

**Rural & Regional Affairs and Transport Legislation Committee**  
ANSWERS TO QUESTIONS ON NOTICE  
Supplementary Budget Estimates November 2013  
**Infrastructure and Regional Development**

**Question no.:** 48

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** East West Link Business Case

**Proof Hansard Page/s:** 14 (18/11/2013)

**Senator Rhiannon asked:**

**Senator RHIANNON:** Has Infrastructure Australia received the full East West Link business case provided by the Victorian state government?

**Dr Deegan:** We have received a briefer version of what we understand is a complete business case. That was provided some time ago.

**Senator RHIANNON:** Is it not correct that the full business case is now available?

**Dr Deegan:** It is not available publicly as far as I understand.

**Senator RHIANNON:** So to clarify, you understand it is available but it has not been made available to you?

**Dr Deegan:** I am not sure that it is available. That is a matter for the Victorian government.

**Senator RHIANNON:** In the version you have could you outline the cost benefit business case that is set out?

**Dr Deegan:** I will take that on notice. There is a fairly detailed response required to that.

**Answer:**

The Victorian Government provided Infrastructure Australia with a 'short form business case' for the East West Link Stage One in June 2013. In this document, the Victorian Government claims the project has a Benefit: Cost Ratio of 1.4:1 if wider economic benefits are included and 0.8:1 if wider benefits are not included.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 49

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Cross River Rail Project

**Proof Hansard Page/s:** 20 (18/11/2013)

**Senator Ludwig asked:**

**Senator LUDWIG:** Turning back to the original proposal, which was, as I understand it, the Cross River Rail project, was that assessed by you?

**Mr Deegan:** Yes, it was.

**Senator LUDWIG:** Was there a cost-benefit analysis done on that or at least a cost ratio?

**Mr Deegan:** The Queensland government had undertaken a cost-benefit analysis. We reviewed that. We found it sufficiently rigorous to recommend it for funding.

**Senator LUDWIG:** Did that also include what I would call a cost ratio?

**Mr Deegan:** There was a cost-benefit analysis and a cost ratio done.

**Senator LUDWIG:** Is that available to the committee?

**Mr Deegan:** I am sure it is in our public reports, but I will make sure that that is available.

**Senator LUDWIG:** Thank you. I think because they have not contacted you it means there are very few further questions I can ask you about that particular project. Perhaps we could follow up in future. If they contact you, can you take it on notice to provide to the committee—let's give it a time limit so we do not put you to too much trouble—in the next month at least the type of contact they make and the nature of that contact.

**Answer:**

Correspondence was sent to the Secretary of the Standing Committee on Rural and Regional Affairs and Transport Legislation Committee on the 2 December 2013 confirming that the Queensland Government was in contact with Mr Michael Deegan the day after the committee meeting.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 50

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Darlington Project / River Torrens Project

**Proof Hansard Page/s:** 28 (18/11/2013)

**Senator Gallacher asked:**

**Senator GALLACHER:** Mr Deegan, I just want to clarify something in my mind: the Darlington project versus the River Torrens project. Did Infrastructure Australia have an assessment or a view on those respective projects? Also, given the South Road overpass is approaching completion, I am very interested in whether the disconnect between Darlington and the South Road overpass means any loss of efficiency in terms of geography.

**Mr Deegan:** Infrastructure Australia had been asked to look at the original Torrens proposal, which was undertaken and recommended by Infrastructure Australia as part of its process. While I am aware of those other potential projects, the degree of analysis has not been to the same extent.

**Senator GALLACHER:** So there has not been a critical, economic analysis of Darlington versus the River Torrens? It has only been an analysis of—

**Mr Deegan:** So that I do not mislead you, let me take that on notice and just check exactly how much we have done. I will come back to you.

**Answer:**

The South Australian Government most recently submitted information supporting its proposal for an upgrade of South Road between Regency Park and the River Torrens, in 2012. This included information on the economic costs and benefits of the proposal. This proposal is currently categorised as 'Real Potential' on Infrastructure Australia's Infrastructure Priority List.

