



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT  
LEGISLATION COMMITTEE

**Estimates**

(Public)

MONDAY, 19 OCTOBER 2020

CANBERRA

**CONDITIONS OF DISTRIBUTION**

This is an uncorrected proof of evidence taken before the committee.  
It is made available under the condition that it is recognised as such.

BY AUTHORITY OF THE SENATE

**[PROOF COPY]**

## **INTERNET**

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

To search the parliamentary database, go to:

**<http://parlinfo.aph.gov.au>**

**SENATE**

**RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE**

**Monday, 19 October 2020**

**Members in attendance:** Senators Antic, Carol Brown, Faruqi [by video link], Lines, McDonald, McKenzie, Rennick, Rice [by video link], Sheldon, Sterle, Watt, Wong.



## **INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS PORTFOLIO**

### **In Attendance**

Senator Ruston, Minister for Families and Social Services

Senator Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism

### **Department of Infrastructure, Transport, Regional Development and Communications**

#### **Executives**

Mr Simon Atkinson, Secretary

Ms Pip Spence PSM, Chief Operating Officer

Dr Rachel Bacon, Deputy Secretary

Mr Brendan McRandle PSM, Deputy Secretary

Mr David Hallinan, Deputy Secretary

Ms Christine Dacey, Deputy Secretary

Mr Richard Windeyer, Deputy Secretary

#### **Airservices Australia**

Mr Jason Harfield, Chief Executive Officer

Ms Lucinda Gemmell, Chief People and Culture Officer

Mr Paul Logan, Chief Financial Officer

#### **Australian Maritime Safety Authority**

Mr Mick Kinley, Chief Executive Officer

Ms Sachi Wimmer, Deputy Chief Executive Officer

Mr Allan Schwartz, General Manager, Operations

Mr Mark Morrow, General Manager, Response

Mr Michael Drake, Acting General Manager, Standards

Ms Cherie Enders, Chief Operating Officer

#### **Australian Rail Track Corporation**

Mr Mark Campbell, Chief Executive Officer and Managing Director

Mr Richard Wankmuller, Chief Executive Officer, Inland Rail Program [by video link]

Ms Rebecca Pickering, Director Environment, Engagement and Property, Inland Rail Program [by video link]

Mr Simon Ormsby, Group Executive Strategy and Corporate Development, Australian Rail Track Corporation [by video link]

#### **Australian Transport Safety Bureau**

Mr Greg Hood, Chief Commissioner

Mr Colin McNamara, Chief Operating Officer

Mr Patrick Hornby, Head of Legal, Governance and International

#### **Cities**

Mr Adam Stankevicius, Acting First Assistant Secretary

Ms Kim Forbes, Assistant Secretary, City Deals (Qld, SA and Geelong)

#### **Civil Aviation Safety Authority**

Mr Shane Carmody, Chief Executive Officer

Mr Graeme Crawford, Group Executive Manager Aviation

Mr Rob Walker, Executive Manager Stakeholder Engagement

Ms Philippa Crome, Executive Manager Corporate Services

Mr Simon Frawley, Chief Financial Officer

Dr Jonathan Aleck, Executive Manager Legal, International and Regulatory Affairs

Mr Chris Monahan, Executive Manager National Operations and Standards

Mr Craig Martin, Executive Manager Regulatory Services and Surveillance

Mr Luke Gumley, Branch Manager Remotely Piloted Aircraft Systems

#### **COVID Aviation Issues Management**

Ms Janet Quigley, First Assistant Secretary

Mr David Jansen, Acting Assistant Secretary, Airports

Ms Ann Redmond, Assistant Secretary, COVID Aviation Reforms

Mr Jason Dymowski, Assistant Secretary, COVID Domestic Policy and Programs

Ms Clare Chapple, Assistant Secretary, COVID Regional Policy and Programs

#### **COVID Aviation Response Programs**

Mr Richard Wood, First Assistant Secretary

Mr Simon Moore, Assistant Secretary, Safety and Future Technology

Mr Phil McClure, Assistant Secretary, COVID Financial Assistance,

Mr Jim Wolfe, Assistant Secretary, COVID International

#### **COVID Surface Transport**

Ms Jessica Hall, First Assistant Secretary

Mr Andrew Johnson, Assistant Secretary, COVID Maritime and Shipping

Ms Gabby O'Neill, Assistant Secretary, Office of Road Safety

Mr Roland Pittar, Assistant Secretary, Vehicle Safety Standards

Ms Lee Steel, Assistant Secretary, COVID Freight and Logistics

Mr Graham Evans, Acting Assistant Secretary, Road Vehicle Standards Act Implementation

#### **Data, Analytics and Policy**

Ms Gayle Milnes, First Assistant Secretary, Data Analytics and Policy Division

Dr Louise Rawlings, Head of Bureau, Bureau of Infrastructure and Transport Research Economics

Ms Paula Stagg, Assistant Secretary, Transport Market Reform and Technology

Ms Leonie Holloway, Chief Economist, Bureau of Communications, Arts and Regional Research

#### **Infrastructure Australia**

Ms Romilly Madew, Chief Executive Officer

Mr Peter Colacino, Chief Policy and Research

Mr Robin Jackson, Chief Infrastructure Prioritisation

#### **Infrastructure Investment**

Mr Phil Smith, First Assistant Secretary

Mr Daniel Caruso, Assistant Secretary, Investment Policy and Programs Branch

Ms Shona Rosengren, Assistant Secretary, North West Infrastructure Investment

Ms Robyn Legg, Assistant Secretary, NSW, Assurance, Subprograms and SA

Mr Mitch Pirie, Assistant Secretary, Investment Engagement and Governance

Sarah Nattey, Assistant Secretary, Victoria, Tasmania and South Australia

#### **Major Transport and Infrastructure Projects**

Ms Kerry Vine-Camp, First Assistant Secretary

Ms Sarah Leeming, Assistant Secretary, Regulatory, Environment and Stakeholder Engagement Branch

Mr Greg Whalen, Assistant Secretary, Program and Shareholder Management Branch

Mr Christian Beekes, Assistant Secretary, Rail and City Deal Implementation Branch

Mr Gary McGregor, Director, Western Sydney Airport Rail Network Strategy, Rail and City Deal Implementation Branch

Mr Stephen Sorbello, Assistant Secretary, Inland Rail Operations

Mr Andrew Bourne, Assistant Secretary, Inland Rail Stakeholder and Regional Delivery Branch

Mr Drue Edwards, Director, Flood Modelling and Alignment

**National Capital Authority**

Ms Sally Barnes, Chief Executive  
Mr Andrew Smith, Chief Planner  
Mr Lachlan Wood, Chief Operating Officer

**National Faster Rail Agency**

Mr Barry Broe, Chief Executive Officer  
Mr Andrew Hyles, General Manager

**National Water Grid Authority**

Ms Ruth Wall, Acting First Assistant Secretary  
Mr Mark Darrough, Assistant Secretary, Infrastructure Framework and Delivery Branch  
Mr Malcolm Southwell, Assistant Secretary, Policy, Science and Engagement Branch

**North Queensland Water Infrastructure Authority**

Richard McLoughlin, Chief Executive Officer  
Matthew Squire, Chief Operating Officer

**People, Governance, Parliamentary and Communication**

Ms Justine Potter, First Assistant Secretary  
Ms Stephanie Bourke, Assistant Secretary, Human Resources and Property  
Ms Susan Charles, Assistant Secretary, Communication  
Mr Scott Mashford, Assistant Secretary, Governance, Parliamentary and Integrity

**Finance, Legal and IT**

Ms Carol Cote, Assistant Secretary, Finance

**Regional Development, Local Government and COVID Regional Recovery**

Ms Marisa Purvis-Smith, First Assistant Secretary  
Ms Meghan Hibbert, Assistant Secretary, Regional Programs  
Mr Chris Faris, Assistant Secretary, COVID Regional Intelligence and Local Government  
Ms Karly Pidgeon, Assistant Secretary, Drought

**Territories**

Ms Sarah Vandenbroek, First Assistant Secretary  
Ms Claire Howlett, Assistant Secretary, Indian Ocean Territories COVID Protection and Services  
Dr Oliver Holm, Assistant Secretary, Jervis Bay Territory and Interagency Engagement Coordination COVID Economic Recovery  
Ms Nicole Pearson, Assistant Secretary, Norfolk Island and ACT/NT COVID Protection and Services

**Western Sydney Airport**

Mr Simon Hickey, Chief Executive Officer  
Ms Shelley Turner, Chief Financial Officer  
Mr Scott MacKillop, General Manager, Media and Government Relations

**Committee met at 09:01**

**CHAIR (Senator McDonald):** Good morning. I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2019-20 and related documents for the Infrastructure, Transport, Regional Development and Communications portfolio, excluding Communications. All questions on Communications go to the department's appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it. The committee has before it a program listing agencies related to matters for which senators have given notice, and the proceedings today will begin with an examination of the People, Governance, Parliamentary and Communications Division within the Department of Infrastructure, Transport, Regional Development and Communications.

The committee has fixed Thursday 3 December 2020 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Friday 6 November 2020. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice.

I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the department and agencies which are seeking funds and the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees, unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. I particularly draw the attention of witnesses to an order of the Senate from 13 May 2009, specifying the process by which a claim of public interest immunity should be raised.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the



committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

**CHAIR:** Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

I now welcome Senator the Hon. Anne Ruston, Minister for Families and Social Services; Mr Simon Atkinson, Secretary of the Department of Infrastructure, Transport, Regional Development and Communications, and officers of the department. Minister Ruston, do you or Mr Atkinson wish to make an opening statement?

**Senator Ruston:** Thank you, Chair. No, I don't which to, but I believe that Mr Atkinson does.

**Mr Atkinson:** Thank you, Chair. Good morning. I would like to update the committee on key developments in this portfolio since my last statement before the Senate select committee on COVID-19 on 6 August. At that time, I spoke about the unprecedented efforts and cooperation going on across governments, businesses, workforces and unions to keep essential services running across sectors like aviation, commercial shipping and road freight. There has continued to be intense pressure on Australia's transport networks, notably on our aviation, maritime and road freight systems. To support the continued movement of freight around the country by road and rail, the government continues to engage with states and territories, regulators and industry, as COVID response measures evolve. All jurisdictions that have border restrictions in place have exempted freight movements. This kind of cooperation is vital to maintaining cross-border freight movements while also ensuring that freight does not become a vector for transmission. Cooperation has also been essential for the non-cruise maritime sector, where agencies have been working closely with industry to manage issues such as international crew changeovers. On the more positive side, bulk shipping has continued, with strong growth in iron ore volumes. Container freight volume is strong, with some lines even looking at increasing services above what was available pre-COVID.

As I have outlined previously, the government has taken significant action to support the aviation industry through COVID, including funding to maintain a minimum level of aviation connectivity. It's important to maintain essential connectivity on regional and major routes during the COVID-19 crisis and preserve critical capacity, particularly in thin markets, while not distorting market shares so a competitive aviation market can restart post COVID-19. The government has announced that domestic aviation network services for major routes will be extended to the end of January '21 and that the RANS will be extended until the end of March '21. The IFAM has also been extended to June next year, supporting vital trade flows. The government has also worked closely with the local aviation industry to provide financial assistance, targeted at regional aviation to protect against insolvency, preserving the capacity for the recovery and ensuring thin regional market connectivity is not lost post-COVID-19. In total, over the current financial year and the last, the government has committed more than \$1.3 billion to support our aviation industry through COVID-19 and to keep air freight moving.

The creative economy has also been disproportionately affected by COVID-19. In response, the government has provided \$700 million in targeted support for the arts and creative sectors. The loss of tourism activity is also having a huge impact, including in some parts of regional Australia, many of which are highly dependent on tourism as their biggest earner and employer. The billion-dollar Relief and Recovery Fund was introduced to support the regions, communities and sectors that were hardest hit by this pandemic. There is also new investment in telecommunication infrastructure that the department will be overseeing and guiding, in addition to the NBN, which will be undertaking a major demand-driven network investment program. The department will be working on programs to improve digital connectivity in regional Australia and on trials of use cases for 5G technology. To provide guidance and help reduce uncertainty, the government has worked through the national cabinet, AHPPC and other forums to develop formal protocols and principles for industry on how to operate in a COVID-safe way. So far across this portfolio, we've delivered AHPPC approved protocols for safe air travel, public transport, the private bus and coach sector, and the national collecting institutions.

While the government has been working hard with industry to keep the lights on, so to spoke, we are also focused on identifying every possible opportunity to position Australia for economic recovery and job creation. The government has substantially increased its investment in transport and community infrastructure, committing around \$10 billion in additional investments across Australia to deliver targeted road safety works and local roads and community infrastructure projects and expedite delivery of major projects. This investment will support

economic activity and employment. It will also help boost productivity and improve safety and connectivity for people and communities. The department is now getting on with the very substantial task of delivering these projects.

I would like to take this opportunity to also update the committee on the department's actions in response to the ANAO independent audit on the purchase of the Leppington Triangle land for the future development of Western Sydney airport. The ANAO released its support on 21 September 2020. The department's response released the same day agreed to all three of the ANAO's recommendations. The ANAO focused on the administrative activities of officials in the Western Sydney Unit in 2018. I take very seriously the allegations of unethical conduct by officers of the department outlined in the ANAO's report. This department has a long history of operating in line with the highest standards of integrity and ethics. To ensure that all issues raised are addressed in detail and that lessons learnt are embedded across the department, I'm taking actions beyond the recommendations of the independent ANAO audit.

In relation to matters of staff conduct raised by the ANAO, I've instigated formal investigation processes in relation to potential breaches of the APS Code of Conduct. An investigation into conduct related to the acquisition is being undertaken by former Inspector-General of Intelligence and Security and Deputy Commonwealth Ombudsman Dr Vivienne Thom. Dr Thom is highly experienced, having conducted many formal inquiries and complex reviews throughout her distinguished career. These matters are being dealt with in accordance with the Public Service Act 1999. It's important that investigations are allowed to run their full course to ensure that due process is followed. For completeness, the circumstances of the Leppington Triangle acquisition have also been referred to the Australian Federal Police.

In addition to investigations into staff conduct, I have commissioned an additional independent audit of the conduct of the Leppington transaction to identify any further areas for improvement or lessons learnt. I'll publicly release this report. This work is being undertaken by Mr Mark Harrison from Sententia Consulting, who has substantial experience and expertise in audit, financial risk and governance advisory services, in both the government and the private sector. Mr Harrison is currently the president of the Asian Confederation of Institutes of Internal Auditors and previously served as the national president of Institute of Internal Auditors in Australia. Separately, I am commissioning an independent review of the Western Sydney Unit's systems, processes, culture and capabilities, and the unit's systemic engagement with the department's governance structures and enabling divisions. This review will ensure that the department has the right mix to deliver in future and that any lessons learnt are embedded in the department.

As an immediate step, and in addition to the reviews underway, I've amended the department's accountable authority instructions to put in place two new protocols. The first protocol ensures that any future property acquisitions or disposals are agreed by the department's senior governance committee prior to the exercise of financial delegations. Under the second protocol, in the future where the ANAO recommends an internal review of issues, the review will be undertaken by a reviewer from outside the affected work area. The review approach will require agreement by the department's senior governance committee, with consideration of the outcomes by the secretary. Finally, I've established an assurance task force within the department to drive implementation and provide oversight of the response to the ANAO's recommendations, implementation of the above protocols as well as any outcomes from the investigations and review outlined above. The assurance task force will be led by a senior officer in the department who has substantial experience with internal audit, assurance and probity matters. The task force will report directly to me.

These actions, which are in addition to those outlined in our response to the ANAO's report, ensure a comprehensive approach to dealing with the issues identified in the audit. As the new accountable authority, I intend to get to the bottom of this and, wherever necessary, help people to account through proper, fair and thorough processes, and make sure that we have the right culture, capabilities, processes and systems going forward.

Through this period, the department has continued to deliver its essential ongoing business in program, policy and regulatory functions, in spite of many of our staff working from home. I'd like to take this opportunity to thank the stakeholders we've partnered with in responding to COVID-19. I'd also like to thank the people that are my department, many of whom I have not seen since early April, as well as our portfolio agencies for their extraordinary efforts.

Senate Sterle asked for a significant amount of information to be tabled at the start of the hearing, and I've tabled that. It's the six folders behind Senator Wong there.

**Senator STERLE:** Fantastic. Thank you.

**CHAIR:** Thank you very much, Mr Atkinson. I remind senators and witnesses that we have media in the room today. Could the media remain aware of where in the room they can take photos from, and not take photos of material on desks, please. I also remind everybody of the COVID-safe arrangements that we're operating under today. There are a limited number of spots for senators in the room and also for witnesses. We will try our very best to keep to time and use questions on notice if required. Senator Sterle?

**Senator STERLE:** Thank you, Chair. Welcome back. I do have a few questions. Mr Atkinson, thank you for that. We'll go through that in the smoko break, I'm sure. I have a couple of questions about where the department is operating from. I am told you are still operating from Infrastructure House, correct?

**Mr Atkinson:** We have two main buildings: Infrastructure House and Nishi Building.

**Senator STERLE:** How long does it take to walk from the Nishi Building to Infrastructure House?

**Mr Atkinson:** About 17 minutes.

**Senator STERLE:** Who does the Commonwealth rent those buildings from?

**Mr Atkinson:** Ms Potter might be able to answer that.

**Senator STERLE:** This won't take long.

**Mr Atkinson:** I'll take it on notice.

**Senator STERLE:** Okay. If you could come back to us at the end of this session, that would be great. Are you able to reduce the area used in each of these buildings?

**Mr Atkinson:** We've been investigating what we can do in a property sense, but significant additional activity came through the last budget, and we are reviewing what our property footprint will need to be going forward.

**Senator STERLE:** You can take these on notice. I'm very happy for you to come back before today is finished. What is the floor area of each of those offices, and how much is the annual rent for both? Could you take those on notice as well.

**Mr Atkinson:** Yes.

**Senator STERLE:** Do both have a car park?

**Mr Atkinson:** Yes.

**Senator STERLE:** Could you come back to me on how many cars and the cost. Is there dedicated secretariat support in each of those offices?

**Mr Atkinson:** Secretariat support to—

**Senator STERLE:** To everyone. Are they spread across both buildings, or are they all in one building, and then they all pick up the phone and go back?

**Mr Atkinson:** It differs, depending on—

**Senator STERLE:** Take it on notice.

**Mr Atkinson:** I'll take that on notice, sorry.

**Senator STERLE:** While you're taking it on notice, are you aware of any other secretaries that maintain more than one office in Canberra?

**Mr Atkinson:** Possibly. I'm not sure what the other secretaries who have multiple buildings—

**Senator STERLE:** In Canberra.

**Mr Atkinson:** There are at least two other secretaries whose have very substantial footprints and spend time in both buildings.

**Senator STERLE:** If you could let us know who they are on notice as well, that would be helpful. I have a final couple of series of questions. I want to talk about the search for a new Director of Aviation Safety, the CASA CEO. Could you tell us what involvement, if any, you have in the process of selecting the new CEO—yourself personally?

**Mr Atkinson:** Yes, I'm a member of the panel.

**Senator STERLE:** Who is the panel?

**Mr Atkinson:** It's probably best if we take that during CASA. It's the chair of CASA—

**Senator STERLE:** You can tell us so that we don't have to come back to it tomorrow night at 11 o'clock or something.

**Mr Atkinson:** I can get the information. It's just factual as to who the other two members are.

**Senator STERLE:** That would be good. To the best of your knowledge, how many times has the secretary been on a panel searching for an independent CEO?

**Mr Atkinson:** I understand that last time the secretary was on the panel.

**Senator STERLE:** The last time. Any other time before that? I've seen about five of them come and go. I'd be interested to know if you know if the CEO has been on every selection panel for the last five?

**Mr Atkinson:** The secretary?

**Senator STERLE:** The secretary, sorry.

**Mr Atkinson:** I can find that out. It's also a matter of fact.

**Senator STERLE:** Whose idea was it for the secretary to go on the panel, Mr Atkinson?

**Mr Atkinson:** The chair's.

**Senator STERLE:** Remind me who the chair is.

**Mr Atkinson:** Tony Mathews.

**Senator STERLE:** How long has Tony Mathews been the chair? Do you know?

**Mr Atkinson:** I will have to take that on notice—several years.

**Senator STERLE:** Sure. Could you do that for me. Have you had any discussions with the Deputy Prime Minister or any ministers or anyone in those offices about the selection process or why you should be on it or shouldn't be on it?

**Mr Atkinson:** No.

**Senator STERLE:** Have you received any representations from Mr Dick Smith or industry participants on this matter, Mr Atkinson?

