



Australian Government

The Treasury

23 March, 2017

Mr David Brunoro
Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Mr Brunoro

INQUIRY ON COMMONWEALTH INFRASTRUCTURE SPENDING

Thank you for your letter of 10 February 2017 on the Committee's inquiry into Commonwealth Infrastructure Spending based on Auditor-General report number 14 of 2015-16, *Approval and Administration of Commonwealth Funding for the East West Link Project* and Auditor-General report number 38 of 2016-17, *The Approval and Administration of Commonwealth Funding for the WestConnex Project*.

In response to the Committee's request for the Department of the Treasury to provide a submission to the inquiry, I offer the following information.

In relation to *Approval and Administration of Commonwealth Funding for the East West Link Project*, as Treasury noted in its response to the report, the Department provided advice to the Treasurer on options for recovery of the \$1.5 billion that was paid to Victoria in 2013-14. This included advice on the Treasurer's powers under s.20 of the *Federal Financial Relations Act 2009*. The Government subsequently decided that the Victorian Government would retain the \$1.5 billion to be reallocated to other agreed Victorian projects under the Infrastructure Investment Programme.

In relation to *Approval and Administration of Commonwealth Funding for the WestConnex*, I note the report's only recommendation is for Department of Infrastructure and Regional Development (DIRD) to improve the advice on any future loans for major infrastructure projects and the Department has agreed the recommendation. The Treasury continues to work closely with DIRD and the Department of Finance on infrastructure issues, including options for innovative infrastructure financing.

Jonathan Rollings, head of Commonwealth-State Relations Division and Damien Dunn, Principal Adviser in Structural Reform Group will attend the hearing.

Yours sincerely



Michael Brennan
Deputy Secretary
Fiscal Group