten years?*

Infrastructure investment priorities are the subject of discussions with the state and territory governments taking into account the priorities identified within the AusLink corridor strategies. Whilst recognising that skills shortages will have an effect on industry in the next ten years, this is not a primary driver of investment priorities; rather these will be decided under a multi-modal approach with neither road nor rail being favoured. Whatever infrastructure can meet the agreed objectives within the corridor will be the focus.

In terms of new north-south railway links, the committee may also be interested in the findings of the *North-South Rail Corridor Study*, which was commissioned by DOTARS. A copy is enclosed.

7) *Related to this, the committee is interested in the current regulatory regime for the interstate railway system, and in particular the technical, operational and by-law inconsistencies between jurisdictions. What work has COAG done in dealing with this? Why has progress been so slow?*

The rail industry is primarily regulated by state and territory governments. To ensure efficient and safe interstate operations, COAG through the Australian Transport Council has adopted a program of regulatory reforms including development and implementation of national model rail safety regulations, and a nationally-consistent rail safety regulatory framework.

In 2006 ATC endorsed the first national model Rail Safety legislative package. This is a significant first step in improving the consistency of rail safety regulation in Australia. Jurisdictions are in the process of enacting these provisions in their own rail safety legislation and the National Transport Commission is monitoring the process against set objectives.

As part of COAG's National Reform Agenda, jurisdictions have agreed to deliver a simpler and more consistent system of rail access regulation for interstate rail track, major intra-state freight corridors and other significant export related rail infrastructure (Competition and Infrastructure Regulation Agreement (CIRA) clauses 3.1 to 3.4). A Commonwealth State officials working group, chaired by the Commonwealth Treasury is progressing this issue.

Reform in this area faces a number of complexities. The Bureau of Transport and Regional Economics has examined the issue of regulatory harmonization in the rail sector in report number 114 "Optimising harmonisation in the Australian railway industry" [www.btre.gov.au/publications/37/Files/r114.pdf]. This report provides substantial detail on the different regulatory arrangements in place in Australia as well as examining the concepts of optimal harmonisation in the rail sector. However it should be noted that the program of regulatory reform and infrastructure expenditure on the interstate network is changing the specific details relating to inconsistencies on the ground on the interstate network.

8) *How do you see the role of the Commonwealth on transport more generally? What funding and other leverage options does the Commonwealth have to promote changes and improvements in transport infrastructure development and maintenance? How do these operate?*

The rationale for AusLink was a growing need to respond to increasing demand on the nation's key strategic road and rail links in order for Australia to remain competitive on the world stage. Under AusLink, the Commonwealth has taken the lead to ensure that all levels of government and industry are

able to work together to develop Australia's essential land transport infrastructure. AusLink is the primary planning and funding tool at the Commonwealth's disposal.

The Government works closely with state, territory governments and local government through the Australian Local Government Association, to deliver the transport reform elements of COAG's National Reform Agenda – which includes objectives of improvements in the provision and efficiency of the use of transport infrastructure.

The Government also has a role under the auspices of the Australian Transport Council (ATC) for the development of the *National Guidelines for Transport Systems Management in Australia*. The guidelines, developed under the direction of the Standing Committee on Transport (SCOT), support transport decision making and serve as a national standard for planning and developing transport systems.

9) *Given the cross-portfolio nature of transport industry workforce issues, what discussions or activity has DOTARS had with DEWR and DEST, or other Commonwealth agencies, in relation to these matters?*

Workforce issues including employees training and development are matters for the Department of Workplace and Employment Relations and the Department of Education (DWER), Science and Training (DEST).

Nonetheless where efficiencies can be promulgated through Commonwealth funding this may involve AusLink or other transport initiatives. For example the National Construction Code of Practice uses AusLink funding to leverage changes and improvements in transport infrastructure development. Arrangements have been introduced which specify that any party wishing to work on Australian Government funded construction projects will be required to comply with the National Code of Practice for the Construction Industry and the Implementation Guidelines on all their construction projects. National Network projects funded under AusLink using Australian Government funds (even if only partly) must adhere to this code.

DOTARS keeps a watching brief on initiatives and programs aimed at addressing employment issues such as the current skills shortage in the transport industry. A number of initiatives in this regard have been provided through DEST and the Transport and Logistics Industry Skills Council (formerly Transport and Distribution Training (TDT) Australia).

In addition to the programs and initiatives through DEST, DOTARS has been making a contribution to alleviating the skills shortage in partnership with, and joint funding of, the Australian Logistics Council (ALC), the Australian Freight Councils and the Transport and Logistics Centre (TALC).

The Australian Government provided \$4 million over two years to TALC in support of improvements in the attraction, training and retention of personnel in the transport and logistics sector.

COAG's April 2007 Communiqué noted new arrangements in relation to skills recognition and assessment for people with overseas qualifications including a new offshore skills assessment service that will provide a single assessment for both visa and licensing purposes for skilled migrants to commence from 1 July 2007 for key trades.

Following the announcement of the \$837m five year 'Skills for the Future' initiative in October 2006, an additional \$638 million was announced in the 2007-08 Federal Budget for vocational training as part of the Government's \$3.5 billion "Realising Our Potential" package. These packages are managed through DEST.

10) *With regard to questions 6 and 9 above, is DOTARS aware that the vast majority of the \$4,000 per person Commonwealth incentive payments paid to road transport employers (covering new entrant apprentices/trainees as well as existing workers) are in fact **not** used to train new truck drivers, but rather to recognise the skills of people already licensed to drive heavy vehicles? Does DOTARS consider it appropriate to discuss this matter with the industry, DEST and DEWR?*

The Australian Incentives Apprenticeship Program provides for the payment of \$4000 as an incentive to employers to assist in the training and development of apprentices. DEST manages the program and has noted that it does not prescribe to employers how the payments are to be used. If needed, further information on the operation of the Incentives program should be sourced from DEST.