**Mr Atkinson:** I haven't.

**Senator STERLE:** Has anyone in your department that you know of?

**Mr Atkinson:** Not that I'm aware of—not that has been brought to my attention.

**Senator STERLE:** I'll put it to you, and if someone out there is listening and forgot to tell you—

**Mr Atkinson:** Sure—someone in Aviation, when they come on.

**Senator STERLE:** That's alright. You're not guilty of any crime yet! I'm just asking a few questions, Mr Atkinson, so don't panic.

**Mr Atkinson:** Sorry.

**Senator STERLE:** Unless there is something that you know—

**Mr Atkinson:** No. It's just that I'd prepped for the corporate section.

**Senator STERLE:** Has the department dealt with any ministerial correspondence on the decision for you to be on the selection panel?

**Mr Atkinson:** Not that I'm aware of.

**Senator STERLE:** I will get you to take that one on notice too. If there has been any, you could table that too. Are any officers within the department candidates for the job?

**Mr Atkinson:** I'd have to take that on notice as to whether I could comment on that.

**Senator STERLE:** Okay.

**Mr Atkinson:** It's the subject of an ongoing recruitment process.

**Senator STERLE:** I don't need to know their name, Mr Atkinson. I just want to know if there are any. You can tell us that.

**Mr Atkinson:** Could I please take that on notice to check whether there's—

**Senator STERLE:** I'd rather you answered it, but if you could take that on notice and come back to us by after smoko that would be good.

**CHAIR:** Senator Sterle, do you have more questions for CASA that we can hold over—

**Senator STERLE:** This is not for CASA.

**CHAIR:** No, I was just suggesting—

**Mr Atkinson:** Technically, those are questions for CASA because it is their process. I'm just a member of the panel.

**Senator STERLE:** But you can help me out. I am not going around. That's why I am asking you questions. You have said you would take on notice if there have been any other examples where the chair of the department has been on the pre-selection process. If they have, I would be keen to hear which ones and who they were.

**Mr Atkinson:** Certainly. The last time it did, which is why I agreed.

**Senator STERLE:** Sure, but you are going to go back and have a look. That's it, Chair. That wasn't painful, Chair, was it?

**CHAIR:** Never is, Senator Sterle. Senator Wong.

**Senator WONG:** Mr Atkinson, I want to go back to your opening statement in relation to the subject matter of the Audit Office report. You talked about the department having high standards. You would agree, wouldn't you, that the Audit Office report is a pretty damning indictment of the department's performance?

**Mr Atkinson:** The report has very, very concerning allegations in it. I have taken them extremely seriously and obviously I have outlined a comprehensive response.

**Senator WONG:** You think it is a comprehensive response. I suppose we will wait and see and then I will ask some question about that. The description of unethical conduct in the actions of the department, both in the decision-making process and their response, is perhaps in some ways even more concerning. The failure to respond promptly to Audit Office inquiries is described as 'inconsistent with an effective and ethical stewardship of public resources'. I haven't actually seen an Audit Office report say that about a department before.

**Mr Atkinson:** Neither have I, Senator.

**Senator WONG:** No; it is unprecedented. Have you seen before a valuation engaged in—what was it?—different instructions nine times?

**Mr Atkinson:** I have not, which is why those issues have been put for a code of conduct investigation and for AFP investigation.

**Senator WONG:** I certainly will come to those issues. But I was struck last night when I was reading this chart from the Audit Office, which gives us an indication of exactly what occurred. This is what you paid. Every other column there is what the valuation said. Somebody worked pretty hard to get it high, didn't they?

**Mr Atkinson:** Certainly that is what the report says.

**Senator WONG:** Let's go to your opening statement, first. I am obviously new to this committee. I understand that there are different parts of the department which might have answers germane to this issue, so we have asked that everybody come available at 11.15. That is what we are going to do—correct?

**Mr Atkinson:** I have most of the people here now. I thought that you might start off with it.

**Senator WONG:** Thank you for being so efficient. I will first go to your opening statement. You said that, first, you instigated a formal investigation. But that only goes to the APS code of conduct breaches—correct?

**Mr Atkinson:** Correct. Sorry, I have got a broader audit of the—

**Senator WONG:** I am going to go through all of them. I will give you an opportunity. When was that commenced?

**Mr Atkinson:** I think it was two days after the section 19 report was received. Mr Hallinan might have the exact date.

**Senator WONG:** The code of conduct report? What do you mean by section 19?

**Mr Atkinson:** The Auditor-General provides us with an opportunity—

**Senator WONG:** Sorry; I'm not sure which act. So this is after the Audit Office has engaged with you pursuant to their legislation?

**Mr Atkinson:** Basically, when we got the first visibility of it.

**Senator WONG:** Okay, yes.

**Mr Atkinson:** It was after that that we instigated those—

**Senator WONG:** Around when?

**Mr Hallinan:** It was 21 August.

**Senator WONG:** Do you have a chronology there on what you have done?

**Mr Hallinan:** I have one with annotations.

**Senator WONG:** Do you want to get me a clean copy and table it?

**Mr Hallinan:** We could find a way of doing that.

**Senator WONG:** Thank you. So this was when?

**Mr Hallinan:** It was 21 August.

**Senator WONG:** So nothing had happened before the Audit Office came to you with that? You hadn't done anything internally?

**Mr Atkinson:** The conduct that you are referring to around the valuations came to my attention when the section 19 report arrived.

**Senator WONG:** You didn't know about it before the Audit Office raised it with you?

**Mr Atkinson:** No, Senator. This conduct was three years ago.

**Senator WONG:** Is that meant to be justification—that it was three years ago, so no-one told you?

**Mr Atkinson:** To my knowledge, the Audit Office uncovered activity that we were not aware of.

**Senator WONG:** Was that the first formal investigation that the department instigated in relation this purchase?

**Mr Atkinson:** Yes.

**Senator WONG:** Have there been any other investigations or issues drawn to your attention more broadly in relation to Badgerys Creek and land acquisition? Were any other issues of probity raised with you?

**Mr Atkinson:** Not beyond what is in the audit report.

**Senator WONG:** Are you sure about that?

**Mr Atkinson:** Yes.

**Senator WONG:** You also said that the matter has been referred to the AFP, but you put it in the passive without telling us who did that.

**Mr Atkinson:** I decided that, for completeness—there was an outstanding question here—to refer it to the AFP. I asked my Chief Operating Officer to ring the AFP to work out the best process to refer it to them. At that point we were informed that the AFP were already investigating after the ANAO had referred it.

**Senator WONG:** Just so I can make sure I got that clear: you asked your Chief Operating Officer to engage with the AFP with a view to you referring it?

**Mr Atkinson:** Yes.

**Senator WONG:** When did you do that?

**Mr Atkinson:** On 8 October.

**Senator WONG:** And what prompted that?

**Mr Atkinson:** I had been reviewing the audit substantially and going through it a lot and going through our response package of things that we could do within the department and, after considering all of those things, I thought that there was an outstanding question. While there was no evidence of criminality in the report itself, I felt there was enough of an outstanding question that I should refer it to the AFP.

**Senator WONG:** On what basis do you say there is no evidence of criminality in the report?

**Mr Atkinson:** I spoke to the Auditor-General and he actually said that there is no evidence of criminality in the report.

**Senator WONG:** When do you say you had that discussion with him?

**Mr Atkinson:** About a week and a half ago. I have spoken to him twice on the issue.

**Senator WONG:** Is there anywhere in the report that they actually say that? I don't think so.

**Mr Atkinson:** There is nowhere in the report where they do suggest it, either.

**Senator WONG:** But, Mr Atkinson, that is not what you said. You didn't say that the report doesn't suggest it; you said that there is no evidence of it.

**Mr Atkinson:** Sorry; the report presents no evidence of criminality.

**Senator WONG:** I think that's a judgement. Anyway, others can have a look at that. It depends on why things happen—and, sure, they don't have an explanation for the unethical conduct.

**Mr Atkinson:** As I said, I thought there was an outstanding question; hence the referral.

**Senator WONG:** So you referred it on 8 October.

**Mr Atkinson:** Yes.

**Senator WONG:** But your Chief Operating Officer came back to you—was it the same day?

**Mr Atkinson:** Yes.

**Senator WONG:** And she or he—I am sorry; I don't know who it is.

**Mr Atkinson:** Ms Spence is the Chief Operating Officer.

**Senator WONG:** So Ms Spence came back to you and said that the AFP were already investigating?

**Mr Atkinson:** Correct.

**Senator WONG:** Who did you speak to at the AFP, Ms Spence?

**Ms Spence:** I spoke to Ian McCartney. I don't have his title with me, I am sorry.

**Senator WONG:** And that was on the 8th as well?

**Ms Spence:** That was on 8 October, yes.

**Senator WONG:** Was that the first occasion on which either you or Mr Atkinson had spoken to the AFP in relation to these issues?

**Ms Spence:** Yes.

**Senator WONG:** And we don't know Ian McCartney's rank or title?

**Ms Spence:** Sorry; I don't know his rank or title.

**Senator WONG:** We will call him mister, but he is probably not. What did Mr McCartney say to you?

**Ms Spence:** He indicated that the matter had already been referred to the AFP and they would be engaging with us shortly to discuss how best to take the investigation forward.

**Senator WONG:** It had already been referred?

**Ms Spence:** Yes.

**Senator WONG:** By whom?

**Ms Spence:** The ANAO. I don't have a name.

**Senator WONG:** Did you gain an understanding of when that was referred?

**Ms Spence:** No.

**Senator WONG:** Mr Atkinson, subsequent to that discussion have you had a discussion with the audit office to find out the nature of the referral?

**Mr Atkinson:** Yes. I spoke to the Auditor-General once—I'd have to take the date on notice, but it was well before 8 October—asking him his perspectives on whether there was sufficient evidence for an AFP investigation. Then after 8 October, I think it was last week, I had a very long conversation across a series of issues, and that came up in the conversation.

**Senator WONG:** That came up? Your department being referred by the audit office to the Australian Federal Police came up in conversation?

**Mr Atkinson:** He didn't mention it. He mentioned that the AFP were investigating. We were focused on going forward.

**Senator WONG:** There is a fair bit to focus on what happened, I reckon?

**Ms Spence:** Can I just clarify—it was Ian McCartney, who is the deputy commissioner of investigations.

**Senator WONG:** When you spoke to the Auditor-General prior to 8 October, you don't have a date on that, Mr Atkinson?

**Mr Atkinson:** No.

**Senator WONG:** But there was no discussion. Was there any discussion then about referral to the AFP?

**Mr Atkinson:** No. The only thing I asked was whether he was of the view that there was sufficient evidence for a referral to the AFP.

**Senator WONG:** To warrant a referral. This is the first conversation. You've given evidence—

**Mr Atkinson:** That's the first conversation. There were two conversations.

**Senator WONG:** I am only asking about the first one now. On that occasion, you say, the Auditor-General said—you asked him—

**Mr Atkinson:** Yes, I asked him.

**Senator WONG:** if there was sufficient evidence to warrant a referral?

**Mr Atkinson:** Yes.

**Senator WONG:** And you say he said no?

**Mr Atkinson:** Sorry, he didn't say that.

**Senator WONG:** What did he say?

**Mr Atkinson:** He said effectively that it was a matter for my consideration.

**Senator WONG:** Did you consider it?

**Mr Atkinson:** Absolutely.

**Senator WONG:** How long before you actually contacted the AFP did that first conversation occur?

**Mr Atkinson:** I'll take that on notice. I think it was in the week leading up to it.

**Senator WONG:** In week leading up to it?

**Mr Atkinson:** It was in the period when I was formulating our full response, and I was considering whether referral to the AFP should be a part of that.

**Senator WONG:** This was tabled on 21 September, this audit, but you have the consultation process to which you have referred, which led to the APS investigation et cetera, well prior to the tabling—correct? You had the information about the audit office concerns well prior to the parliament seeing this when the report was tabled?

**Mr Atkinson:** What was the day, Mr Hallinan?

**Mr Hallinan:** 21 August was when we started our investigation.

**Mr Atkinson:** 21 August.

**Senator WONG:** So you are saying to me that between 21 August and 8 October you were considering whether or not you should refer it to the AFP, but at that stage you didn't think you needed to?

**Mr Atkinson:** At that stage I was putting in place investigations and an audit to gain additional information beyond what was in the audit report.

**Senator WONG:** That's not actually—I'm trying to understand why it is that—and there may be a reasonable explanation for it—why there is this period between 21 August and 8 October where you, as secretary, are aware of very serious allegations of unethical conduct, but until 8 October you don't make a decision to contemplate a referral to the AFP?

**Mr Atkinson:** Sorry, Senator—I immediately moved to put in place the code-of-conduct investigation, because that was the direct allegation in the review, and I'd asked the independent reviewers in that space to consider issues around whether an AFP referral should be put in place.

**Senator WONG:** So you asked Ms Thom to consider it?

**Mr Atkinson:** I asked that they have a look for what evidence—if there was any evidence to suggest that an AFP referral should be put in place.

**Senator WONG:** Who's 'they'?

**Mr Atkinson:** Ms Thom and Mr Mark Harrison.

**Senator WONG:** So you have put these two processes in place, and in the context of that you say, 'If there is something that warrants a referral to the AFP, come back to me'—is that essentially it?

**Mr Atkinson:** I continued to consider it as I developed our broader responses. As I further considered these issues it became clear to me that there was an outstanding question on the face of the audit report. So I asked Ms Spence to refer it.

**Mr Atkinson:** Did you have any discussions with any member of the government about the referral to the AFP?

**Mr Atkinson:** No.

**Senator WONG:** Did you discuss it with your minister?

**Mr Atkinson:** After the fact.

**Senator WONG:** After the fact.

**Mr Atkinson:** Yes.

**Senator WONG:** Did you discuss it with anyone from any ministerial office prior to Ms Spence being asked to contact—



**Mr Atkinson:** No.

**Senator WONG:** How did you advise your minister?

**Mr Atkinson:** I spoke to the ministers' chiefs of staff and advised them and put up a written brief advising them.

**Senator WONG:** When?

**Mr Atkinson:** I spoke to the chiefs of staff the day after—

**Senator WONG:** 'Chiefs'?

**Mr Atkinson:** The Deputy Prime Minister's chief of staff and Minister Tudge's chief of staff. I put up a for-information brief following the next round of conversation between Ms Spence, Mr Hallinan and the AFP, so that they could get more information from the AFP about what it was appropriate to tell ministers.

**Senator WONG:** I'm a little confused by some of your evidence this morning. Maybe I don't understand it. Maybe it is best if I give you an opportunity to clarify. I think part of what you said to me in an answer earlier was, I might be misphrasing it, but I think you said that there was no evidence of criminal conduct in the report and that's what the Auditor-General had said to you.

**Mr Atkinson:** Yes.

**Senator WONG:** Right. You say that's what the Auditor-General said to you in the first conversation?

**Mr Atkinson:** Yes.

**Senator WONG:** Do we have a date approximately of when that conversation was?

**Mr Atkinson:** No. I'll get that.

**Senator WONG:** In that same conversation, did you also tell this committee, the Auditor-General advised you that it was a matter for the department to refer?

**Mr Atkinson:** It was a general conversation, but basically—effectively I left the conversation with, it was my choice to consider whether or not I felt it needed to be done.

**Mr Atkinson:** But you didn't?

**Mr Atkinson:** I did, yes.

**Senator WONG:** Not until the eighth.

**Mr Atkinson:** I did on the eighth, yes.

**Senator WONG:** By which stage it had already been referred.

**Mr Atkinson:** I'm not sure when it was referred by the ANAO. It could have been referred during the course of their audit by the ANAO.

**Senator WONG:** You subsequently had another discussion with the Auditor-General—correct?

**Mr Atkinson:** Yes. Did you ask him why he'd referred it?

**Mr Atkinson:** I didn't ask him why he referred it.

**Senator WONG:** Well, what did you discuss?

**Mr Atkinson:** We discussed the relationship between the department and the audit office.

**Senator WONG:** Which is a bit of a problem?

**Mr Atkinson:** I think there's some work to do there.

**Senator WONG:** That's a very bureaucrat answer. Describe the relationship between the department and the audit office?

**Mr Atkinson:** It's extensive and multi-faceted. The financial statements relationship is excellent. I think in the normal course of performance audit discussions there is some work that could be done on the relationship.

**Senator WONG:** The audit office said that your department gave, some might say false, but incorrect information to the Auditor-General? Am I right?

**Mr Atkinson:** On the issue that you refer to I'll get Mr Hallinan to go into more detail. Sometimes there are misunderstandings between departments and the audit office as to what they're asking for.

**Senator WONG:** Come on, really?

**Mr Atkinson:** As in the scope of documentation and those sorts of things.

**Senator WONG:** This is a pursuit, amongst other things, of a sale involving a purchase price that is so far out of whack with every other valuation. I'll come to this in more detail. I'm sure we might have to go to someone else and you will get a break from me for a period. There is a persistent and ongoing series of instructions to the valuer which, frankly, when you are reading it, it looks like somebody's trying to work out how you inflate the valuation—right? You've got a series of instructions. The audit office asked some very specific questions about instructions to the valuer and your department provides inaccurate or false information.

**Mr Atkinson:** The specific statements you are referring to are why I've referred this matter for investigation.

**Senator WONG:** The quote—thank you, Senator Watt—is:

The department did not provide the ANAO with accurate answers when questions were first asked about the valuation approach, which was not ethical behaviour.

**Mr Atkinson:** The investigations go to those individuals.

**Senator WONG:** I'm going to give you an opportunity—we will come back to the investigations—but I'm going to the—

**Mr Atkinson:** I don't consider that to be appropriate behaviour.

**Senator WONG:** Please!

**Mr Atkinson:** I'm deeply concerned about that, which is why I've instigated a whole series of activities to make sure we don't—

**Senator WONG:** I would have thought that's the least you could say, that you don't consider it to be appropriate behaviour. I actually find it gobsmacking, to be honest. I get that people make mistakes et cetera, but you read this audit report and you see conduct which is extraordinary and outside of what any reasonable person would regard as appropriate action by officers; but worse, what it looks like is people trying to cover it up when the audit office came asking questions.

**Mr Atkinson:** I agree with you.

**Senator WONG:** Thank you. When did you become secretary?

**Mr Atkinson:** In November last year.

**Senator WONG:** So this predates you?

**Mr Atkinson:** Yes.

**Senator WONG:** There was no advice to you when you arrived about this?

**Mr Atkinson:** No.

**Senator WONG:** Do you think people tried to cover it up, Mr Atkinson?

**Mr Atkinson:** I want to get to the bottom of what happened, which is why I have pulled in an independent auditor of my own, so I can get to the bottom of the facts. I'm trying to clean it up.

**Senator WONG:** You're trying to clean it up. In these committees I try not to ask questions about individuals and individual officers' names et cetera, but has anyone been moved from their position as a consequence of what's been outlined in this report?

**Mr Atkinson:** Yes—the people who are under code-of-conduct investigations.

**Senator WONG:** How many people are under a code-of-conduct investigation?

**Mr Atkinson:** One is under a code-of-conduct investigation with respect to the Leppington Triangle acquisition, and one is under a code-of-conduct investigation with respect to management of declaration of interests.

**Senator WATT:** Are any of those individuals who are now, did you say 'under investigation'—

**Mr Atkinson:** Subject to code-of-conduct investigations.

**Senator WATT:** Are any of those officers former ministerial advisers?

**Mr Atkinson:** Not that I'm aware of.

**Senator WATT:** Because it is the case that some former ministerial advisers in this government have ended up going to work in the Western Sydney unit or divisions relating to this project, isn't it?

**Mr Atkinson:** I can confirm on notice, but I don't think so.

**Senator WATT:** I'm reluctant to give individual names in a committee, but maybe you could check that?

**Mr Atkinson:** I can find out whether that's factually correct. It's my understanding that they [inaudible]

**Senator WONG:** Sorry?

**Mr Atkinson:** It's my understanding that they hadn't previously been ministerial advisers, but I haven't gone through their CVs.

**Senator WATT:** Can you come back to us on that?

**Mr Atkinson:** Yes, I can confirm that one way or the other.

**Senator WONG:** We can give you names.

**Mr Atkinson:** We can factually find out whether they were advisers.

**Senator WONG:** Okay. So let's go back. You start the investigation that Vivienne Thom is undertaking in relation to APS code breaches—two officers?

**Mr Atkinson:** There are two investigations.

**Senator WONG:** Sorry, I was speaking in shorthand. Do Dr Thom's investigations pertain to two officers?

**Mr Atkinson:** No, they pertain to the officer who is being investigated with respect to the Leppington Triangle transaction and evaluation and things that you've raised.