The South Australian Government most recently submitted information supporting its proposal for the Darlington Transport Project in 2011. That submission did not include detailed information on the economic costs and benefits of the proposal and the proposal is currently not included on Infrastructure Australia's Infrastructure Priority List.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 51

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Congestion Issues

**Proof Hansard Page/s:** 30 (18/11/2013)

**Senator Sterle asked:**

**Mr Deegan:** I can see you are excited about the issues of congestion. There is a lot of work done within Australia and overseas on the congestion issues and the opportunities to deal with that. The current government made some decisions around road funding and issues around congestion will be considered as a normal part of that. The expectation is that it would relieve congestion. They are the sorts of analyses that you would undertake as the projects come to fruition.

**Senator STERLE:** I have no doubt you do. But do you have your own research or do you rely on other—

**Mr Deegan:** We have done our own, and in any proper cost-benefit analysis you look at the issues on travel-time savings, the benefits that would come by spending each of those dollars.

**Senator STERLE:** Is that information available to the committee?

**Mr Deegan:** I can get you any number of reports on congestion and how that can be managed.

**Senator STERLE:** Can we have what information you use, please?

**Mr Deegan:** Yes.

**Answer:**

Basic source material is:

- Australian Transport Council; National Guidelines for Transport System Management in Australia at [http://www.bitre.gov.au/publications/2007/other\\_002.aspx](http://www.bitre.gov.au/publications/2007/other_002.aspx)
- Council of Australian Governments Congestion Review; reports at [http://www.bitre.gov.au/publications/2007/cr\\_001.aspx](http://www.bitre.gov.au/publications/2007/cr_001.aspx)
- Bureau of Infrastructure Transport and Regional Economics; Australian Infrastructure Statistics; Yearbook (various) at [http://www.bitre.gov.au/publications/2013/yearbook\\_2013.aspx](http://www.bitre.gov.au/publications/2013/yearbook_2013.aspx)
- Austroads; National Performance Indicators at <http://algin.net/austroads/site/Index.asp?id=5>
- University of Sydney Institute of Transport and Logistics Studies; Working Paper 12-10 Downs-Thomson paradox and public transit capacity choice in the laboratory. By Laurent Denant-Boemont and Sabrina May 2012.
- OECD Transport Strategy Group; Congestion at <http://www.transportstrategygroup.com/page/congestion.html>
- U.S Department of Transportation Research Innovative Technology Administration; Congestion initiative at <http://www.its.dot.gov/congestion/>
- INRIX; traffic scorecard at <http://www.inrix.com/scorecard/summary.asp>
- Tom Tom; traffic index at [http://www.tomtom.com/en\\_gb/trafficindex/](http://www.tomtom.com/en_gb/trafficindex/)

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 52

**Program:** N/A

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Hobart International Airport

**Proof Hansard Page/s:** 44-45 (18/11/2013)

**Senator Sterle asked:**

**Senator STERLE:** Has the Tasmanian state government, to the best of your knowledge—or to the best of your knowledge, Mr Deegan—made any advance or any approach to either Infrastructure Australia or the government?

**Mr Mrdak:** I am not aware of any approach by the Tasmanian government to the department in relation to the project. I do not think there has been any approach to Infrastructure Australia.

**Mr Deegan:** Perhaps for some background, there has been some discussion—I am not sure whether this particular proposal is attached to it—about issues around how Australia might better service Antarctica, which would involve the airport, the port and other arrangements, but I am not across the particular detail.

**Senator STERLE:** That was forthcoming from the Tasmanian state government?

**Mr Deegan:** Indeed.

**Senator STERLE:** Can you tell us then, Mr Deegan, why the original proposal was rejected?

**Mr Deegan:** In our work—this is going back some time—there was a range of issues that the Tasmanian government was seeking to resolve with other federal agencies, including the research agencies attached to Antarctica.

**Senator STERLE:** Are you aware of any community consultation?

**Mr Deegan:** It may have happened, but I am not aware of it.

**Senator STERLE:** Would there be any additional infrastructure required in terms of access roads to and from the Tasmanian highway should this project be successful?

**Mr Deegan:** I do not know the answer to that.

**Senator STERLE:** Would you like to take them on notice?

**Mr Deegan:** Sure.

**Answer:**

Infrastructure Australia has previously received a project submission from the Tasmanian Government titled “Hobart – A World Class, Liveable, Waterfront City” which included a proposal for the further development of airport facilities to support the seagoing and airlink operations of Antarctic research programs. The proposal also included a request for funding for the further development of the inner Hobart port to support the Antarctic research program.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 53

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Public Transport Policy

**Proof Hansard Page/s:** Written

**Senator Sterle asked:**

1. What is the optimal mix of transport modes required to address road congestion in cities like Sydney, Melbourne and Brisbane?
2. Is IA aware of any research into the impact of public transport on congestion in cities?
3. Assuming new public transport projects were not an option, how would that impact on congestion relief in capital cities like Sydney, Melbourne and Brisbane?