**Senator WONG:** I thought there were two?

**Mr Atkinson:** There are. There is a second investigation into the management of the declaration of personal interests, and that's being undertaken by—

**Ms Spence:** Barbara Deegan is undertaking the second investigation.

**Senator WONG:** So Dr Thom is only doing Leppington, and Ms Deegan is doing—

**Mr Atkinson:** The declaration of private interests.

**Senator WONG:** the probity—the conflict of interest issue, which was also referred to in the Audit Office report.

**Mr Atkinson:** Correct.

**Ms Spence:** Although we would note that that probity issue is not related to the Leppington Triangle transaction.

**Senator WONG:** Is anybody working on the Western Sydney Unit—I think that's what it is. I'm sorry; I've forgotten all the organisations' names. But there is a discussion about the failure to declare conflicts of interest in the Audit Office report. Is that being investigated by someone?

**Mr Atkinson:** Yes, sorry—

**Senator WONG:** That's Ms Deegan?

**Mr Atkinson:** That's Ms Deegan.

**Senator WONG:** Who determined the remit of the scope of the investigation?

**Mr Atkinson:** The initial investigation into the Leppington Triangle piece was through the normal HR processes based on the audit. That was the same for the declarations as well.

**Senator WONG:** So the audit gave rise to these issues. Then the department considered them internally, and you determined to instigate these two inquiries—the two APS Code of Conduct inquiries—one by Ms Deegan and one by Dr Thom?

**Mr Atkinson:** Yes, and a full audit of the entire transaction to make sure that nothing is missed.

**Senator WONG:** Yes, I'll come to that; I'm trying to do this sequentially. I'm trying to understand: did you determine that only two officers were to be the subject of an APS Code of Conduct investigation?

**Mr Atkinson:** Yes, based on the audit information.

**Senator WONG:** So you determined only these two?

**Mr Atkinson:** Yes.

**Senator WONG:** On what basis did you make that decision?

**Mr Atkinson:** On the basis of the audit itself.

**Senator WONG:** No, you misunderstand. The audit doesn't just say one person, okay? The audit refers to a series of transactions, a series of functions and a series of failings. I'm asking you to explain to us how you came to the view that only one person needed to be investigated for APS Code of Conduct issues and only one person needed to be investigated for the failure to declare conflicts of interest issue.

**Mr Atkinson:** There's slightly more to it than that. On the face of the audit report, there are specific allegations made of unethical conduct, and, when you look at the documentary trail as to who it was that was responsible for that conduct, it falls to particular officers. I instigated those on the basis of the allegations in the audit itself. In regard to whether there was any other conduct at the time by other officers that could also require that, there's not enough detail in the audit report to suggest that at the moment. That is why I instigated the full audit—so that I can make sure that, if there is any other unethical conduct in the course of this and through the course of the review, it is properly investigated by independent code of conduct investigations so that it doesn't get missed.

**Senator WONG:** You've undertaken to provide us with a range of details. I'd like to come back to this when you've done that, so I just want to make sure we're clear. You're going to table a chronology of Infrastructure's actions. You're going to give me, I think, two dates—the final date of the conversation with the Auditor-General. There are three different inquiries you say that you've initiated, correct? There's the code of conduct inquiry, which is actually two inquiries.

**Mr Atkinson:** Yes.

**Senator WONG:** The independent audit by Mr Harrison.

**Mr Atkinson:** Yes.

**Senator WONG:** You also described an independent review of the unit.

**Mr Atkinson:** Yes.

**Senator WONG:** Who's doing the third or actually the fourth?

**Mr Atkinson:** I haven't finalised that yet.

**Senator WONG:** So it hasn't happened yet?

**Mr Atkinson:** That's the culture, processes and systems review going forward to embed all of the lessons learnt and to make sure that we address any culture issues.

**Senator WONG:** I assume you have paperwork outlining your decision to undertake these various inquiries and investigations.

**Mr Atkinson:** Yes.

**Senator WONG:** Terms of reference, instructions and those sorts of things?

**Mr Atkinson:** Senator, the decisions on the response model were through our executive committee and the minutes of our executive committee.

**Senator WONG:** I'd like the documents—and, again, we might want to come back to this at 11—which set out the terms of reference for each of those inquiries.

**Mr Atkinson:** The terms of reference for—

**Senator WONG:** You can delete the names.

**Mr Atkinson:** Mr Harrison's is fine. I'm just not sure about the code of conduct investigations and whether we can bring that forward, but I will find out.

**Senator WONG:** I don't need to know the individual's name at this point. If I did get to that point I would ask you specifically. I understand there is an HR process. I'm happy for you to black out—

**Mr Atkinson:** So just the referral that is the terms of the code of conduct investigation?

**Senator WONG:** Yes. I think that it is not unreasonable for this committee to see it. You've come here and said, 'I got here. This is bad.' You said, 'Yes, it's unacceptable, unethical, unprecedented et cetera, so I have done all these things.' I think it is reasonable for us to see exactly what you have done in detail. If you need to redact it so that individual names are taken out of the two code of conduct investigations by Dr Thom and Ms Deegan—

**Mr Atkinson:** I can give you the scope for them and the terms of reference for Mr Harrison.

**Senator WONG:** Thank you—and the dates of the decisions, the dates on which they were considered by the executive committee? You said that they were considered by the executive committee of the department.

**Mr Atkinson:** The full response was. I'll just have to check the dates on those terms of reference.

**Senator WONG:** Who was the decision-maker on the inquiries—the two code of conduct and the Harrison audit. Was that you?

**Mr Atkinson:** I will have to check with Ms Spence, I think the technical decision-maker was the—

**Ms Spence:** On the code of conduct, that's the head of our HR branch to actually formally commence, but the executive committee was advised and discussed.

**Senator WONG:** But the decision maker is the HR person?

**Ms Spence:** That's correct.

**Senator WONG:** But it was discussed at the executive committee?

**Mr Atkinson:** As in what the full response of the department needed to be, yes.

**Senator WONG:** I'm actually just trying to understand the dates and remit of the decisions to instigate the code of conduct investigations. Do you want to get that sorted?

**Mr Atkinson:** I will get you the documents.

**Senator WONG:** If we get the documents—take out the personal information—I think that will be sufficient. We will come back on that if there is anything further. Mr Atkinson, can we come back to your decision to refer to the Australian Federal Police, which ended up being otiose because the Auditor-General had already done it? What changed? Why did you come to the view that you had to refer it? Was there anything further or any new evidence that came to light? Were there any discussions externally or internally that led you to it? I am conscious that you spoke to the Auditor-General at some point after 21 September—on a date that you are going to give me. At that point, the Auditor-General essentially said—and I will give him the opportunity tonight to respond—that it was your decision, that it was for the department to consider. I assume you were then considering it in the context of looking at this issue between the 21st and the 8th.

**Mr Atkinson:** Yes.

**Senator WONG:** What precipitates you coming to a decision that it should be referred?

**Mr Atkinson:** What precipitated me coming to that decision was thinking through all of the mechanisms that I'd put in place and whether or not that was comprehensive and complete and would address all outstanding questions. When I looked at all of the things that were in our respond, I came to the view that it didn't address an outstanding question with respect to the audit.

**Senator WONG:** It didn't address an outstanding question?

**Mr Atkinson:** So all of the things that I could do as a secretary—which I announced in my opening statement, which is a very comprehensive set of activities—didn't address the outstanding question of whether or not there'd been any criminal activity.

**Senator WONG:** Did you come to that decision by yourself? Did you come to that decision alone or was that in discussion with other parties?

**Mr Atkinson:** I'd had a series of discussions with the executive committee and with Ms Spence around these issues over a period of time, and I reached a decision that we needed to do it.

**Senator WONG:** Was there a discussion or discussions at the executive committee which led to the decision to refer?

**Mr Atkinson:** I would say that the decision was mine following a whole series of discussions.

**Senator WONG:** Did you discuss it with anyone prior to making the decision?

**Mr Atkinson:** I think I discussed it with Ms Spence the day before.

**CHAIR:** Senator Wong—

**Senator WONG:** I have one last question and then I will flick to someone else. You have before very reasonable; thank you. Finally, to close this component, which we will come back on as there is a lot more detail here, the Deputy Prime Minister made the following statement publicly, I think on 18 October, when he was asked about this transaction: 'Yes, it's over the odds. Yes, I appreciate there should have been a better process. Yes, it's a lot of money but, in time, it will be a very good investment.' Mr Atkinson, is there anything that supports the Deputy Prime Minister's assertion that this is a good investment? Is there anything in the Audit Office report that supports that proposition?

**Mr Atkinson:** Not that I'm aware of. I believe the Deputy Prime Minister was talking about the long-term importance of having the land as part of the airport—and it is important to have the land as part of the airport.

**Senator WONG:** But it's not value for money for taxpayers, is it?

**Mr Atkinson:** There's actually a really long answer to that, unfortunately, and that is that there are two ways to acquire land: it is by agreement or by a compulsory acquisition. This was a by agreement. There are some very significant issues that have been brought to light around the valuation approach for the by agreement. The

reference case, of course, as to whether it value for money is what would have happened if it was a compulsory acquisition. I don't know what the answer was to what a compulsory acquisition would have cost because there are so many X factors in terms of compensation and legal costs and how long legal costs ran. The last time a compulsory acquisition of this type happened through here it cost \$22 million.

**Senator WONG:** That is not—and you know that is not—how PGPA works and not how Commonwealth procurement works. You don't pay 10 times what something costs on the basis that someone might sue you if you compulsory acquire.

**Mr Atkinson:** I certainly didn't say that.

**Senator WONG:** We agree on that, don't we?

**Mr Atkinson:** That's correct, Senator.

**CHAIR:** Senator Rice, I understand that you have a question.

**Senator RICE:** There have been some questions about the very disturbing set of circumstances around Western Sydney Airport. With the ANAO audit, did you notify the minister's office when they were to commence?

**Mr Atkinson:** When the audit commenced?

**Senator RICE:** Yes.

**Mr Atkinson:** I would have to check. I suspect there's a formal briefing process when officers get updated on what the program of audit is for the year, but I'd have to take that on notice.

**Senator RICE:** Okay. Obviously Western Sydney Airport and all of the developments [inaudible] program for the government. So I would have thought that, if there was an audit being commenced, it would have been the biggest. So, yes, please take that on notice. If you could get that today—in fact, before further discussions on this later on today—that would be very valuable. Can you tell me anything more about any communications that you had with the minister's office throughout the ANAO investigation?

**Mr Atkinson:** Throughout the ANAO investigation I didn't have conversations with the minister's office.

**Senator RICE:** Did anybody else in your department? Do you know whether there would have been any communication with the minister's office about the fact that this ANAO audit was underway?

**Mr Atkinson:** I wouldn't have thought so.

**Mr Hallinan:** Not that I am aware of, Senator.

**Senator RICE:** The Western Sydney Unit is currently not recorded on your organisational chart. It was there in March this year but it is not there anymore. You might have already covered this. I am sorry, but I was off my remote access for a while. Can you tell me why it is not on your chart?

**Mr Atkinson:** It has been merged into the Major Projects Division.

**Senator RICE:** Can you tell me about that merger? Was it moved completely, as a whole, into the Major Projects Division or has some restructuring occurred as well?

**Mr Atkinson:** It was moved as a whole.

**Mr Hallinan:** There was probably some amalgamation of minor functions where there was efficiency to be gained through the merger. But, substantially, it moved as a whole.

**Senator RICE:** Are any staff that were with the Western Sydney Unit no longer there as part of the Major Projects Division?

**Mr Atkinson:** There has been the normal ebb and flow of staff across departments and across the Public Service over the years.

**Senator RICE:** Tell me about the decision-making process to move the standalone Western Sydney Unit into the Major Projects Division.

**Mr Atkinson:** It was part of our organisational restructure during COVID-19.

**Senator RICE:** When did that occur?

**Mr Atkinson:** I will have to take the date on notice. We've restructured a few times during COVID-19, to move resources to the COVID response.

**Mr Hallinan:** I think it was around April.

**Senator RICE:** Sorry; are you saying that it was around April?

**Mr Atkinson:** Mr Hallinan said around April.

**Mr Hallinan:** I think it was around April.

**Mr Atkinson:** We will get the precise date.

**Senator RICE:** Okay. How did that impact the operation of the ANAO audit when it was shifted?

**Mr Atkinson:** I wouldn't have thought that would have had any impact on the ANAO.

**Mr Hallinan:** No impact, Senator.

**Senator RICE:** I know that there are going to be further questions on this later on. I will leave the Western Sydney Airport questions for the moment. I just want to go to another issue which is also mired in controversy, and that is about grants programs. We've heard evidence, both at estimates and through the sports rorts inquiry, that after each election there is a process of determining which election commitments get funded through which grants program. In fact, I have an outstanding question on notice to the committee on sports about that topic. Can you give me some more information on where that coordination occurs on which election commitments get funded out of which grants process?

**Mr Atkinson:** I think with spoke about this at the last estimates, Senator. After the election, through the cabinet processes, they bring forward and agree the approach to implementing the election commitments. As part of that, it is determined which commitments are to be implemented by which portfolios.

**Senator RICE:** Is it one minister that takes a brief to cabinet?

**Mr Atkinson:** You would have to check with them, but I think its central agencies do.

**Senator RICE:** Can you talk me through that process then—the central agencies? What does that actually mean?

**Mr Atkinson:** From a line agency perspective, there is a decision that says that these are the ones that you are implementing.

**Senator RICE:** When you say 'central agencies', is it PM&C that takes the brief to the cabinet?

**Mr Atkinson:** You'd really need to ask them. I'm not sure whether it's all three of them or whether it's Finance. I'm sorry; this is knowledge from previous roles and not from my current role. They bring forward a proposal to ERC as to how the election commitments will be treated and that is then implemented through normal cabinet processes.

**Senator RICE:** What role does the department have in that process? Are you just told, as a line agency, 'These are the programs that are going to be funded out of your grants' or do you have input?

**Mr Atkinson:** There would be normal cabinet processes where there are discussions between agencies around advice to government.

**Senator RICE:** What does that mean? Basically, there would be a view, a position from [inaudible] that the minister then takes to cabinet, as to which program should be funded out of which branch processes?

**Mr Atkinson:** I might ask if Ms Spence has any views on this. It's a bit speculative, if we're speaking about it theoretically. I don't think the process is exactly the same after each election. The system of bringing decisions of government through post-election is the responsibility of PM&C with the cabinet function.

**Senator RICE:** When you say the process isn't exactly the same after each election, it's a process that is just created after each election to suit the circumstances and there is no structure to determine which project should be funded out of which grants program? It seems ad hoc.

**Mr Atkinson:** There's a process that supports the cabinet consideration of which ones will be implemented where.

**Senator RICE:** Right, but is there any formal involvement from the department in that process?

**Mr Atkinson:** What I can take on notice is the department's formal involvement in the last process.

**Senator RICE:** So you are going to take that on notice?

**Mr Atkinson:** Yes.

**Senator RICE:** It seems there are particular projects from one grant program to another, in relation to, for example, the female facilities and water safety stream from the department of infrastructure to the Department of Health. We've got a response to a question on notice that refers to appropriations in November 2019. It seems that we have an initial process after the election and then things can change. Can you tell me about that transfer of appropriations and—

**Mr Atkinson:** Dr Bacon might be able to help you with that particular instance.

**Dr Bacon:** I think we spoke about this at the previous inquiry into the sports grants. In terms of the process for allocating election commitments, we did provide advice on the most efficient way to deliver election commitments, and that was factored in, working with the Department of the Prime Minister and Cabinet. In terms of decisions about how to deliver, I think you mentioned the female facilities and water safety program. Would you mind repeating your question, please?

**Senator RICE:** In a question on notice, we were told that the transfer of appropriations [inaudible] 2019. I just want to know the details. Why the change in date? Why did that not occur until November?

**Dr Bacon:** It's correct, Senator. It was 21 August 2019 when the government decided to transfer delivery of that program to the health portfolio and the appropriation transfer took place under section 75 of the PGPA Act on 18 November 2019. To your question about the time delay between August and November, there were a number of back-end processes in our financial system and the right processes to follow under the PGPA Act to actually give effect to that transfer. That date in November was the very last part of the process.

**Senator RICE:** So, basically, you were just churning through the administration?

**Dr Bacon:** That's correct, Senator. We were doing the back-end processes to give effect to that decision.

**Senator RICE:** Did any parts of the transfer begin after November, beyond the transfer of appropriations?

**Dr Bacon:** I'll double-check that on notice for you, but my understanding is that the appropriations transfer under section 75 was the final step. I will check that for you on notice.

**Senator RICE:** Thank you. Thanks, Chair.

**CHAIR:** Thank you very much, Senator Rice. Senator Wong.

**Senator WONG:** How is your document-tabling process going, Mr Atkinson?

**Mr Atkinson:** They're working on it. We have the terms of reference for Mark Harrison here. The code of conduct is what they have to get.

**Senator WONG:** The code of conduct you have to redact?

**Mr Atkinson:** Yes. I came prepared to give you these terms of reference. I didn't realise people would ask inside the code of conduct inquiries. We are pulling the information together.

**Senator WONG:** Sorry; I didn't understand. That's fine.

**Mr Atkinson:** I expected you to ask for that. I didn't expect a question about the code of conduct.

**Senator WONG:** Okay. I might have misunderstood this, but 8 October is when the Deputy Commissioner McCartney advised Ms Spence, who then advised you that the matter had already been referred by the Auditor-General. You have a discussion with the Auditor-General after that conversation. I don't think I've asked you much about that yet.

**Mr Atkinson:** Yes.

**Senator WONG:** I'll come back to that. You didn't get a date of the referral, Ms Spence?

**Ms Spence:** No.

**Senator WONG:** It was some time, obviously, between the 21st and the conversation which occurred on the 7th or the 8th?

**Ms Spence:** On the 8th.

**Mr Atkinson:** Not necessarily. The Audit Office could have referred it at any point.

**Senator WONG:** But that wasn't disclosed to you in your first conversation with the Auditor-General?

**Mr Atkinson:** No.

**Senator WONG:** In fact, your evidence is that you took out of it that it was a matter for the department, as to whether a referral needed to occur?

**Mr Atkinson:** Whether I needed to refer it. That is how I would say it.

**Senator WONG:** Your subsequent discussion with the Auditor-General occurred when?

**Mr Atkinson:** It was about a week-and-a-half ago. I'll get that date for you.

**Senator WONG:** A week-and-a-half ago, and you'll get me that as well. You were going to give me your chronology, Mr Hallinan, as well.

**Mr Hallinan:** Yes. That chronology is coming.

**Senator WONG:** Thank you. Tell me about that conversation again.



**Mr Atkinson:** That was a wide-ranging conversation for over an hour. We covered many issues around financial statements, audits, the relationship between the Audit Office and the department, what his concerns were more broadly about the Commonwealth—he had just put out his half-term review—and about issues and his thoughts from an auditor's perspective around what was going on. We talked about the Leppington Triangle audit—just generally about the audit and about what we were doing. I referenced that there was an AFP investigation going forward.

**Senator WONG:** On the basis of your conversation with Ms Spence?

**Mr Atkinson:** Yes.

**Senator WONG:** And what did he say?

**Mr Atkinson:** He asked me how I knew about it. I said that we'd rung to refer it and were told just the truth.

**Senator WONG:** Sorry?

**Mr Atkinson:** The truth.

**Senator WONG:** I assume everything you're saying is the truth. If not, we've both got a problem, haven't we?

**Mr Atkinson:** That's absolutely correct.

**Senator WONG:** You didn't ask when it had been referred at that point?

**Mr Atkinson:** No, I didn't.

**Senator WONG:** What's your knowledge of the remit of the referral, what it pertains to?

**Mr Atkinson:** I'll ask Ms Spence, who's been talking to the AFP about that.

**Ms Spence:** Our understanding is they've just referred the material that the ANAO had used to undertake their report. So it's not a specific thing to look at but more the audit as a whole.

**Senator WONG:** I think you told me you spoke to the chiefs of staff of Mr McCormack and Mr Tudge to advise them of the AFP referral. Is that right?