**Answer:**

1. The optimal mix is likely to include all modes, and active travel such as walking and cycling. The optimal mix is likely to vary in different areas of a city and among cities.
2. Yes, generally. However, quantification would require modelling which will be specific to city, and preferably to locations within the city.
3. It is the operation of the urban transport system, comprising public and other forms of transport, as distinct from projects alone, that influences the level of congestion.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.:** 54

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Westconnex - Sydney

**Proof Hansard Page/s:** Written

**Senator Sterle asked:**

1. Has WestConnex been assessed by Infrastructure Australia and what is IA's overall assessment of the project?
2. Has IA identified any project governance issues, regulatory issues – or other issues that might cause delay to the project?
3. IA classifies projects as Early Stage, Real Potential, Threshold and Ready to Proceed – in your National Infrastructure Plan from June 2013, you classified WestConnex as “Early Stage” – what was the reason for that view?
4. Does this classification apply to Stage 1 of the project or to the entire project? Is Stage 1 at a more advanced stage?
5. Have you done a Problem Identification and Assessment for Stage 1 of WestConnex? What are the problems you have identified?
6. Has IA done any Option assessment on those problems? Can you provide details?
7. How long do you think it would realistically take a project of the scope of WestConnex to go from “Early Stage” to “Ready to Proceed”?
8. Does IA have a view about the project being undertaken in 3 stages? What are the positives/negatives of that staged approach?
9. Has IA done any work on the costing of the entire WestConnex project or the Stages of the project? If yes – has IA identified any issues with the costings? Is IA confident in the costings work done by NSW Government?
10. When is Stage 1 scheduled to commence?
11. When is Stage 1 scheduled to be completed?

**Answer:**

1. Yes. The project was rated as ‘Early Stage’ in Infrastructure Australia’s June 2013 *National Infrastructure Plan*.
2. These are principally matters for the project sponsor, the NSW Government. The main issues are likely to be the time required to complete a project business case to the NSW Government’s satisfaction, risk management, completion of procurement processes, contract negotiation, and completion of environmental impact assessment processes.
3. Limited information was presented with the submission. Further information on the specific constraints and underlying problems (amongst other things) would be required for the project to secure a different classification within the infrastructure priority list.
4. The classification applies to the whole project. On the basis of the material before it, the Office of the Infrastructure Coordinator is unable to say with certainty whether Stage 1 is at a more advanced stage than other stages of the project, although this appears to be the case.

## **Rural & Regional Affairs and Transport Legislation Committee**

### **ANSWERS TO QUESTIONS ON NOTICE**

Supplementary Budget Estimates November 2013

#### **Infrastructure and Regional Development**

5. The Office of the Infrastructure Coordinator has reviewed the problem identification and assessment provided by the NSW Government for the whole project. That review concluded that further analysis of the specific constraints and problems is required, including information on road users' origins and destinations, reason for travel and potential value of time saved, and evidence as to the scale of the problems in future. It would also include understanding of the bottlenecks and the ability of linked roads to accommodate higher traffic volumes if capacity is augmented on the M4, Parramatta Road and M5 East
6. The Office of the Infrastructure Coordinator reviewed the options assessment provided by the NSW Government. The review concluded that consideration should be given to a broader range of options to address the stated problems, such as:
  - investment in rail intermodal facilities, such as at Moorebank; and
  - changes in the pricing of roads to impact on travel demand.WestConnex would not provide a direct road route all the way through to Port Botany. The proposed road follows an alignment around the western side of Kingsford Smith Airport, approximately five kilometres from the port. It may not provide an effective road freight link. Another alternative is the development of a dedicated high value link (for trucks, delivery vehicles and buses) extending to Foreshore Road to provide direct access to Port Botany and the airport.
7. It would depend largely on the nature of the proposal and the depth and breadth of material presented by the NSW Government. Other large (multi-billion dollar) projects have moved from a first submission to the 'ready to proceed' classification in two to three years.
8. Staging the delivery of a project of Westconnex's scale is likely to be necessary for a range of reasons, including financing and funding, and the capacity of the construction industry to deliver the project.
9. Given the limited information on the proposal received by Infrastructure Australia to date, and given that concept designs for the proposal are still evolving, the Office of the Infrastructure Coordinator has not commissioned an independent costing of the proposal at this time. The submission from the NSW Government suggested that the full project could be delivered for \$10 billion (\$2012), a figure at the bottom end of the NSW Government's previous range of cost estimates. The cost estimate was considered to be 'preliminary' by the Office of the Infrastructure Coordinator. The NSW Government's current cost estimate is \$11.0-11.5 billion (\$2012). On a per lane kilometre basis, the NSW Government's current estimate of the project's cost appears lower than other similar projects.
10. The NSW Government has stated that Stage 1, i.e. from Parramatta to Haberfield, will commence construction in early 2015.
11. The NSW Government has stated that Stage 1(a), a widened section of the M4 motorway between Church Street, Parramatta and Homebush Bay Drive will be completed in 2017. The NSW Government has stated that Stage 1(b) from Homebush Bay Drive to Parramatta Road and the City West Link in Haberfield, will be open to traffic in 2019.



**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

**Question no.: 55**

**Program:** n/a

**Division/Agency:** (IA) Infrastructure Australia

**Topic:** Priority List

**Proof Hansard Page/s:** Written

**Senator Sterle asked:**

1. How many projects has IA completed a Benefit-Cost ratio for?
2. Can you provide a list of the BCRs by project?

**Answer:**

The table below provides a list of projects and their benefit-cost ratios, as well as the most recent year in which the benefit-cost ratio was published in one of Infrastructure Australia's reports to the Council of Australian Governments. The table also includes the project's classification in the relevant year's infrastructure priority list.

| <b>Project</b>  | <b>Benefit-Cost Ratio</b> | <b>Publication Year</b> | <b>Project Classification</b> |
|---|---------------------------|-------------------------|-------------------------------|
| Victorian National Managed Motorways – Monash Freeway, High Street to Warrigal Road                                 | 10.5                      | 2013                    | Ready to Proceed              |
| Victorian National Managed Motorways – Warrigal Road to Clyde Road  | 5.2                       | 2013                    | Ready to Proceed              |
| Brisbane Cross River Rail – core project  | 1.34                      | 2013                    | Ready to Proceed              |
| Pacific Highway corridor upgrades   | 1.5                       | 2013                    | Ready to Proceed              |
| Melbourne Metro   | 1.2                       | 2013                    | Threshold                     |
| Brisbane Transitways – Northern and Eastern   | 1.8                       | 2013                    | Threshold                     |
| Ipswich Motorway  | 3.2                       | 2013                    | Threshold                     |
| Adelaide East-West Bus Corridor   | 1.7                       | 2013                    | Threshold                     |
| Gateway Motorway Upgrade North, Brisbane  | 4.9                       | 2013                    | Threshold                     |
| Northern Connector, Adelaide  | 8.5                       | 2013                    | Threshold                     |
| Oakajee Port  | 1.2                       | 2013                    | Threshold                     |
| Darwin East Arm Port Expansion  | 2.2                       | 2013                    | Threshold                     |
| F3 Widening – Tuggerah to Doyalson  | 2.1                       | 2013                    | Threshold                     |
| M80 Ring Road Upgrade, Melbourne  | 2.2                       | 2013                    | Threshold                     |
| North West Coastal Highway – Minilya to Barradale, Western Australia  | 1.8                       | 2013                    | Threshold                     |
| Leach Highway/High Street Upgrade   | 1.6                       | 2013                    | Threshold                     |
| Great Northern Highway, Muchea to Wubin, Western Australia  | 1.3                       | 2013                    | Threshold                     |
| Integrated Transit Corridor Development – Route 86 Demonstration Project, Melbourne                                 | 4.0                       | 2011                    | Ready to Proceed              |
| National Managed Motorways Program, proposals from Queensland, NSW, Victoria, South Australia and Western Australia | 3.0 – 10.0                | 2011                    | Ready to Proceed              |
| Adelaide Rail Freight – Goodwood and Torrens Junctions  | 1.3                       | 2011                    | Ready to Proceed              |
| Federal Highway Link to Monaro Highway –  | 3.3                       | 2011                    | Ready to Proceed              |

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2013

**Infrastructure and Regional Development**

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