**Mr Atkinson:** Yes.

**Senator WONG:** When was that again?

**Mr Atkinson:** On Friday the 9th, I think.

**Senator WONG:** This was reported publicly on Friday, a couple of days ago. Is that right?

**Mr Atkinson:** I believe it was last Friday, yes. Is that what you asked?

**Senator WONG:** Yes. What date was this—the fact of the AFP referral—first reported publicly?

**Mr Atkinson:** The first time it came to my attention in the media was on Friday.

**Senator WONG:** Friday just gone. Did you give that information to the journalist?

**Mr Atkinson:** No.

**Senator WONG:** Do you know who did?

**Mr Atkinson:** No.

**Senator WONG:** Was there any discussion with ministers' offices about making that public?

**Mr Atkinson:** No.

**Senator WONG:** Senator Ruston, do you have any knowledge of how that came to be in the public arena?

**Senator Ruston:** I would have to take that on notice.

**Senator WONG:** Do you have any knowledge?

**Senator Ruston:** No, I don't.

**Senator WATT:** Mr Atkinson, a few times this morning you referred to allegations in the Auditor-General's report regarding unethical behaviour by departmental officials. They're more than allegations, aren't they? They're findings.

**Mr Atkinson:** Technically that's correct. The reason I used the word 'allegation' is that, when something is referred to a code of conduct investigation for a breach of ethical conduct, until it's proven through the proper processes, it's still an allegation.

**Senator WATT:** Sure. But the Auditor-General—

**Mr Atkinson:** They are findings of the Auditor-General.

**Senator WATT:** The Auditor-General found that in a number of ways departmental officials had behaved unethically.

**Mr Atkinson:** Correct.

**Senator WONG:** Ms Spence, Mr Atkinson just said that you've been liaising with the AFP.

**Ms Spence:** I spoke to the AFP on 8 October, and Mr Hallinan and I had a subsequent meeting on Wednesday 14 October.

**Senator WONG:** With whom—with members of the AFP?

**Ms Spence:** It was with Detective Superintendent Geoffrey Turner

**Senator WONG:** What can you tell me about that meeting?

**Ms Spence:** It was really just him talking through what we would expect to start happening—referencing the fact that they would be seeking names from us of people they should use for the interview—and also providing us with some guidance on how we should handle material, given that there is an AFP investigation underway, so that we don't prejudice that investigation.

**Senator WONG:** Could you explain your last comment a little bit more.

**Ms Spence:** What we weren't sure about was whether it was alright for us to continue with the code of conduct investigations, because there was an AFP investigation, whether there are any restrictions on material that's not currently in the public arena that they would want to maintain outside of the public arena while they are doing their investigations—just how to make sure we don't do anything that would upset the integrity of the investigation.

**Senator WONG:** You said that you discussed this with your executive committee.

**Mr Atkinson:** Yes.

**Senator WONG:** Are there any people on that committee who were on it at the time this all happened?

**Mr Atkinson:** At the time of the acquisition?

**Senator WONG:** Yes.

**Mr Atkinson:** No.

**Senator WONG:** The CFO changed?

**Mr Atkinson:** Yes, the CFO changed. The CFO is not on our executive committee, though.

**Senator WONG:** Right. I was about to ask that. So, the CFO is not on the executive committee.

**Mr Atkinson:** The chief operating officer is on it.

**Senator WONG:** Who is the COO?

**Mr Atkinson:** Ms Spence.

**Senator WONG:** There you go. You're right. It's there. Were you in that role when this all happened, Ms Spence?

**Ms Spence:** No. I was responsible for the Western Sydney Unit—it was one of the divisions that reported to me—between late 2016 through until the end of 2017.

**Senator WONG:** Are there any current members of the executive committee who were on that committee when the land was purchased?

**Mr Atkinson:** The land was purchased in July 2018. The make-up of the executive committee then—the governance structures have changed slightly. I think it was called the executive management—

**Senator WONG:** Whatever the equivalent—I'm just trying to work out whether the people who failed to pick this up are the ones still running the department.

**Mr Atkinson:** At the time of the acquisition—the band 2, band 3 and the secretary are all people who are no longer in the department.

**Senator WONG:** What about the department's failure to respond to the Audit Office inquiries, which caused quite a stark comment by the Audit Office in the report—and I will come to the detail of that. But are there any people on the executive committee who were party to that decision?

**Mr Atkinson:** The relevant deputy secretary has left, so no.

**Senator WONG:** Let's go back to how this all came about. In July 2018, the Australian government purchased this triangular parcel of land for just under \$30 million, correct?

**Mr Atkinson:** Yes.

**Senator WONG:** It was leased back to the seller for 10 years, with options to renew totalling a further 10 years. The land was valued at \$920,000 for lease-back purposes. Your 2018-19 financial statements valued the land at one-tenth of the price you had paid 11 months earlier. My first question is: did that not ring alarm bells in the department? You had a very substantial variation to your financial statements.

**Mr Atkinson:** Yes. Obviously it was before my time. But the issue was raised as part of the financial statements audit. It was referred internally for review. At that point, there was an issue that was referred to the Western Sydney Airport to review itself.

**Senator WONG:** Oh, great!

**Mr Atkinson:** As you would recall—

**Senator WONG:** So the people who did this got to review it. Is that how it worked?

**Mr Atkinson:** Certainly, and that's what the audit report says. That's why, in my opening statement, I referred to changing the AAIs to put in place a protocol where there are recommendations for reviews to come to our senior governance committee, with the approach for the review to be signed off by the secretary.

**Senator WONG:** You would agree that financial statements are key to public accountability and financial accountability.

**Mr Atkinson:** Yes.

**Senator WONG:** They're the mechanism by which, in the Commonwealth, you as head of the agency provide your minister and through them the parliament and through them the people of Australia with accounts which tell people how you have spent public monies, correct?

**Mr Atkinson:** Yes.

**Senator WONG:** So making sure they're correct is pretty important.

**Mr Atkinson:** Yes.

**Senator WONG:** It's fundamental to public accountability.

**Mr Atkinson:** Yes.

**Senator WONG:** And these were not correct.

**Mr Atkinson:** The financial statements were. They valued it at \$3 million.

**Senator WONG:** They disclosed a very significant writedown or decrement. Is that how it's—

**Mr Atkinson:** Yes. Decrement.

**Senator WONG:** I didn't realise there was an opposite to increment, but there you go. What happened? Some person in the department works out that it has to be essentially devalued on paper.

**Mr Atkinson:** Yes.

**Senator WONG:** Who was that? I don't need a name, just the level of the officer.

**Mr Atkinson:** I believe it was an EL2 in the accounting part of the department.

**Senator WONG:** Whoever that EL2 is, somebody should give them a gold star, because people above them, senior to them, didn't find this, but they did.

**Mr Atkinson:** So—

**Senator WONG:** The EL2 in accounting worked out 'We're paying \$30 million for something that I have to value at \$3 million.' Yes?

**Mr Atkinson:** Yes.

**Senator WONG:** Presumably that is advised up the chain, correct?

**Mr Atkinson:** Yes.

**Senator WONG:** Who was it advised to?

**Mr Atkinson:** Could I pause for one moment here? The exact activities by which this review and referral took place are also the subject of Mr Harrison's investigation, because I need people to be interviewed so that I can find out exactly who did what when.

**Senator WONG:** That's fair enough. I am sure we can have another long conversation after Mr Harrison has reported.

**Mr Atkinson:** I'm sure we will.

**Senator WONG:** I accept that you can only tell me what you know.

**Mr Atkinson:** Thank you. Fair enough.

**Senator WONG:** A major concession! But what happened? What do you understand to have happened? EL2 in the accounting section goes, 'Oh, problem.'

**Mr Atkinson:** Yes.

**Senator WONG:** What happens?

**Mr Atkinson:** It gets raised up through the financial statements process, and the ANAO financial statements people raise it with the department as well.

**Senator WONG:** So they have separately done it?

**Mr Atkinson:** No. As I understand it, and subject to a proper review, it was raised inside the accounting space as part of the financial statements audit, which as you know is a very integrated process. The significant and unusual transaction was recognised, and it was referred to the Western Sydney Unit for review of the activity.

**Senator WONG:** And they came back saying, 'nothing to see here'?

**Mr Atkinson:** They came back, based on the same information that had previously supported decision-makers, that the ANAO found was not appropriate advice—

**Senator WONG:** Okay. But at that point they say 'nothing to see', the people—

**Mr Atkinson:** Correct.

**Senator WONG:** They came up with the same argument that they had previously used to justify an excessive valuation.

**Mr Atkinson:** In simple terms, yes.

**Senator WONG:** When was that internal review process, just remind me?

**Mr Atkinson:** I think it was September/October last year—August, September, October. It was through the financial statements period.

**Senator WONG:** That would be right. At that stage it's not referred to the ANAO? So this is the internal questioning process between your financial statement preparation and the relevant section of the department, correct?

**Mr Atkinson:** Yes. The ANAO was involved throughout that period.

**Senator WONG:** I am interested in that, though. Isn't it the case that usually you would have a preparation of financial statements internally to the department, and you wouldn't engage the audit office until they had been done, correct?

**Mr Atkinson:** Yes.

**Senator WONG:** So why are they involved at this point? Who engages them?

**Mr Atkinson:** Through the normal engagement, when they came in after the preparation, that was when the discussions around this happened. Is that correct, Mr Hallinan?

**Mr Hallinan:** That's correct. We have a very open relationship with them about the financial statements.

**Senator WONG:** Sorry, I'm actually more worried that you're not doing your own job. We don't rely on the audit office to prepare appropriate, accurate financial statements.

**Mr Atkinson:** Correct.

**Senator WONG:** We rely on them to audit, right?

**Mr Atkinson:** Yes.

**Senator WONG:** I'm trying to understand what happens inside the department in the preparation of these financial statements, which disclose a transaction which is questionable. You say it has gone to the Western Sydney Unit, the same people who engaged in the questionable transaction.

**Mr Atkinson:** Yes.

**Senator WONG:** They then say it's okay. The audit office is involved at this point, you're saying?

**Mr Atkinson:** Yes.

**Senator WONG:** Who engages the audit office? Is it the EL2 who deserves the gold star, or more? Maybe we should get the EL2 a PSM, so it's not just the people above them.

**Mr Atkinson:** Ordinarily I would get our CFO, but has had an accident and he's in hospital.

**Senator WONG:** I'm sorry to hear that.

**Mr Atkinson:** He is the one who would be able to explain exactly that.

**Senator WONG:** He was CFO at the time?

**Mr Atkinson:** Yes.

**Senator WONG:** Do we have his deputy or assistant?

**Mr Atkinson:** Mr Hallinan can run through a summary of the chronology.

**Mr Hallinan:** While we await the review of this through Sententia, as part of the department's management of its books we value the assets on our books every two years, I believe. As part of that process, that is how the valuation difference was identified. There was some internal communication between the Western Sydney Unit and the auditing and financial statements unit of the department. The financial statements area of the department engaged with the ANAO on this in around July 2019, I think. At that point the ANAO commences engagement with the Western Sydney Unit, and there is some form of communication that travels along until around October, which is when the final review letter is provided from the Western Sydney Unit to the ANAO, which I think sparks the audit.

**Mr Atkinson:** Just to add to that, that process is why I put in place a revised AAI.

**Senator WONG:** I understand that.

**Mr Atkinson:** But with the review, I am still trying to get to the bottom of exactly what happened there.

**Senator WONG:** Well, your audit committee—so your financial statements are signed off or considered by the audit committee, are they not?

**Mr Atkinson:** Yes.

**Senator WONG:** Is that what you call it? I can't recall.

**Mr Atkinson:** The audit and risk committee.

**Senator WONG:** The audit and risk committee. What did they do?

**Mr Atkinson:** It came forward and was discussed at the audit and risk committee, and it was mentioned in the final letter of transmission from the ANAO. The exact wording was, I think, that they noted that it was being reviewed, as in the current tense.

**Senator WONG:** What do you mean? It 'is' being reviewed?

**Mr Atkinson:** Yes, I'll get the exact language.

**Senator WONG:** You're saying they noted that it was being reviewed?

**Mr Atkinson:** That's what was in the—

**Senator WONG:** That was it?

**Mr Atkinson:** I can take on notice any further details.

**Senator WONG:** I am just wondering if anybody went 'Wow, that's a problem.' You have an EL2 who has identified a transaction where this is a massive overvaluation.

**Mr Atkinson:** Yes.

**Senator WONG:** It's raised; the audit office is engaged; it goes up through the department's processes, presumably—first it gets sent to the very people who engaged in the transaction, who, unsurprisingly, justify it. But leaving that aside—which is a problem—I'm interested in what happens when it gets to the more senior group, which is the audit and risk committee and your CFO or thereabouts, or the COO at the time. Were you COO at the time, Ms Spence?

**Ms Spence:** No, I wasn't. As it's set out in the audit report, the ANAO did raise it in their closing letter, which was considered by the audit committee. My understanding is that the audit committee did discuss in some detail the points raised by the ANAO, and the matter, as the Secretary has mentioned, was subsequently referred back to the Western Sydney Unit. The CFO drew to the attention of the Western Sydney Unit the issue raised in the closing letter.

**Senator WONG:** What it looks like is that if the audit office didn't do their job this would have gone, not unnoticed, but this would have been let through to the keeper by the department. Do you think that's acceptable?

**Mr Atkinson:** I don't think that what's in this audit report is at all acceptable, which, once again, is why I have taken such a comprehensive suite of activities and reviews to make sure this doesn't happen again.

**Senator WONG:** When do ministers first become aware of this? I am going to ask about ministers and their offices' involvement in the transaction prior to it, but I want to know, once this is raised internally in the department, you start these processes; when do ministers or their offices first become aware?

**Mr Atkinson:** Aware of the—

**Senator WONG:** The overvaluation, the fact that it had been raised and the audit office. Ms Spence, do you know?

**Ms Spence:** Sorry, I'll have to take that on notice. I'm not sure if any advice was provided to ministers at that time.

**Senator WONG:** Formal or informal?

**Mr Atkinson:** Based on the information I have seen in the course of this, I haven't seen anything that suggests that ministers or their offices were made aware. Once again, that's why I have the internal audit under way.

**Senator WONG:** Prior to the report being tabled on 21 September, what conversations did you have with the ministers' offices, with any member of the government or their staff about this issue?

**Mr Hallinan:** We had a briefing with ministers and their offices once we had an embargoed copy of the report, to explain what was in it and what our response was.

**Senator WONG:** When was that?

**Mr Hallinan:** I don't have the specific date with me.

**Mr Atkinson:** We can get that. It's just a matter of fact.

**Mr Hallinan:** It would have [inaudible] the release of the report.

**Senator WONG:** Ms Spence?

**Ms Spence:** As you would be aware, under the ANAO's act there are restrictions on how we can discuss material covered in unpublished ANAO reports.

**Senator WONG:** You're entitled to brief ministers.

**Ms Spence:** Once we had the embargoed report. But prior to that it becomes—we're just trying to make sure we are maintaining consistency with requirements under the ANAO's act.

**Senator WONG:** At which stage is the act enlivened, if that's your excuse?

**Ms Spence:** It wasn't an excuse. I was just pointing out that there are—

**Mr Atkinson:** The ministers were informed when we got the embargoed version. We will find out the exact date of the brief.

**Senator WONG:** I am trying to work out, prior to the ANAO commencing—I can't remember which section of the act they used—

**Mr Atkinson:** Section 19.

**Senator WONG:** From what you have said, there is at least an alert and engagement with the audit office. I am trying to work out if anyone from government, anyone from the department, actually engages with ministers saying 'We've got this problem, we've got this issue.' No?

**Mr Atkinson:** We briefed them when we got the embargoed report.

**Senator WONG:** I mean prior to that. This whole process, whereby this is uncovered by an EL2; the Western Sydney Unit says, 'No, it's actually okay'; the audit committee sit on their hands because there is an audit office review—I'm asking if any minister or their office was aware of that before—

**Mr Atkinson:** That's not the end of the report—you're talking about last year?

**Senator WONG:** Yes.

**Mr Atkinson:** I'm not aware of any communications.

**Senator WONG:** The people who are on the audit committee which, with all due respect, I think sat on its hands—are the same people still on it?

**Mr Atkinson:** We now have a merged audit committee, following the merger of the two departments in February.

**Senator WONG:** But some of the same people are on it?

**Mr Atkinson:** Yes.

**Senator WONG:** Were you on it, Mr Hallinan?

**Mr Hallinan:** No.

**Senator WONG:** You weren't? And you weren't, Mr Atkinson, because you weren't there, is that right?

**Mr Atkinson:** Yes.

**Senator WONG:** Have you asked anybody why they thought that having the Western Sydney Unit consider their own transaction was appropriate?

**Mr Atkinson:** Yes. I have spoken to the chair of the audit committee about it, as you would expect.

**Senator WONG:** Who is the chair of the audit committee?

**Mr Atkinson:** Mr Geoff Knuckey.

**Senator WONG:** And Mr Knuckey's position?

**Mr Atkinson:** It was that they had an extensive discussion about it, and that it was the audit committee's understanding that it was under proper review.

**Senator WONG:** Because the audit office was dealing with it or because the Western Sydney Unit were reviewing their own transaction?

**Mr Atkinson:** Can I take that on notice, please.

**Senator WONG:** If it's the first, then you're basically making sure the audit office, which the government is not funding sufficiently, is doing your job for you. Secondly, if it is the second, then you're relying on the unit that engaged in the questionable behaviours to deal with the transaction that's in question. Neither of those two options are good governance, good financial management, are they?

**Mr Atkinson:** That's why I've changed the AAI's.

**Senator WONG:** Fair enough. Can I come back to why there was no discussion with ministers. It is correct that you can't disclose findings of embargoed reports publicly, right? But prior to an audit office investigation, you have a series of transactions which are raised with senior levels of the department. Why were ministers not told—or is it your evidence that ministers were not told about this?

**Mr Atkinson:** Sorry, Senator, can I give my evidence. It was my understanding that at that time there's nothing that I have seen where ministers were informed at that time.

**Senator WONG:** Right.

**Mr Atkinson:** But once again, it's the reason why I have the review from Mr Harrison, to work out exactly what went through at this point in time. But I haven't seen any briefing to ministers on this issue from that time.

**Senator WONG:** Do you have any notes of anybody telling ministers?

**Mr Atkinson:** Can I take it on notice?

**Senator WONG:** What about the briefing—as a minister you have to sign off on—you are advised about the financial statements, right?

**Mr Atkinson:** Yes—the transmittal letter of the financial statements.

**Senator WONG:** So no-one in that says, 'By the way, this includes a valuation of land that is a tenth of what we paid for it. There's a note to that effect on page three-hundred-and-something.' No-one said that?

**Mr Atkinson:** Could I take that on notice, please?

**Senator WONG:** So then the ANAO do this audit of the financial statement. So it's not this particular report, but this is their auditing process—correct?

**Mr Atkinson:** The August to October financial statements audits.

**Senator WONG:** They identified what the EL2 had identified—that the reduction in the value of land held by the department, in this current market context, was viewed as unusual. In the context of the audit of the departments 2018-19 financial statements the department's then secretary and Chief Financial Officer represented to the ANAO that, 'To the best of our knowledge and belief, having made inquiries as we considered necessary for the purposes appropriately informing ourselves, all information relevant to the financial statements had been provided.' That advice was incorrect. Just say, 'Yes, that advice was incorrect.' That's what the Audit Office says.

**Mr Atkinson:** It says to the best of their knowledge, Senator. That's actually what the statement by the secretary says.

**Senator WONG:** But not all information relevant to the financial statements had been provided, had it?

**Mr Atkinson:** I'm not sure how to answer that, Senator.

**Senator WONG:** I think the answer is just yes.

**Mr Hallinan:** The final financial statements were signed off with an unqualified opinion by the auditors, Senator.

**Senator WONG:** Sorry; what did you just say?

**Mr Hallinan:** I said that the financial statements in the annual report were signed off with an unqualified opinion that reflected the decremented value for the parcel of land. It gets very complicated, which is why we are looking at.

**Senator WONG:** Is it correct to say, as the Audit Office finds, that all information relevant to the financial statements had not been provided? Is that correct?

**Mr Atkinson:** Once again, it's about the fact that that sign-off is, to the best of their knowledge, and the ANAO had issued an unqualified statement that didn't mention that.

**Senator WONG:** Oh, so it's the Audit Office's fault, is it? Come on!

**Mr Atkinson:** No, Senator—and I'm certainly not suggesting that.

**Senator WONG:** I'd be happy to take you through this, Mr Atkinson. I appreciate that you came late and you are trying to deal with this, but I think it is a fair thing to say that the Audit Office report discloses that 'not all information relevant to the financial statements had been provided'? I think you'd have to concede that. What you're saying is that there is a qualifying test 'to the best of our knowledge'—correct?

**Mr Atkinson:** Certainly I'm saying that but I'm also saying that the ANAO then issued unqualified agreement to the statements.

**Senator WONG:** The report currently makes it clear that the information had not been provided. That's what this audit report is about.

**Ms Potter:** I can't say that I understand that statement. I struggle to reconcile that statement with the ANAO's issuance of an unmodified opinion to the financial statements.

**Senator WONG:** I'll put that to them then, because I think the subsequent report makes it very clear that information that should have been provided was not. The department surely isn't saying that all the information that should have been provided in the context of the 2018-19 financial statements was. Otherwise, why have we got the audit report and two code of conduct investigations—an AFP inquiry and an audit inquiry? If the proper information was provided for the financial statements explaining why the underlying issues with the decrement, we might not be having this conversation.

**Senator WATT:** Has anyone from the department ever asked the Auditor-General's office to explain that apparent inconsistency?

**Mr Hallinan:** That's part of the reason that we have the review looking at this. There are some matters that we are not quite clear on yet.

**Mr Atkinson:** There is a lot of information that surrounds these things that we need to know.

**CHAIR:** Senator Wong, while you are looking—

**Senator WONG:** That's fine. I just wanted to find this table but, if you want to go to someone else until I've found it—

**CHAIR:** Thank you. Senator Rennick, do you have a question?

**Senator RENNICK:** Simon—if I can call you that—are you aware that there is currently a 500 acre property on 250 Badgerys Creek Road for sale for \$5.7 million?

**Mr Atkinson:** I am not personally aware of that.

**Senator RENNICK:** The accounting standards dictate that you value an asset at net realisable value or cost. Given that five acres is worth almost \$6 million, how would the Audit Office value 30 acres at \$3 million for land in a similar area? You don't have to answer that if you can't. It just seems a strange valuation that I've got here—current realisable value, five acres at almost \$6 million, and yet the Audit Office is saying 30 acres is worth \$3 million.

**Mr Atkinson:** As I was explaining to Senator Wong earlier, it is not actually simple—the valuation methodologies—and it depends on potential future zoning and how people view that.

**Senator RENNICK:** Sure.

**Mr Atkinson:** There are some transactions going on right now that have much higher values.



**Senator RENNICK:** Badgerys Creek is about 41 kilometres west of Sydney, it is wedged between Penrith to the north-west and Liverpool to the south-east, and it is fairly flat land. So it is fair to say that, if it wasn't zoned for airport development, it would probably be very close to being residential value given that Sydney is sprawling and that you have the mountains out to the west and there is really nowhere else to develop housing in that pocket of Sydney. Given that 13 hectares is about 30 acres, the Australian National Audit Office is valuing each acre at about \$100,000. One acre is 4,000 square metres, and you can put eight housing blocks on there. They are saying that, if you were going to take the residential point of view, a 500 square metre block would be valued at \$12,500. That is very cheap property if you classified it under residential. If you go back to section 51 which says that you have to acquire property on just terms, that land—had there been no talk of an airport ever being built out there—would very likely be residential. That is a fair assumption to make—and all these things are based on assumptions, aren't they?

**Mr Atkinson:** Yes.

**Senator RENNICK:** It is very difficult to be black and white. Is it fair to say that that is very cheap residential land, at \$12,500 for 500 square metres?

**Mr Atkinson:** It seems that way, Senator.

**Senator RENNICK:** Thank you.

**Senator WATT:** Can I just add that it actually isn't the Auditor-General. Senator Rennick is saying that the Auditor-General has valued the land.

**Senator RENNICK:** No; the Australian National Audit Office.

**Senator WATT:** Same thing.

**Mr Atkinson:** The Auditor-General put in the audit report a lot of examples but didn't actually take a position on what the true example should be.

**Senator WATT:** No, because the Auditor-General is not a valuer. They referred to independent valuations.

**Senator RENNICK:** I have 30 years in finance and a masters of finance. So I'm quite capable of forming my own valuations, thank you.

**Senator WATT:** Are you a valuer?

**Senator RENNICK:** No. I can value property all the time. It's not hard. You just look at the market value. You look at the market value on the internet.

**Senator WONG:** Thank you.

**Senator WATT:** Does Senator Rennick think we got a bargain here?

**Senator RENNICK:** Hang on. Do you want to let me finish my question. I gave you an hour—

**Senator WONG:** Sorry, I thought you'd finished.

**Senator RENNICK:** I didn't interrupt you.

**Senator WONG:** Had you finished?

**Senator STERLE:** Chair, I'd like to apologise. I thought the blue would have started after two minutes. I've lost the bet!

**Senator WONG:** Mr Atkinson, I have now found the quote—paragraph 3.29 onwards of the Audit Office report:

... In the context of the ANAO's audit of the department's 2018–19 financial statements ... the department's Secretary and Chief Financial Officer represented to the ANAO that, 'to the best of our knowledge and belief, having made inquiries as we considered necessary for the purpose of appropriately informing themselves', all information relevant to the financial statements had been provided to the ANAO and that any additional information sought by the ANAO had been provided.

3.30 A key question raised by the ANAO on the evaluation of the Leppington Triangle land was whether any additional instructions, outside of those that were provided by the department in the brief for valuation services, had been issued.

Then there's 'The department's response was' et cetera. Then, paragraph 3.31:

... Through this performance audit the ANAO established that this advice was incorrect. The instructions as to the basis on which the valuer was to assess the market value of the land were subjected to important amendments ... This means that the representations provided by the Secretary and Chief Financial Officer as part of the financial statement audit were inaccurate.

**Mr Atkinson:** Now I can answer your question because I know the specifics of what you are talking about. The ANAO report—

**Senator WONG:** I was reading a quote from it; I just didn't have it in context.

**Mr Atkinson:** The ANAO report found that ministers and decision-makers were not appropriately advised on the land acquisition—

**Senator WONG:** That's not my question.

**Mr Atkinson:** and that this was inconsistent with an ethical approach to public administration.

**Senator WONG:** That's not my question. Please don't just read a statement, Mr Atkinson. We've done very well this morning. You've been very reasonable. We haven't had a fight. But I'm not asking about that. I am asking about the fact that your department signed off on financial statements that the Audit Office says were inaccurate.

**Mr Atkinson:** Could I please keep going with that for one second—

**Senator WONG:** It depends how much irrelevant information you've got, otherwise I'll interrupt you again, right?

**Mr Atkinson:** The reason I read out about the decision-makers not having access to the information is that a piece of the information that clearly comes out of the audit report is that people of executive director rank and above, including the secretary, were not aware or not made aware of these changes that the Audit Office then found after the statements. At the time that they signed off, to the best of their knowledge of the statements—

**Senator WONG:** Hang on. They were aware of the reduction in the value.

**Mr Atkinson:** They were aware in the reduction of the value.

**Senator WONG:** But then people didn't explore why that had happened.

**Mr Atkinson:** As part of the reduction of the value—that was where the recommendation for the review came.

**Senator WONG:** Did no one at that point tell the ministers?

**Mr Atkinson:** That's the piece that I've taken on notice.

**Senator WONG:** We will come back to this. But I think there are nine interactions that are identified in the Audit Office report whereby the department engages with the valuer—and this is my assertion—in a way that demonstrates a desire to increase the valuation.

**Mr Atkinson:** That is absolutely why that conduct is the subject of a code of conduct review and an AFP investigation.

**Senator WONG:** And you agree with that, don't you? Do you agree with my assessment of the engagement with the valuation?

**Mr Atkinson:** Anyone reading the report comes to a similar conclusion.

**Senator WONG:** Yes. It looks like they reverse-engineered it or engaged in instructions to a valuer to get a higher outcome.

**Mr Atkinson:** Obviously I had very similar concerns, which is why I've instigated the reviews into this conduct.

**Senator WONG:** Were any ministers—

**Mr Atkinson:** It also then gets back to 'The ANAO found that ministers and decision-makers were not appropriately advised.' This information—this activity that you've identified—was not given to decision-makers or ministers. That's the core of the unethical conduct allegation.

**Senator WONG:** No, it's not the core of the unethical conduct, with respect. That might be poor governance, if it is correct—and we will see over the course of the various inquiries whether that is correct. The core of the unethical conduct is the way in which public moneys were spent, frankly misspent, in the way they were and that people appeared to try to cover it up. I want to know whether any ministers were advised at any point about this valuation process. The 'Sequence of amendments to the instructions for assessing market value' are 10 February, 21 March, 10 May, 5 June, 9 June, 7 July, 17 July, 2 August and 27 September. Were any of those valuation discussions advised to ministers?

**Mr Atkinson:** I'm just getting the page, but that is the central information that the report finds decision-makers and ministers were not provided.

**Senator WONG:** I'm asking you.

**Mr Atkinson:** Yes.

**Senator WONG:** I'm not asking you to refer to the Audit Office report. I'm asking you whether at any point this department gave any advice to ministers which referenced this valuation process or any aspect of it?

**Mr Atkinson:** To the best of my knowledge, no.

**Senator WATT:** And there were no informal communications, phone calls, text messages or anything like that, apart from formal advice?

**Mr Atkinson:** No. That activity was three years ago.

**Senator WONG:** Have you checked?

**Mr Atkinson:** This is why I've got my own independent audit going through it.

**Senator WONG:** Who were the ministers at this time? I'm sorry, I don't keep up with your—

**Mr Atkinson:** At the time of the acquisition it was Minister Fletcher.

**Senator WONG:** And what about Mr Taylor? Was he engaged in this at all?

**Mr Atkinson:** I'm not aware. Was Mr Taylor a minister at that point—no.

**Senator WATT:** Minister Taylor was the assistant minister for cities and population, or cities and infrastructure—

**Mr Atkinson:** In July 2018?

**Senator WATT:** During part of the timeline—I don't have the exact dates in front of me.

**Ms Spence:** Sorry. He wasn't sworn into our portfolio but there would have been an overlap because of the work that was being done on the Western Sydney City Deal, but that is quite separate to the discussion around this. This is specific to the airport, so he wouldn't have had any involvement in the airport decisions.

**Senator WATT:** He was the assistant minister for cities between February 2016 and December 2017.

**Mr Atkinson:** I think Cities was in the Prime Minister's portfolio at that point.

**Senator WATT:** And the Western Sydney unit at that time sat under his oversight?

**Ms Spence:** No. It was under Minister Fletcher.

**Senator WATT:** What did you say his connection was to it?

**Mr Atkinson:** I don't think he had any connection.

**Ms Spence:** The closest would have been—

**Senator WONG:** Ms Spence talked about the city—

**Ms Spence:** The Western Sydney City Deal was being negotiated, so he would have been looking after it. But, as Mr Atkinson said, my recollection is—and obviously we could take it on notice—that was part of the Prime Minister or Treasury portfolio at the time.

**Mr Atkinson:** PM&C at the time.

**Ms Spence:** PM&C at the time.

**Senator WATT:** And of course some of the land in and around the area we're talking about is in Mr Taylor's electorate as well.

**Ms Spence:** I don't know.

**Mr Atkinson:** I'm not sure.

**Senator WATT:** That is a statement of fact. It's been reported.

**Mr Atkinson:** Sorry, I don't know.

**Senator WONG:** Have you had any discussions with Mr Taylor about this, Mr Atkinson?

**Mr Atkinson:** No.

**Senator WONG:** Ms Spence?

**Ms Spence:** No.

**Senator WONG:** Why do you think this has happened?

**Mr Atkinson:** Sorry?

**Senator WONG:** Why has this happened?

**Mr Atkinson:** Based on the audit report—

**Senator WONG:** What do you think? You're the secretary.

**Mr Atkinson:** I don't think it would be appropriate for me to pre-empt the outcomes of code of conduct investigations and AFP investigations and my own proper audit into exactly what happened here. I think something is not right, and I intend to get to the bottom of it and fix it.

**Senator WONG:** Just remind me who owns Leppington Triangle.

**Mr Atkinson:** The Leppington Pastoral Company.

**Senator WONG:** It has been reported publicly who the major shareholders are, but I'm not from Sydney and the names escape me at this point.

**Mr Atkinson:** I don't know exactly who the owners are.

**Senator WONG:** Is it Perich Group?

**Mr Hallinan:** Yes, I certainly know the last name is Perich, but I don't know more than that.

**Mr Atkinson:** I don't know what their ownership structures are, but the Perich name has been brought into it.

**Senator WONG:** I'm actually wondering what engagement the department is aware of between the owners and any member of the government or their staff.

**Mr Atkinson:** I'm not aware of any engagement.

**Senator WONG:** You are not aware of any?

**Mr Atkinson:** No.

**CHAIR:** Senator Wong, we're happy to take a break.

**Senator WATT:** Can I clarify one thing? I appreciate, Mr Atkinson, that you don't want to pre-empt investigations that are underway, but clearly both you and the Auditor-General have reached the conclusion that there may be criminal behaviour here, given you and the Auditor-General decided to refer it to the police.

**Mr Atkinson:** My view was there's an outstanding question that should be investigated by the police. I think the police have specific language as to—

**Mr Hallinan:** The AFP's advice was it's too early to speculate on criminality.

**Senator WATT:** But you don't refer something to police if you don't think criminal activity may have occurred.

**Mr Atkinson:** I think there's a sufficient question that it should be investigated.

**Senator WATT:** The sufficient question being that criminal activity may have occurred?

**Mr Atkinson:** Yes.

**CHAIR:** Thank you.

#### **Proceedings suspended from 11:00 to 11:19**

**CHAIR:** We will commence proceedings. Senator Watt.

**Senator WONG:** I think we have some things to be tabled.

**Mr Atkinson:** Yes, Mr Hallinan has the HR chronology that you asked for.

**Senator WONG:** Thank you.

**Mr Atkinson:** We only had one copy, so we're just getting copies made so that we have it as well as you.

**Senator WATT:** I think the other thing you were looking for was whether former ministerial advisers had been working in the Western Sydney Unit.

**Mr Atkinson:** I think you asked whether the people being investigated were. The person you are talking about is not a person under investigation.

**Senator WATT:** So, to be clear, there are no—just refresh my memory. There is one person under internal investigation through the code of conduct?

**Mr Atkinson:** Yes, two code of conduct investigations.

**Senator WATT:** Two code of conduct investigations. Only one officer is the subject of those investigations?

**Mr Atkinson:** Sorry, there are two officers.

**Senator WATT:** Two officers?

**Mr Atkinson:** One in relation to the Leppington Triangle acquisition and one in relation to declarations of private interest, which is not related to the acquisition.

**Senator WATT:** It's a separate matter?

**Mr Atkinson:** A completely separate matter.

**Senator WATT:** Right. That came to light out of this investigation?

**Mr Atkinson:** Yes, Senator.

**Senator WATT:** What is the subject matter of that?

**Mr Atkinson:** Well, the document I am about to table has it in it, but it's about managing a declared conflict of interest.

**Senator WATT:** Over a land purchase?

**Mr Atkinson:** Nothing to do with land purchase.

**Senator WATT:** In general terms, if it's not about land purchases, what is it about?

**Mr Atkinson:** It's about not properly managing a declared conflict of interest.

**Senator WATT:** In relation to—

**Mr Atkinson:** Just the general activities of the department. Nothing to do with Leppington Triangle.

**Senator WATT:** Right. And neither of those officers has ever been a ministerial adviser?

**Mr Atkinson:** I am getting people to check whether in ancient history they have been.

**Senator WATT:** But not in the life of this government?

**Mr Atkinson:** To my knowledge, no.

**Senator WATT:** Have either of those officers been stood down? Is anything happening while that investigation occurs?

**Mr Atkinson:** Yes, I answered that previously.

**Senator WATT:** That was Senator Rice, wasn't it? So both have been stood down?

**Mr Atkinson:** No, Senator. One of them has moved roles and one has been stood down.

**Senator WATT:** The one who has moved roles has moved out of this department?

**Mr Atkinson:** No, out of Western Sydney.

**Senator WATT:** Any reason they haven't been stood down, pending the investigation?

**Mr Atkinson:** Senator, we're sort of starting to get into the territory where I am a little bit worried I would be identifying people and prejudicing the investigations. The allegations are quite different.

**Senator WATT:** In your view, it doesn't warrant standing that person down at this point in time?

**Mr Atkinson:** I went through a formal stand-down process where the allegations were considered by a delegate, and the delegate found that it would be appropriate to stand one person down and appropriate to move the other person, based on the allegations.

**Senator WATT:** So they were both people working in the Western Sydney Unit.

**Mr Atkinson:** At the time.

**Senator WATT:** At the time of these events.

**Mr Atkinson:** Yes.

**Senator WATT:** Until very recently, they were both working in the Western Sydney Unit.

**Mr Atkinson:** Senator, we are sort of starting to get into that territory where it's—

**Senator WATT:** But one has been stood down entirely and one has been moved into another section of the department?

**Mr Atkinson:** Yes.

**Senator WATT:** Thank you. I just want to go to one other aspect of the Auditor-General's report. You would be familiar that the Auditor-General identified occasions where meetings with landowners were held in coffee shops. Is it common practice for officials of this department to conduct sensitive negotiations in coffee shops?

**Mr Atkinson:** No, Senator.

**Senator WATT:** It's not?

**Mr Atkinson:** In fact, there are protocols about that that have been developed and distributed across the department.

**Senator WATT:** Since these events came to light?

**Mr Atkinson:** I will just ask Mr Hallinan to comment on the timing of that.

**Mr Hallinan:** The stakeholder engagement protocols were developed a couple of years ago, but we have expanded them and distributed them beyond the Western Sydney Unit to other parts of the department that may have close consultation with parties on sensitive topics.

**Senator WATT:** You said that those protocols were developed a couple of years ago.

**Mr Hallinan:** Yes. They are referenced in the report.

**Senator WATT:** Can you remind me when, roughly, they were developed?

**Mr Hallinan:** I have a date. I'll just have to find it for you, Senator.

**Senator WATT:** But they were developed—

**Mr Hallinan:** It's a couple of years ago, at least.

**Senator WATT:** So they were developed after these meetings occurred?

**Mr Hallinan:** It probably would be best to characterise them as having been developed during and as an evolving document that was developed over a period of time, from the inception of the Western Sydney Unit. As to the precise date that the stakeholder elements were added, I'm not certain, but I know that the protocols for engaging have been around for quite some time for probity management.

**Senator WATT:** Are you saying that the protocols which set out how and where these types of meetings should occur were originally developed just for the Western Sydney Unit, or the Western Sydney Airport company, whichever entity it is?

**Mr Hallinan:** The Western Sydney Unit. They were established as part of the Western Sydney Unit, recognising the sensitive nature of some of the dealings they would have.

**Senator WATT:** Surely, though, there are different parts of the department that engage in sensitive negotiations every day of the week. Why was it that the Western Sydney Unit required protocols more than any other part of the department?

**Mr Hallinan:** That's not something that I—

**Mr Atkinson:** I could probably help with that. The Western Sydney Unit engages in activities like land acquisitions and things that actually involve this type of sensitive stakeholder engagement—important stakeholders around the airport that potentially have transactions associated with them. Most of the rest of the department does not engage in that sort of activity. It's about well-established grant programs with the states and territories and those sorts of things. Due to the nature of the business, it was appropriate to have that further advice.

**Senator WATT:** So, due to the nature of the business and, I suppose, the risk surrounding that, it was determined that protocols around the conduct of meetings should be developed just for that unit?

**Mr Hallinan:** Yes. They were developed with the unit's probity adviser in, I think, March 2018.

**Senator WATT:** I'm still interested in what triggered the development of those protocols, because some of these events pre-date March 2018. Was there a concern around the way some of these meetings had been conducted which led to the development of those protocols? I realise that's before your time, but I wonder whether anyone else might know.

**Mr Atkinson:** I'll have to take that on notice, Senator. I have the documents that I mentioned for tabling before which go to the notice of suspected breach and have the scope of the code of conduct investigations.

**Senator WATT:** Thanks. Could we get you to table a copy of those protocols as well, please?

**Mr Atkinson:** Yes, on notice.

**Senator WATT:** When you have them. I take it they suggest very strongly that people shouldn't undertake sensitive negotiations in coffee shops?

**Mr Hallinan:** Yes. I think that's sensible.

**Mr Atkinson:** It requires multiple officials and proper documentation and that sort of thing.

**Senator WATT:** They also say that there should be multiple officials present?

**Mr Atkinson:** I'll get the tabled version.

**Senator WATT:** And that notes should be taken?

**Mr Atkinson:** I presume that's what they say.

**Senator WATT:** It's now has become apparent, though, that departmental officials were conducting some of these sensitive negotiations in coffee shops. That's what's been found by the Auditor-General's report?

**Mr Atkinson:** Yes, Senator.

**Senator WATT:** Do you know whether any of those negotiations occurred in people's homes?

**Mr Atkinson:** I'd have to take that on notice.

**Senator WATT:** Do you know, Mr Hallinan?

**Mr Hallinan:** I do not.

**Senator WATT:** I presume that, in addition to the meetings that occurred in coffee shops and perhaps elsewhere, there were phone calls between departmental officials and the owners of this land?

**Mr Atkinson:** I'd have to take that on notice as well. I think, based on my reading of the audit, that there would likely have been.

**Senator WATT:** Do you know whether any records were kept of any such phone calls?

**Mr Atkinson:** I think the Auditor-General's report suggests that the note-taking around the outcomes of phone calls was inadequate.

**Senator WATT:** Okay. Does it concern you that meetings were occurring in coffee shops without records being kept?

**Mr Atkinson:** Absolutely.

**Senator WATT:** I think in at least one occasion there was only one official present at these negotiations. That's not acceptable practice?

**Mr Atkinson:** Yes.

**Senator WATT:** You've got protocols in place now which set boundaries around these sorts of issues?

**Mr Atkinson:** Yes.

**Senator WATT:** Was there anything else, whether it be code of conduct or anything else, prior to those protocols coming into force that advised officials about how meetings should occur and should inform them that conducting meetings in those ways was inappropriate?

**Mr Hallinan:** There was probity guidance provided from the AGS, who were contracted at the time into the unit.

**Senator WATT:** There was probity guidance provided by the AGS, the Australian Government Solicitor, to officials in the Western Sydney unit?

**Mr Hallinan:** To provide guidance on matters of probity.

**Senator WATT:** Before the protocols were brought into place?

**Mr Hallinan:** That's correct.

**Senator WATT:** And before these meetings then did occur?

**Mr Hallinan:** That's correct, yes.

**Senator WATT:** Thank you.

**Mr Hallinan:** Can I clarify: these are matters that we're investigating, so to some extent we may know more later.

**Senator WATT:** Sure. I had been interested, as you know, in the involvement of former ministerial advisers in these activities. I think we've ascertained that Minister Fletcher was the minister at the time of the purchase. Did Minister Fletcher have a dedicated adviser who managed the Western Sydney airport and the delivery of the Western Sydney Infrastructure Plan?

**Mr Atkinson:** I'd have to take that on notice.

**Senator WATT:** Could you do that and advise us of who that adviser was, please?

**Mr Atkinson:** On the assumption that there was one?

**Senator WATT:** If there was one. I'd also be interested to know whether that person is still employed in the public service or as a political adviser.

**Mr Atkinson:** Certainly.

**Senator WATT:** What we do know is that a former ministerial media adviser to Minister Fletcher, Mr Andrew Blow, now works as a consultant external to government. In his online biography he claims that he

played a key role in the community engagement process to advance Sydney's second airport at Badgerys Creek. Do you know whether, as a ministerial adviser, Mr Blow directly engaged in the community engagement for the airport?

**Mr Atkinson:** I'm sorry, I don't.

**Senator WATT:** You'll take that on notice?

**Mr Atkinson:** As to what Mr Blow's activities were three years ago when he was a ministerial adviser?

**Senator WATT:** Yes.

**Mr Atkinson:** Yes, I will try.

**Senator WATT:** I'd like to know whether he was directly engaged in community engagement for the airport and whether that included negotiations with landholders on land acquisitions or on road alignments. That would probably assist us in determining the level of involvement that Minister Fletcher's office had in this project.

**Mr Atkinson:** I'm not aware of any of that type of engagement but I'll take it on notice.

**Senator WATT:** I'm also aware that the head of the Western Sydney unit at the time of the acquisition was Mr Nathan Smyth. When did he start working in the Western Sydney unit?

**Mr Atkinson:** I believe it was at the start of 2018.

**Senator WATT:** Early 2018?

**Mr Hallinan:** I think it's 29 January 2018.

**Senator WATT:** What was his role prior to that appointment?

**Mr Hallinan:** I don't know, Senator.

**Ms Spence:** I'm not too sure of the specific dates, but he had been Minister Nash's chief of staff previously.

**Senator WATT:** So prior to his appointment as the head of the Western Sydney unit he was the chief of staff for—

**Ms Spence:** I think there might have been a gap inbetween the two dates.

**Senator WATT:** If you could take on notice the dates that he was the chief of staff. I'm certainly aware that, in March 2017, Mr Smyth was the chief of staff to the office of the Minister for Regional Development, but if you could let us know the dates that he occupied that role. Mr Smyth is the chief of staff to the Minister for Regional Development and then he either goes directly to heading the Western Sydney unit or perhaps there was something else he did before he got there—that's correct?

**Ms Spence:** Yes.

**Senator WATT:** Have you ascertained what role Mr Smyth had as the head of the Western Sydney unit in the purchase or valuations of this land?

**Mr Atkinson:** That is part of our internal audit investigations. He is the executive director, and so in the commentary in the audit report he's in the category of people where people did not provide decision-makers with appropriate advice.

**Senator WATT:** So the former chief of staff to the Minister for Regional Development is now part of this investigation?

**Mr Atkinson:** No.

**Senator WATT:** I'm not saying he is being investigated, but his activities are the subject of the investigations now occurring?

**Mr Atkinson:** No.

**Senator WATT:** Let's go back 30 seconds. I thought you said—

**Mr Atkinson:** Which investigations are you talking about?

**Senator WATT:** The ones that you've commissioned.

**Mr Atkinson:** The audit of the process covers all aspects of it. It's our independent audit of the entire transaction, which covers everything and everyone who was involved.

**Senator WATT:** Okay. So the Auditor-General found that certain departmental officials did not provide full advice to ministers—

**Mr Atkinson:** And decision makers.

**Senator WATT:** And decision makers.



**Mr Atkinson:** Decision-makers in the Auditor-General's report being defined as SES band 2 and above.

**Senator WATT:** And those personnel who didn't provide that advice included Mr Smyth?

**Mr Atkinson:** No. Mr Smyth was a band 2. He was a decision-maker.

**Senator WATT:** Okay. And the investigations that you have now commissioned don't—

**Mr Atkinson:** The independent audit of the full transaction looks at the full transaction.

**Senator WATT:** Okay. I'm also aware that the general manager for rail and land-use planning for the Western Sydney unit at the time of the acquisition also had a stint as an adviser to Minister Fletcher as recently as February 2018. That's Mr Malcolm Southwell. Have you looked at what role Mr Southwell had in either the purchase or the failure to advise ministers?

**Ms Spence:** It's not unusual for departmental staff to support offices when there are gaps between advisers. Under the MOP(S) Act people can go up for set periods of time.

**Mr Atkinson:** A period of weeks.

**Senator WATT:** But Mr Southwell had been a political adviser earlier in his career as well, hadn't he?

**Ms Spence:** I'm sorry, I don't have Mr Southwell's CV in front of me. I'm not sure.

**Senator WATT:** From the little bit of information I've been able to obtain, it seems Mr Southwell was a political adviser to ministers in this government between about October 2015 and April 2016. He then went into the Western Sydney unit from April 2016 to June 2019.

**Mr Atkinson:** Can you repeat that last part?

**Senator WATT:** Political adviser from October 2015 to April 2016.

**Mr Atkinson:** No, I mean in the department.

**Senator WATT:** Western Sydney unit from April 2016 to June 2019, during which time perhaps he was seconded, as Ms Spence is suggesting, into Minister Fletcher's office from February 2018 to about April 2018.

**Ms Spence:** And I'm not sure whether those earlier times in offices might have been in similar arrangements—that is, a public servant who goes to support offices when there are short-term vacancies.

**Senator WATT:** Right. I'm happy to be corrected if those dates are wrong.

**Mr Atkinson:** It's our understanding that Mr Southwell had no role in any part of this transaction set.

**Senator WATT:** But he was in the Western Sydney Unit at pretty much all the times that these events occurred.

**Mr Atkinson:** Can we take that on notice?

**Senator WATT:** Yes. At previous estimates he appeared, in May 2018, as the general manager, rail and land use and planning of the Western Sydney Unit for instance.

**Mr Atkinson:** Yes, so it's quite different to what we're talking about here.

**Senator WATT:** Okay, you're confident of that then?

**Mr Atkinson:** Yes, but I'll take on notice if there's anything else.

**Senator WATT:** I suppose what that raises for me is that these two gentlemen are both senior public servants with recent experience as ministerial advisers but, as departmental officials, neither of them thought to advise the relevant ministers about the valuation being so much higher than what it was independently valued as.

**Mr Atkinson:** In the case of Mr Southwell, he had nothing to do with any of this. In the case of Mr Smyth, he came in in January and he's in the category of people that the ANAO found weren't appropriately advised on the land acquisition and that this was inconsistent with the ethical approach to public administration.

**Senator WATT:** So both of these gentlemen were effectively more senior than the people who weren't providing the right information?

**Mr Atkinson:** One of them was; one of them was not related to this part of the Western Sydney—

**Senator WATT:** I might leave it at that. Thanks.

**Senator WONG:** Just very briefly in relation to the documents you've provided us with: in relation to the individual who's being investigated for a breach of the code of conduct in relation to the Leppington purchase—and there's quite a lengthy series of allegations—is that person still with the department?

**Mr Atkinson:** Yes, Senator.

**Senator WONG:** Are they still working in this area?

**Mr Atkinson:** As I said earlier, this is the person who's been stood down.

**Ms Spence:** Sorry, you're talking about the conflict of interest?

**Senator WONG:** No. The conflict of interest relates to conflicts relating to an interest in South 32 which you say is not related to this issue.

**Mr Atkinson:** Yes, Senator.

**Senator WONG:** That's always a problem when I say negative and then you say yes. It's not related to this issue, correct?

**Mr Atkinson:** Yes.

**Senator WONG:** Okay. But for the one which goes into detail through the suspected breaches of code of conduct in respect of the Leppington matter that person has also been stood down?

**Mr Atkinson:** That person has been stood down; the other person has not been stood down.

**Senator WONG:** So this is the person who's been stood down but still technically works for this department, not another department?

**Mr Atkinson:** Yes, Senator.

**Senator WONG:** I may come back to that. I am surprised, given what was in the Audit Office report and what was raised in relation to the 2018-19 financial statements, that no-one thought there might be a potential breach of code of conduct until August 2020.

**Mr Atkinson:** The conduct in question, as is my understanding, did not come to the attention of people until it was identified through this audit process.

**Senator WONG:** So I have some questions now on the Northern Road alignment. Chair, I wonder if—and Mr Atkinson has been helpful in not playing agenda games and I appreciate that, given I think it's always a way of getting out of it—it might be better to get other people at the table in relation to detailed questions on the Northern Road alignment, or are you happy for me just to continue asking?

**Mr Atkinson:** Let's get into it and see if there's anything that needs to come back from the—

**Senator WONG:** Are you happy with that, Chair?

**CHAIR:** Senator Rice has more questions on—

**Senator WONG:** This does relate to Leppington; it's in the Audit Office report.

**Mr Atkinson:** It is part of the report.

**CHAIR:** Senator Rice, we'll come to you next.

**Senator RICE:** I've also got questions on the Northern Road alignment.

**Senator WONG:** Shall I have a go, and then—

**CHAIR:** You keep going, Senator Wong, and we'll come back to Senator Rice.

**Senator WONG:** Thank you; I appreciate that. First, in terms of the Northern Road alignment, can I clarify: was this part of the Western Sydney City Deal you referred to, Ms Spence?

**Ms Spence:** No.

**Mr Hallinan:** The Northern Road alignment is, in a sense, part of the Western Sydney package of reforms. It was necessary because the previous Northern Road alignment ran straight through the middle of what would have been the airport.

**Senator WONG:** I'm going to come to the why; I'm just trying to work out Mr Taylor's involvement, if any.

**Mr Atkinson:** I don't think Mr Taylor was involved.

**Senator WONG:** But it was part of the Western Sydney City Deal?

**Mr Atkinson:** It was dealt with as part of the Western Sydney airport work.

**Mr Hallinan:** Whether it was specifically part of the city deal, I don't know off the top of my head.

**Mr Atkinson:** We can take that on notice.

**Senator WONG:** There's quite a lot in the Audit Office report in relation to the realignment of the Northern Road, in part because the assertion that departmental officers made—which you started to make, Mr Atkinson, but I think you decided it wasn't a smart road to go down; no pun intended!—was that the acquisition of Leppington Triangle was in part commenced to capitalise on the so-called goodwill that had been created by concessions made to the landowner on the route for the realignment of the Northern Road. The Audit Office says:

The route was adjusted so as to run on mostly Australian Government land along the airport boundary rather than through the farm of the landowner.

The Audit Office also says:

Due diligence and value for money was not demonstrated in the department's advice supporting the route adjustment.

... ..

On 12 November 2015—the day the route was announced—the department received preliminary advice on the adjusted route from aviation planning and development firm, Landrum & Brown (L&B). The preliminary advice included that 'there are serious issues with the proposed Northern road alignment ... and I see there is a clear case for a NO GO for the proposed road due to many issues'.

Subsequent to that the consultant was instructed not to pass this advice to the New South Wales government. The New South Wales government—that is, Roads and Maritime Services—wrote to the department in December 2015 advising of risks in relation to the proposed route. So that's the backdrop. First, I would like to understand the rationale and decision-making process that went into changing the route of this road.

**Mr Hallinan:** First, it might be worth clarifying a couple of matters. On the Landrum & Brown report: Landrum & Brown have been working with the unit for quite some time and had changed the adviser when that report was provided to the unit. They provided a letter to this effect, which is included in the attachments and appendixes to the ANAO's report. They said that when their adviser came back from leave they updated the guidance to be in line with the guidance that they had been working with the department on previously. So there's a period of time where an adviser who came in provided different advice to what had been provided to the department earlier through that process on the alignment, the department asked them to reconsider and the original adviser, when they came back, provided requalified language and requalified advice to the department for the guidance of the road. So the department's intervention there was to avoid incorrect information being passed on to RMS.

**Senator WONG:** Do you think what you just said was accepted by the Auditor-General, in terms of how this is discussed in the audit report?

**Mr Hallinan:** They've included it as an appendix to the report.

**Senator WONG:** But do you think the rationale you just described is how it is reported? It's not.

**Mr Hallinan:** I think that's a question for the Auditor-General.

**Senator WONG:** No; you have just directly suggested that some of the concerns raised by the Auditor-General were not founded in fact, and I'm saying to you that I do not believe—

**Mr Hallinan:** I haven't done that.

**Senator WONG:** I haven't finished—that the rationale you just described is relied upon in the report at all. There is an appendix which includes what you say, but that is not the way in which it is discussed in the report.

**Mr Atkinson:** What you say is correct; the clarifying letter that came through is not reflected in the body of the report, but it is in the appendix.

**Senator WONG:** Now you have done that, can we get back to what I asked. Do we need other officers at the table? I want to understand the rationale and decision-making process that went into changing the route of the Northern Road.

**Mr Hallinan:** As a general principle, when roads are being constructed consultation will occur with local landholders to try to minimise the effects on their landholdings. When those effects aren't taken into account it can have other costs. If you created a land island on the property it may cost more, in terms of that position—

**Senator WONG:** Can we stop, Mr Hallinan. I hadn't asked you a general question about process across all routing of all roads. I have not asked you to give me a hypothetical rationale or explanation. I have asked a specific question about the rationale and decision-making process around changing the route for this road. If you are not able to answer it, can we have the officers who can at the table, please?

**Mr Atkinson:** The rationale, as I understood it—Mr Hallinan, correct me if I am wrong—was that the route alignment would go through Commonwealth land so as to minimise disruption on other land and the need for additional acquisition.

**Senator WONG:** In particular, it was because the owners of Leppington were agitating about it; is that correct?

**Mr Atkinson:** I can't speak to that, sorry.

**Senator WONG:** Who was engaged on this? Can we get those officers to the table. I want to understand why this route was changed and what the rationale for it was.

**Mr Atkinson:** This was in 2015.

**Senator WONG:** Yes, it was.

**Mr Atkinson:** That was five years ago.

**Senator WONG:** That's true, but it is also referenced in quite a bit of detail in the report, which I was surprised by. I assume the Auditor-General thought it was important, so I'd like to understand it.

**Mr Whalen:** Just to be clear: I wasn't involved in the acquisition of the land. My roles—I have been in the unit for some time—have extended to undertaking the master planning, to developing the initial airport plan. They also involve developing the contract that was considered by Sydney airport in the right of first refusal associated with the business case, and, in more recent times, managing the actual contract that's been implemented by Western Sydney Airport. In relation to the Northern Road alignment, as part of the airport planning process we have been requested to provide advice from time to time during that development process about a whole range of things around the airport. The Northern Road was one of those things.

**Senator WONG:** By whom?

**Mr Whalen:** The advice has come through under the Western Sydney Infrastructure Plan. It's being jointly funded by the Commonwealth government and the New South Wales government. Roads and Maritime Services is delivering those works.

**Senator WONG:** Were you in the Western Sydney Unit prior to this, or did you have a different role?

**Mr Whalen:** I have been in the Western Sydney Unit for a number of years.

**Mr Atkinson:** I think the answer you are after is: it was the New South Wales RMS.

**Senator WONG:** Thank you; I think the secretary has inferred what I was asking. You said you were requested to provide advice in relation to the route, amongst other things. Who asked you to provide advice?

**Mr Whalen:** Roads and Maritime Services.

**Senator WONG:** Can you tell me again the rationale and decision-making process that went into changing the route of the road?

**Mr Whalen:** As part of the corridor development process, as a joint funder of the program the Commonwealth government gets involved at a strategic level in terms of the alignment of the roads that are in that program—in this particular case, the realignment of a road that previously ran across the middle of the airport site to a location that goes around the airport site. As part of that process Roads and Maritime Services undertake detailed consultations with the landowners and affected stakeholders like the airport. As part of that process they would ask questions from time to time about different alignments.

**Senator WONG:** I actually want a bit of a chronology around the decision to change the route. You might have to take that on notice, I assume.

**Mr Atkinson:** We will do that.

**Senator WONG:** I want to understand who talked to whom and how the process of decision-making around the change in the Northern Road route came about.

**Mr Atkinson:** I will provide a full chronology on notice.

**Senator WONG:** Thank you. Can you tell me what the advantage was to the Commonwealth and Commonwealth taxpayers from changing the route of this road?

**Mr Atkinson:** It moved it onto already acquisitioned Commonwealth land.

**Senator WONG:** Is that the advantage?

**Mr Atkinson:** It's one of them.

**Mr Whalen:** I didn't hear that second bit.

**Mr Atkinson:** I said the revised alignment moved it onto land that was already Commonwealth land that was on the perimeter of the property.

**Mr Whalen:** In terms of the alignment, as part of the corridor selection process that Roads and Maritime Services were undertaking, like all of these things they do it in a way where they try to achieve the functionality that's required with—

**Senator WONG:** Can you please stop talking in generalities.

**Mr Atkinson:** Can I take the benefit piece on notice?

**Senator WONG:** No; I'd like to understand what you say. This road has changed; it's moved. I'm asking you, as you were involved at the time: what was the benefit to the Commonwealth?

**Mr Whalen:** The benefit to the Commonwealth was more to do with the land acquisition process—that is my understanding—and making sure that the process was defensible at the end of the day as well.

**Mr Atkinson:** Mr Whalen wasn't the responsible officer at the time.

**Senator WONG:** Fair enough. Who was the decision-maker?

**Mr Atkinson:** The New South Wales government decided on the route.

**Senator WONG:** Were there any relevant decisions made by Commonwealth officers or ministers?

**Mr Hallinan:** There would have been close consultation with the Commonwealth, but we weren't a decision-maker in the alignment.

**Senator WONG:** Who was that consultation with?

**Mr Hallinan:** It would have been New South Wales Roads and Maritime Services.

**Senator WONG:** No—who in the Commonwealth? You? Infrastructure? The minister? Mr Taylor?

**Mr Atkinson:** The department of infrastructure at the time.

**Senator WONG:** And ministers as well, or minister's officers?

**Mr Atkinson:** I would have to take that on notice, but I wouldn't have thought so.

**Senator WONG:** So you're saying the final decision on the road was made by RMS?

**Mr Atkinson:** Yes.

**Senator WONG:** The Audit Office report goes on to discuss an underpass that was built for the landholder to access his land, which was subsequently purchased by the government and leased back. What was the design cost in delivery of the underpass?

**Mr Hallinan:** We reached out to RMS to get the final cost of what occurred. It was about \$600,000.

**Senator WONG:** Was that accommodated within the budget for the Northern Road?

**Mr Hallinan:** Yes, it would have been.

**Senator WONG:** Was there any other use for the underpass other than simply allowing Leppington Pastoral Company to access the land it leased back from the federal government?

**Mr Hallinan:** Two uses—it allows the farming to continue and creates an easement access for lights for the airport and for future runway development.

**Senator WONG:** Last month *The Sydney Morning Herald* reported that small landholding neighbours of the major landholder, which is LPC, were not considered in the design of the main intersection near the underpass. Can you explain why their concerns were not taken into account—or how they were taken into account, if they were?

**Mr Atkinson:** That would be a matter for the New South Wales government. That is right in the detailed design.

**Senator WONG:** The ICAC in New South Wales has been considering evidence in relation to the location of interchanges and intersections of the Northern Road in the vicinity of Western Sydney airport. Does the Commonwealth have any involvement in determining the location of these interchanges?

**Mr Atkinson:** No.

**Senator WONG:** Did the Commonwealth, at officer level, ministerial staff level or minister level, make any representations to the decision-maker in relation to the location of the interchanges?

**Mr Atkinson:** Not to my knowledge.

**Senator WONG:** Who made the decision on the location of the interchanges?

**Mr Atkinson:** The decision you're talking about would have been made by the New South Wales government.

**Senator WONG:** The department of infrastructure met with Ms Louise Waterhouse, who I understand is an adjacent landholder. Is that correct?

**Mr Atkinson:** Yes.

**Senator WONG:** It was on 25 October 2017, to discuss the interchange location near her property?

**Mr Atkinson:** I'll get Mr Hallinan to talk about that.

**Mr Hallinan:** Yes, that's correct.

**Senator WONG:** We know that because that was evidence tendered to ICAC. Can you tell me how that accords with your previous answer that you really didn't have anything to do with it? You clearly did, because you're meeting with people.

**Mr Atkinson:** I'll get Mr Hallinan to expand upon it, but it was my understanding that three officials took a meeting with the stakeholder—in this case, Ms Waterhouse—heard the proposal through and took appropriate minutes and that, following that meeting, there was a formal letter rejecting a proposal.

**Senator WONG:** First, how many other meetings with property owners or other stakeholders in relation to the Northern Road route did departmental officials engage in?

**Mr Atkinson:** I'd have to take that on notice. Around Western Sydney, there's a whole stakeholder engagement plan, because it's very important for us to have social licence for the airport, so there's a lot of engagement—

**Senator WONG:** Yes, but you can't have it both ways. You can't tell me that, actually, you don't have anything to do with the interchanges, the underpass or the road route, but, at the same time, you were meeting with stakeholders about it. Presumably, they made representations which you can pass on to RMS—the New South Wales government. Correct?

**Mr Hallinan:** That's correct. We're a heavily consulted partner with RMS in that process. But we weren't the decision-maker.

**Senator WONG:** How many meetings with property owners relevant to the Northern Road route were undertaken by the department?

**Mr Hallinan:** As the secretary said, we have to take that on notice.

**Senator WONG:** Were you part of those?

**Mr Hallinan:** No. I've been in a role since March this year.

**Senator WONG:** Mr Whalen, were you part of those?

**Mr Whalen:** I was part of one meeting.

**Senator WONG:** Which one?

**Mr Whalen:** The one that the secretary was referring to before.

**Senator WONG:** The one that ICAC has heard evidence about?

**Mr Whalen:** That's correct.

**Senator WONG:** Why were you asked to take that meeting?

**Mr Whalen:** I was asked to take that meeting at the time because Roads and Maritime Services, who were trying to decide the final alignment for the road, wanted an opportunity for the land proponent at the time, or the proponent of the change of the intersection, to put forward their case as to the benefits of moving that intersection.

**Senator WONG:** Who was at the meeting?

**Mr Whalen:** At the meeting was—

**Mr Atkinson:** Could I just remind Mr Whalen to please only name SES officers.

**Mr Whalen:** In terms of the proponent, it was Ms Louise Waterhouse, who was mentioned in the ICAC findings. There was myself, another SES officer in the department and a more junior officer. There were no representatives from ministers' offices at all.

**Senator WONG:** Did a minister's office request the meeting?

**Mr Whalen:** That's not my understanding.

**Senator WONG:** Did a minister's office have any discussions about the meeting?

**Mr Whalen:** That's not my understanding. I'm not aware of that.

**Mr Atkinson:** My understanding, from my briefing, is that it was requested by the New South Wales government.

**Senator WONG:** Did you meet with anyone from Leppington Pastoral Company about the design and location of the intersections or interchanges?

**Mr Atkinson:** Not that I'm aware of.

**Mr Whalen:** Not that I'm aware of.

**Mr Atkinson:** But I've already taken on notice that we'll give you the list.

**Senator WONG:** Was Mr Daryl Maguire involved in any meetings with the department in relation to the Northern Road realignment and/or the intersections near the airport?

**Mr Atkinson:** No.

**Senator WONG:** Was he involved in the meeting in October 2017?

**Mr Atkinson:** No.

**Senator WONG:** Did he seek to facilitate the meeting?

**Mr Atkinson:** No. Our evidence is that RMS asked for the meeting.

**Senator WONG:** Were you aware—

**Mr Atkinson:** Obviously, this was five years ago. It was well before my time.

**Senator WONG:** Prior to the ICAC evidence, were you aware of Mr Maguire's involvement in this?

**Mr Atkinson:** Certainly Mr Maguire has had no involvement with the Commonwealth that I'm aware of.

**Senator WONG:** Perhaps we'll just confirm this. Has the minister in this portfolio or an officer with the department met with Mr Maguire on any occasion to discuss the development of Western Sydney Airport and its surrounds?

**Mr Atkinson:** Not to my knowledge.

**Senator WONG:** Mr Whalen?

**Mr Whalen:** Certainly not to my knowledge.

**Senator WONG:** Are you aware of any representations he's made by phone, in person or in writing in relation to any property owner to any minister in the portfolio?

**Mr Atkinson:** No.

**Senator WONG:** You'll take that on notice as to whether or not there's anything in writing to a minister or the department from Mr Maguire or any other representation?

**Mr Atkinson:** Yes.

**Senator WONG:** Thank you. Mr Whalen, I think you wrote to Ms Waterhouse, didn't you?

**Mr Whalen:** That's correct.

**Senator WONG:** Do you know Ms Waterhouse well?

**Mr Whalen:** I had never met her before that particular meeting.

**Senator WONG:** I'm just interested that you crossed out 'Ms Waterhouse' and wrote 'Louise' in. That's a more informal way of addressing someone, obviously.

**Mr Whalen:** It's fairly standard in the department.

**Senator WONG:** Really? I'll see whether you write 'Dear Penny' to me.

**Mr Whalen:** I would certainly not consider it.

**Mr Atkinson:** I would seriously hope not, Senator.

**Senator WONG:** It's standard, you say. Mr Whalen, one of the reasons that you cite in your letter for not relocating the intersection was that it would cause a delay to the project, but the Audit Office concluded:

In response to the advice to proceed, RMS submitted a request to the Department ... for a four-month extension ... so as to accommodate the change in alignment and associated additional investigations.

And that was agreed to. So I don't quite understand why the department accepts a delay brought about by the relocation of the road alignment to accommodate Leppington but opposes a delay that might result from Ms Waterhouse's request.

**Mr Whalen:** At the time of writing that letter, that was informed by advice from Roads and Maritime Services. That indicated—well, it didn't indicate; it actually said—that they were advanced in their corridor alignment development, in the land acquisition process and in their environmental impact assessment processes. As a result, to change the intersection at that point in time would create the delay that you referred to.

**Senator WONG:** But you copped a delay as a result of the negotiations with another landholder.

**Mr Whalen:** My understanding at the time was that the alignments and the movements were at different points in time and they were on different sections of the road. Some sections of the road involved multiple landowners and some sections involved one landowner.

**Senator WONG:** Yes. I'm just making the point that a delay is used, referenced or relied upon in order to say no to one landholder, but a delay is accepted in relation to negotiations with another landholder. So I'm just trying to understand why it's different treatment for different landholders.

**Mr Whalen:** It was informed by advice from RMS at the time as to where they were in the development of the alignment and the delivery of the project.

**Senator WONG:** So where's the project now? Where's it up to? Has it finished?

**Mr Whalen:** It's completed.

**Senator WONG:** Was it completed earlier this year?

**Mr Whalen:** It's been completed in parts.

**Mr Atkinson:** It's open now.

**Senator WONG:** When was it completed?

**Mr Atkinson:** This year.

**Senator WONG:** Ha! Okay. Do we have a month?

**Mr Atkinson:** We can give you an exact date.

**Mr Whalen:** We'll get you an exact date.

**Senator WONG:** In ICAC on 6 October, there was evidence of a meeting with the federal cities minister, Mr Taylor. You said earlier that you weren't aware of any engagement between ministers and landholders, but obviously ICAC has got at least one.

**Mr Atkinson:** Sorry, Senator. Minister Taylor wasn't in our portfolio.

**Senator WONG:** Right, yes. So, when you say 'ministers', you mean your portfolio, not Mr Taylor?

**Mr Atkinson:** I certainly can't speak for every minister in government.

**Senator WONG:** But they are stakeholders that you engage with. Do you have any knowledge of ministers outside your portfolio engaging with landholders?

**Mr Atkinson:** No, I have no knowledge.

**Senator WONG:** Okay. So were you aware of Mr Taylor's meeting with this landowner prior to the ICAC evidence being made public?

**Mr Atkinson:** No.

**Senator WONG:** Did Minister Taylor meet with Ms Louise Waterhouse regarding the Western Sydney City Deal, to your knowledge?

**Mr Atkinson:** Not to my knowledge.

**Senator WONG:** Did Minister Fletcher?

**Mr Atkinson:** Not to my knowledge.

**Senator WONG:** Can you take that on notice?

**Mr Atkinson:** Yes.

**Senator WONG:** It's a question also to the minister. I'm asking you, Minister: do you have any knowledge of ministers meeting with landowners—whether it's Leppington Pastoral Company or Ms Waterhouse—in relation to these issues?

**Senator Ruston:** No, I don't.

**Senator WONG:** Can you take it on notice?

**Senator Ruston:** Yes, of course.

**Senator WONG:** I would like to know which ministers or their officers have met with landowners in relation to the Western Sydney Airport land acquisition arrangements and the northern route.

**Senator Ruston:** Yes.



**Senator WONG:** Did Minister Fletcher or Minister Taylor make representations or have any meetings with Western Sydney landowners with regard either to the Western Sydney City Deal, which includes the aerotropolis, and/or land use around Western Sydney Airport?

**Mr Atkinson:** I will have to take that on notice.

**Senator WONG:** ICAC intercepted telecommunication between Mr Maguire and Ms Waterhouse discussing a petition by landowners to the west of Western Sydney Airport. Did Mr Taylor receive, to your knowledge, anything from Ms Waterhouse?

**Mr Atkinson:** Not to my knowledge.

**Senator WONG:** Did you, anyone in the department or ministers of the department receive anything from Ms Waterhouse?

**Mr Atkinson:** I would have to take that on notice—not to my knowledge.

**Mr Whalen:** Mr Whalen, do you know?

**Mr Whalen:** Could you repeat the question, sorry?

**Senator WONG:** What in writing was received from Ms Waterhouse by the department or its ministers?

**Mr Whalen:** In relation to?

**Senator WONG:** Sorry, in relation to the land acquisition, the northern road route, these particular issues. I am not asking if she wrote to you about the NDIS or something like that.

**Mr Whalen:** I understand that Ms Waterhouse wrote to a range of ministers putting forward her proposal for her development and in relation to the relocation of that intersection.

**Senator WONG:** Right. When was that? Was that prior to your meeting?

**Mr Whalen:** It was prior to and after.

**Senator WONG:** Prior to and after? So more than one correspondence?

**Mr Whalen:** I believe so.

**Senator WONG:** Including to your ministers in your portfolio?

**Mr Whalen:** I'll need to check on that, but certainly to other ministers.

**Senator WONG:** Can I have details of that on notice? What about Leppington? Did they write too? The owners of Leppington—is it Mr Perich?

**Mr Whalen:** I am not aware of the correspondence between those two parties.

**Mr Atkinson:** I will take that on notice too.

**Senator WONG:** Are you aware of any conversations between the ministers' offices and Mr Perich?

**Mr Atkinson:** No.

**Senator WONG:** How about you, Minister Ruston?

**Senator Ruston:** No, I am not. But while I have the call, I have been advised that a spokesperson for Mr Taylor has made a public comment to the effect that the meeting that he had was not involved in the project, nor did he have any decision-making ability. He met in his capacity as the local member, not as the minister.

**Senator WONG:** Is this akin to the way in which a forged document is used by him, but he doesn't have any knowledge of that?

**Senator Ruston:** I won't be drawn on that; I am just providing the advice that I have been provided.

**Senator WONG:** This bloke really has form.

**Senator Ruston:** I am just advising you that I have been advised—

**Senator WONG:** How many times can this bloke be involved in stuff that is dodgy and the government won't act?

**Senator Ruston:** You know I am not going to respond to that. I have taken it on notice.

**Senator WONG:** I would hope you wouldn't be providing forged documents to the Senate.

**CHAIR:** Senator Wong—

**Senator WONG:** Sorry, fair enough. You'll come back to me on what was provided by Perich and owners of Leppington?

**Mr Hallinan:** Yes. We said we would get you the date that the road opened as well. Stage 4 opened to traffic last month.

**Senator WONG:** Okay. You have a 2018-19 revision of the decrement of the valuation, internal processes which I have already put to you and you haven't demerged, that were not up to scratch—

**Mr Atkinson:** Which I have remedied.

**Senator WONG:** Well, you are in the process of investigating it.

**Mr Atkinson:** Sorry, I have changed the AOIs on that process.

**Senator WONG:** Yes, but you still have the same people on the audit committee—the same CFO and the same chair of the audit committee?

**Mr Atkinson:** Yes, I have new members including the former Auditor-General on my audit committee.

**Senator WONG:** I actually wasn't going to go there. I am actually asking: as a consequence of that, we know you engaged if the ANAO.

**Mr Atkinson:** Yes.

**Senator WONG:** What engagement was there with Finance?

**Mr Atkinson:** In the acquisition process?

**Senator WONG:** And subsequently.

**Mr Atkinson:** There has been a series of formal steps in our engagement with Finance. They have formal roles under the Land Acquisition Act.

**Senator WONG:** Yes, they do.

**Mr Atkinson:** And there were ongoing conversations and consultations with Finance throughout these processes.

**Senator WONG:** Who? I am going to Finance and ask questions, so I want to know who I am talking to. Do you want to tell me?

**Mr Hallinan:** It is the group led by Mr Jagers.

**Senator WONG:** What's the group?

**Mr Hallinan:** It has changed names.

**Mr Atkinson:** It's asset and—

**Senator WONG:** It's asset management or something like that?

**Mr Atkinson:** Or a derivation thereof.

**Senator WONG:** And they have been engaged for how long? When were they first engaged?

**Mr Atkinson:** They have been involved right from start of the Western Sydney process.

**Senator WONG:** No, no; sorry. I want to make sure we are on the same page. This is in relation to the questionable acquisition, the valuation process—

**Mr Atkinson:** The acquisition strategy for Leppington Triangle?

**Senator WONG:** and then the subsequent failure to provide information—all of this mess that we have. I'm asking who from Finance was engaged by the department.

**Mr Atkinson:** It is in the asset management group or whatever they are called at the moment—Mr Andrew Jagers.

**Senator WONG:** When were they first engaged?

**Mr Atkinson:** The relevant piece you are talking about would be the land acquisition strategy, which was in—

**Mr Hallinan:** Late 2016.

**Mr Atkinson:** They would have been involved in conversations prior to that.

**Senator WONG:** Did they sign off on it?

**Mr Atkinson:** The land acquisition strategy was actually for a compulsory acquisition, though.

**Senator WONG:** Yes, which you then changed to capitalise on the goodwill—and that goodwill appears to have meant that we paid a hell of a lot more for it.

**Mr Atkinson:** And it was changed by people who are under investigation.

**Senator WONG:** Correct. This is not a gotcha; I just want to make sure I know who to ask.

**Mr Atkinson:** It is that group.

**Senator WONG:** And they were engaged from the start—the land acquisition strategy 2016-17 and then the subsequent problems which were disclosed? Was Finance engaged on those? When your EL2, who should get a PSM or something, found out about this and the Auditor-General was engaged, was Finance engaged at any point in this process?

**Mr Hallinan:** Certainly. I personally discussed the matters with Finance.

**Senator WONG:** Who?

**Mr Hallinan:** Mr Jagers.

**Senator WONG:** Has there been discussion at secretary or deputy secretary level?

**Mr Atkinson:** Mr Hallinan is the deputy secretary for infrastructure and transport.

**Senator WONG:** Yes, I know; I meant their mob.

**Mr Atkinson:** Mr Jagers is a deputy secretary.

**Senator WONG:** And any other departments?

**Mr Atkinson:** About the valuation?

**Senator WONG:** Yes—land acquisition, valuation, problems with the financial statements, the write-down and the subsequent engagement of the Auditor-General. Was anybody else engaged—PM&C, Treasury?

**Mr Atkinson:** I have spoken to the secretary of PM&C and the Public Service Commissioner about the response.

**Senator WONG:** Was Mr Gaetjens engaged before or after the Auditor-General's report?

**Mr Atkinson:** After the Auditor-General's report.

**Senator WONG:** Only after. I am talking prior to the Auditor-General's report. Was there any engagement with other departments—other than Finance?

**Mr Atkinson:** For completeness, I will take it on notice—but not to my knowledge.

**Senator WONG:** Can you come back to me before I start asking questions of the department, so I can actually work out what I am asking?

**Mr Atkinson:** Yes.

**Senator WONG:** Thank you.

**Mr Atkinson:** I don't think there will be.

**Senator WONG:** Mr Kennedy, who was secretary of the department at the time, was subject to some adverse comment in the Auditor-General's report. You don't have to agree with that; that is how I'd describe it. Did you engage with him at all about his recollection of what occurred?

**Mr Atkinson:** I did engage with Dr Kennedy. He also received a copy of the section 19 report.

**Senator WONG:** When did you engage with him?

**Mr Atkinson:** I spoke to him just in the days after receiving it and having read it for the first time.

**Senator WONG:** The embargoed report?

**Mr Atkinson:** No; the section 19 report—the penultimate draft.

**Senator WONG:** Before that, had you had any discussion with him about this acquisition or the processes around it or the write-down?

**Mr Atkinson:** I had no knowledge of it.

**Senator WONG:** No; I'm asking if you talked to him at all.

**Mr Atkinson:** Yes.

**Senator WONG:** But only after you got the section 19—

**Mr Atkinson:** I became aware of these significant issues when I received the report.

**Senator WONG:** Has he ever provided you with an explanation about why he provided the—it's not a guarantee—the representation that he did about the financial statements?

**Mr Atkinson:** As I said previously—

**Senator WONG:** To the best of his knowledge, but I'm just asking whether or not—

**Mr Atkinson:** Not just to the best of his knowledge, for all of the issues around the valuation and the questions that were raised in the audit report, none of the decision-makers, up to and including the secretary, were aware of these questions at that point.

**Senator WONG:** Which I find extraordinary, given that they become a patent on the 2018-19 financial statements.

**Mr Atkinson:** The Auditor-General's report specifically alleges that these people were not given appropriate information and, just in the tone of this report, based on, as you've characterised it, some fairly strong recommendations and findings, if they had thought for a second that people knew about this, they would've written it.

**Senator WONG:** I just want to understand. Your only discussions with Dr Kennedy in relation to what has occurred, including the comments made about his actions, only took place after you received the penultimate draft Audit Office report. Correct?

**Mr Atkinson:** Correct.

**Senator WONG:** At that point, or since, did Dr Kennedy offer to you any explanation for his conduct?

**Mr Atkinson:** No, but I don't believe Dr Kennedy has a conduct question raised around him in this audit report.

**Senator WONG:** That's a question of opinion. Did he offer any explanation for the action or failure to act that is documented in the report?

**Mr Atkinson:** The nature of my conversation with Dr Kennedy was about the fact that there was a misleading briefing of decision-makers.

**Senator WONG:** Did he assert to you that he'd been briefed in a way that was misleading?

**Mr Atkinson:** No. What I talked about was the content in section 19, which are the allegations that the ANAO found the ministers and decision-makers were not appropriately advised on the land acquisition and that this was inconsistent with ethical approaches to public administration. I was quite focused on allegations of unethical conduct.

**Senator WONG:** I'm just trying to understand. I will give him an opportunity on this, but I'm trying to understand what you understood his response was to the assertions made about the department, at the time he was secretary, and also some of his conduct. I'm not going to get into how you might describe it, but there certainly are comments about the representation that he and the CFO made and that the Audit Office has responded to, which I read out before. I don't want to go into the detail of that; I'm just trying to understand what his explanation to you was, if any.

**Mr Atkinson:** I didn't discuss that part of it with him.

**Senator WONG:** Okay, thank you. I've been listening very closely to get the context of the Northern Road acquisition. First of all, I want to go to what seems to me to be the conflict—and I want to confirm that I've got it straight—which was the decision to realign the road, to put it on the airport land, was in conflict with what some other landholders and stakeholders wanted, in particular Louise Waterhouse. Can you just talk me through that conflict?

**Mr Atkinson:** I'm not aware of that conflict.

**Senator RICE:** That's what I want to know. I'm not a local, so I don't know either, but, essentially, it seems to me from putting two things together that we have a decision to realign the road onto the airport land. Meanwhile, Louise Waterhouse is now saying she can't get what she wants. Are these two things connected? Maybe I'm barking up the wrong tree and there's absolutely no connection between the two.

**Mr Atkinson:** The two things aren't related. They are actually at different points in time. I can get the different time periods for you on notice, but they're unrelated transactions.

**Senator RICE:** Okay, so totally unrelated?

**Mr Atkinson:** Yes.

**Senator RICE:** So Louise Waterhouse's concern is located at the intersection. Is that in relation to the road as it was realigned then on the airport land?

**Mr Whalen:** In relation to the two issues, the issue to do with the Louise Waterhouse request was to do with the movement of an intersection along the chosen alignment that had already been settled, to move it north by about 300 metres.

**Senator RICE:** So it's related to the new chosen alignment on the airport land?

**Mr Whalen:** That's correct, but just to be clear: the alignment on the airport land is only on the very, very edge of the airport land. Most of the alignment actually still runs through the Leppington Pastoral Company land.

**Senator RICE:** I want to go to the evidence that came out of ICAC about who was making the decisions about various issues. There has been evidence given this morning that very much it was New South Wales RMS that had the responsibility to make the decisions. Is that correct?

**Mr Atkinson:** Yes.

**Senator RICE:** In the New South Wales ICAC, we've got Daryl Maguire saying that they're all passing the buck. So RMS is saying, 'No, no; it's the federal government's plan, and we have to deliver on it.' The federal government is saying, 'No; the RMS is in charge of the roads.' Why would people be having that perception that it's the federal government's plan? The witness may be problematic, but it's interesting that his perception is very unclear as to where the decision-making lies.

**Mr Atkinson:** The decision on alignment rests with the New South Wales government.

**Senator RICE:** So why would we be having evidence through New South Wales ICAC then that RMS are saying, 'No, no; it's the federal government's plan, and we have to deliver on it'?

**Mr Hallinan:** We've been very closely consulted, and RMS has taken our guidance on lots of matters in relation to the Northern Road, but RMS is the responsible authority for making the decisions on alignment.

**Senator RICE:** So that perception may be that, even though officially it's the RMS's plan, essentially the RMS is taking the advice of the federal government? You are, in reality, the ones that are making a recommendation, which RMS are then accepting?

**Mr Atkinson:** Detailed design and implementation of roads are something that's done by state governments.

**Senator RICE:** Yes, but we have evidence—

**Mr Atkinson:** We don't have engineers.

**Senator RICE:** We have evidence from ICAC that it's the federal government's plan. The statement just made then was that you were making recommendations to RMS. Certainly from this evidence, it seems to be that the RMS is essentially saying, 'We've got to do what the federal government are advising us to do.' Could they be getting that perception?

**Mr Atkinson:** That's not my understanding.

**Senator RICE:** It's very murky. Fortunately we're getting information out of the New South Wales ICAC. It would be lovely to have a federal ICAC so that the federal side of this could be uncovered. I want to move on to some brief details about the decision-making process as outlined in the audit report. The audit report records an email from the department to the Department of Finance, in paragraph 2.3. I know Senator Wong is getting information [inaudible] about the Department of Finance's involvement. Can you tell me the role of the official who sent that email?

**Mr Atkinson:** Sorry, which paragraph are you referring to?

**Senator RICE:** 2.34.

**Mr Atkinson:** Are you after the name of the official?

**Senator RICE:** The name and role of the official.

**Mr Atkinson:** Are you after the name of the Finance official or that of the Infrastructure official?

**Senator RICE:** The Infrastructure official.

**Mr Atkinson:** I'll have to take that one on notice. We can find out, though.

**Senator RICE:** You can find out? I'm interested to know at what level that email was sent—whether it was an EL1, an EL2, the assistant secretary—

**Mr Atkinson:** I'll give the position title of the person who wrote it.

**Senator RICE:** Okay, thank you. The ANAO also refers to a brief in October 2016 on the land acquisition, which refers to the goodwill from the realignment of the Northern Road. Can you tell me some more about that brief, please? Who was that brief to?

**Mr Atkinson:** Sorry, Senator, did you have the paragraph number of that reference as well? Is it October 2016 you're talking about?

**Senator RICE:** Yes, that's right.

**Mr Atkinson:** Got it.

**Mr Hallinan:** I think that's a brief to the executive director of the Western Sydney Unit at the time, to seek agreement to the land acquisition and disposal strategy.

**Senator RICE:** The Western Sydney Unit—can you tell me to what level in that unit?

**Mr Hallinan:** The executive director, SES band 2.

**Senator RICE:** Thank you. In paragraph 2.36, where you have a reference to two briefs to the minister's office, there are also references to goodwill from the road realignment. Can you tell me about those briefs, please—the dates of those briefs and whether they're in relation to land acquisition?

**Mr Atkinson:** That was about two briefs that referenced goodwill?

**Senator RICE:** Yes.

**Mr Atkinson:** The first brief is dated 29 January and is to Minister Fletcher, providing an update on what our plans are for Minister Fletcher to note, and the second brief is dated 31 July 2018, providing an update to Minister Fletcher and seeking that he note that we have enacted our plans—the department at the time.

**Senator RICE:** And who sent those briefs?

**Mr Atkinson:** We can take that on notice and see what we can provide.

**Senator RICE:** Yes. Again, I don't need to know the name of the official but the role of the official—

**Mr Atkinson:** Certainly, we'll be able to give you the title of the person.

**Senator RICE:** Thank you. I know that Senator Faruqi has also got some Western Sydney airport questions. I'm not sure whether they're related to this, in particular, or whether you'd prefer that we ask them now or later on.

**CHAIR:** Senator Faruqi, Western Sydney is coming on at 2.15. We can come back to those ones then.

**Senator FARUQI:** Chair, I had some questions for the Western Sydney Unit, which is coming up next, I think.

**CHAIR:** Yes, at 2.15.

**Senator FARUQI:** At 2.15. Okay.

**Senator WONG:** Can we just be clear here, because I might have got this wrong. The Western Sydney Unit no longer exists and has been folded into the department proper.

**Mr Atkinson:** Yes.

**Senator WONG:** So is it Western Sydney 'Authority'—is that what the A stands for?

**Mr Atkinson:** Western Sydney Airport corporation.

**Senator WONG:** That's the government-owned—

**Mr Atkinson:** GBE—

**Senator WONG:** GBE, which has, I presume, responsibility for the project—correct?

**Mr Atkinson:** It's for building the airport itself.

**Senator WONG:** So questions about the valuation, land acquisition et cetera go to you.

**Mr Atkinson:** Yes.

**Senator WONG:** They may be able to assist us on some of the issues—and we have a few questions for them—but, just to be fair to Senator Faruqi, I don't know what her—

**CHAIR:** Can you clarify, Senator Faruqi, if your questions are around the land acquisition or around specifics of the project?

**Senator FARUQI:** They are around the land acquisition.

**CHAIR:** Then you should go ahead now.

**Senator FARUQI:** Okay. Thanks very much. I just have a few questions around the purchase of the land. As I understand it, the unit doesn't exist now, but it existed when this purchase took place. It was done by the Western Sydney Unit. Am I right?

**Mr Atkinson:** Yes.

**Senator FARUQI:** How many staff did the Western Sydney Unit have at that time?

**Mr Atkinson:** At the time of the acquisition in July 2018?

**Senator FARUQI:** I'm sorry. The first question is: how long did the acquisition take from the first conversation to the last conversation? How many years did the process of acquisition take?

**Mr Atkinson:** It depends on how you define it. It was part of the original property discussions. The first discussions that involved Leppington Triangle I think happened in the late 1980s.

**Senator FARUQI:** Obviously I'm specifically talking about this particular triangle acquisition now. How many years did it take—two or three? Was it from 2016 to 2018, or longer?

**Mr Atkinson:** Let's say the start was the agreement to the acquisition strategy. That was in October 2016.

**Senator FARUQI:** How many staff—

**Mr Atkinson:** I can take on notice how many staff were in position in July 2018. Is that what you're after?

**Senator FARUQI:** That's right. How many of them were involved in this particular process of acquisition?

**Mr Atkinson:** I'll take that on notice as well.

**Senator FARUQI:** Is it usual practice for staff of the Western Sydney Unit to engage directly with landowners on land acquisition?

**Mr Atkinson:** There are a couple of things on that. For acquisitions that the Commonwealth is undertaking of course they engage directly with landowners, but those discussions need to be conducted in an appropriate manner. There are no other land acquisitions like the Leppington Triangle. It is a significant and unusual transaction. The bulk of the land was purchased in the late 1980s and in 1991. The bulk of the airport land was done at that point. The Leppington Triangle was a residual piece. There are no other property transactions like this.

**Senator FARUQI:** You said that the meetings or engagements by staff with landowners need to be done in an appropriate manner. What do you mean by that?

**Mr Atkinson:** I mean consistent with our guidelines for engagement with these types of stakeholders.

**Senator FARUQI:** So why did staff meet with landowners or stakeholders in coffee shops for this transaction? Is it correct that there were meetings in coffee shops?

**Mr Atkinson:** I'm not sure whether you were here for my opening statement, but the conduct that is identified in this report is now the subject of code-of-conduct investigations and a police investigation.

**Senator FARUQI:** Sure. How is advice usually provided to the minister from the Western Sydney Unit or the department of infrastructure for their information or approval? Is it done in a brief?

**Mr Atkinson:** Yes.

**Senator FARUQI:** What was different in the brief given to the minister for this particular purchase than in other briefs?

**Mr Atkinson:** As I said previously, this type of purchase is not something we do frequently. The audit found that ministers and decision-makers were not appropriately advised on the land acquisition and that the approach to this was inconsistent with an ethical approach to public administration. In essence it's saying that the decision-makers were not provided with appropriate information, and that's why it's the subject of investigations.

**Senator FARUQI:** How many briefs would the Western Sydney Unit have provided the minister over the years it had been in existence? I'm not just talking about land purchase briefs.

**Mr Atkinson:** There wouldn't have been that many land purchase briefs. I'll take it on notice, but it would be in the tens to hundreds.

**Senator FARUQI:** How are they checked that they don't fail the due diligence test? Obviously every brief, whether it's on a land purchase or other issues, has to pass the due diligence test. How do we know those briefs have passed the due diligence test?

**Mr Atkinson:** Obviously, we have robust governance processes inside the agency as well as internal audit and external audit going on across all of these things. What we've found here is an incredibly unusual—

**Senator FARUQI:** Sorry—the brief did get through with your robust processes, as you said.

**Mr Atkinson:** Yes.

**Senator FARUQI:** We know now that this wasn't done, so I need an assurance from you: did all those hundreds of briefs have due diligence done on them, and how was that done?

**Mr Atkinson:** Two things: one is that I've got an independent audit of this entire transaction to Western Sydney Unit, which I outlined at the start, as well as the AFP investigations and as well as the code of conduct

investigations. I'm sorry to bore the rest of the Senate, but I'm also undertaking a cultural capability and systems review of Western Sydney Unit to give myself those assurances. That probably answers that.

**Senator FARUQI:** How many other staff outside of Western Sydney Unit are involved in this particular purchase?

**Mr Atkinson:** Let's just say that no staff outside the Western Sydney Unit are the subject of the findings that you're referring to in the ANAO report.

**Senator FARUQI:** So there were no other staff, other than the Western Sydney Unit, at the point when the purchase process was taking place who were involved in the purchase?

**Mr Atkinson:** No—other people would have been involved in aspects of the purchase.

**Senator FARUQI:** So there were people other than Western Sydney Unit involved in aspects of the purchase, yet, from what I understand, there was a review that was done about this particular transaction, and the Western Sydney Unit ran that review. Could you tell me when that review happened?

**Senator STERLE:** Chair, can I—

**CHAIR:** Senator Sterle?

**Senator STERLE:** For those of us that have been sitting here since nine o'clock this morning, all of Senator Faruqi's questions so far have been intensively covered already. Sorry, Senator Faruqi; I know you weren't here. If it assists you—through you, Chair—the *Hansard* will be available.

**CHAIR:** Senator Faruqi, yes, we have spent—

**Senator FARUQI:** Sorry, I didn't realise that you had covered it. I just have one last question if my other questions have already been covered. Did the Western Sydney Unit have any contact or engagement from Mr Daryl Maguire while this purchase was going on? If that has been answered before as well then I can look at the *Hansard*.

**Mr Atkinson:** Yes, it has been answered. No, there was not.

**Senator FARUQI:** Thanks very much.

**Senator WONG:** To your knowledge—you were going to check, I think.

**Mr Atkinson:** I think she asked about the Leppington Triangle.

**Senator WONG:** Was the question in relation to Western Sydney Unit more broadly than Mr Maguire?

**Mr Atkinson:** I did take that on notice.

**Senator WONG:** If you haven't, I think you should take Senator Faruqi's question on notice.

**Mr Atkinson:** Yes, I think they may be the same question. The answer is no—not to my knowledge.

**Senator FARUQI:** If you could take that on notice, that would be good.

**Mr Atkinson:** I'll take it on notice.

**Senator WONG:** Very briefly, on other acquisitions and valuations, given the problems associated with this—I'd put this to you; we don't need to get involved in a dispute about it—I think there was a failure by the department to identify problems with this earlier. Have you got any other land acquisitions that are underway, and have any issues with any other valuations been raised?

**Mr Atkinson:** Nothing like this. As I was saying previously, the transaction of the Leppington Triangle is a very unusual type of transaction. The bulk of the land for Western Sydney airport was purchased in the early 1990s, and the triangle was a residual from those discussions. We do have other land acquisitions, but nothing on this scale. It's more some territory stuff, buying easements and those sorts of things. I pulled together immediately after this notice that I had changed the AAls to require all property transactions to go through our governance committee, once again, to pull them up to make sure that there's appropriate transparency even of these small transactions. We're implementing changes to put in a valuation methodology for future property transactions.

**Senator WONG:** There are a number of problems that are demonstrated by this audit report, aren't there? Amongst those was the acquisition strategy—

**Mr Atkinson:** Yes.

**Senator WONG:** Some might say it was confusion, some might say it was deliberate obfuscation and some might say it was opaque, but the acquisition strategy was problematic. Then the approach to valuation was problematic. Then the actual acquisition itself and the purchase price paid were problematic, and then the failure to identify the concerns arising out of that was problematic. There were systemic failures all the way along. You



don't agree with me—I think that's a fair summary. But, leaving that aside, do you have any concerns about any other valuations or acquisitions underway?

**Mr Atkinson:** Not currently afoot, no. I've gone through them myself.

**Senator WONG:** What's the scale of the transactions that are currently afoot?

**Mr Atkinson:** In the tens of thousands.

**Senator WONG:** So we're not talking about another \$30 million?

**Mr Atkinson:** No. That was a completely unusual transaction.

**Senator WONG:** I have nothing further at this point. I think some of my colleagues have some further—

**CHAIR:** Terrific. So we're going to turn to—

**Senator WONG:** We've got WSA after lunch?

**CHAIR:** Yes. Senator Sheldon?

**Senator SHELDON:** I have a couple of questions about some of the major projects and how they are tracking regarding delivery. The Waurn Ponds to Geelong rail—the budget also commits bringing forward \$605 million for the South Geelong to Waurn Ponds rail upgrades. What is the revised delivery time line for this project?

**Mr Atkinson:** My apologies, but that's an Infrastructure Investment Division question, rather than a major projects one, and that is tonight.

**CHAIR:** We will be doing that at 4.45 this afternoon.

**Senator SHELDON:** Alright. I can do it then. I have another question with regard to Western Sydney airport rail, which we may well find is in the same place. But there was an additional commitment in June 2020 of \$1.75 billion to the rail line from St Marys to Western Sydney airport, taking the total cost for the project to \$11 billion. Are you able to update the committee on how this project is progressing? I gather this is for this afternoon as well.

**Mr Atkinson:** I think Ms Vine-Camp can help you with that one.

**Senator SHELDON:** And the delivery milestones.

**Ms Vine-Camp:** That's correct; that project is progressing. At the moment, Sydney Metro are working through the process of land acquisition as well as talking to stakeholders in the area around that space. I also note that recently Sydney Metro made announcements about station locations for that rail line. So that is proceeding.

**Senator SHELDON:** The station locations have been resolved?

**Ms Vine-Camp:** They have been announced by Sydney Metro, yes.

**Senator SHELDON:** Has any further consideration been given to the southern rail link from the airport to the Macarthur region?

**Ms Vine-Camp:** I'm not aware of that, no.

**Senator SHELDON:** With regard to the Sydney Metro western airport rail link, documents tabled at the last estimates committee hearing, at page 263 and page 292, state that stage 1 of Sydney Metro Greater West will run from St Marys to Western Sydney Aerotropolis via Western Sydney international at a total project cost of \$6.9 billion, with the total funding between the Commonwealth and New South Wales government split 50-50. Why is the total cost now \$11 billion?

**Ms Vine-Camp:** Back when that evidence was given, Sydney Metro was still in the scoping stage. As you would be aware with large projects, as you move through to final design, there is often a change in the figures and the cost of delivery of projects of this size. As this project has moved through and we have now got to this point, Sydney Metro have come back and advised what it will cost to build, and that's why the change in price.

**Senator SHELDON:** It's unusual to have such a large blowout in cost estimates. That's nearly a 50 per cent blow out in cost estimates there.

**Ms Vine-Camp:** The initial costings were based upon the alignment going through that area. There are also some considerations around tunnelling through Bringelly shale and putting in some tunnels for that site. So they've had to cost all of those things, which obviously is much more expensive.

**Senator SHELDON:** When the Morrison government renamed the project stage 1 Sydney Metro Greater West to Sydney Metro - Western Sydney Airport, the media release on 1 June was titled, 'New agreement keeps Sydney Metro (Western Sydney Airport) JobMaker project on-track'. Was that change of name just a rebranding of the announcement with a \$4 billion additional cost?

**Ms Vine-Camp:** I'm not aware of that. I think some of the conventions around the rail lines in New South Wales Sydney Metro are quite confusing and there was some concern around making sure people knew which line was being talked about.

**Mr Hallinan:** It may help if I add that a lot of the cost differences are a result of scope changes. So the additional tunnelling that's included in the current estimate comes up to around eight kilometres.

**Senator SHELDON:** I appreciate there are changes. It's just that it seems to blowout. There's a substantial 50 per cent difference. It just seems like a large amount. Is it a common thing to have such a high percentage of changes? Obviously, people make an assessment. They say whether the project's going ahead and make some costing estimates about what it's likely to cost. Is it normal practice in this stage of the process to have a 50 per cent blowout in cost?

**Mr Hallinan:** I think it would be best to characterise it as a change in scope which has led to an increase in cost.

**Senator SHELDON:** And that's not an unusual thing to occur.

**Mr Atkinson:** Sorry, Senator. For a scope change to have a cost change associated with it is not unusual.

**Senator SHELDON:** I'm talking about the quantity of the change and there being a 50 per cent change in cost blowouts, that that's not unusual when there's a scope change.

**Mr Atkinson:** It depends on how big a scope change is. If you change the length of a road from five kilometres to 10 kilometre, then the cost moves commensurately. We're talking about a rail line here of course.

**Mr Hallinan:** But it is a particularly large project in and of itself.

**Senator SHELDON:** We're not talking about a road; we're talking about a rail project. It's a program that's broadly been on the table for a very long time. It's had a series of considerations leading to an announcement that says, 'These are the billions of dollars that the project will cost,' and then with estimates placed on what those billions would be. I'm saying that, on this particular project, there's now a 50 per cent increase in cost, which runs into many billions of dollars. Is that an unusual thing to occur at this stage of a project of this magnitude that has had this level of consideration?

**Mr Atkinson:** As you move through project maturity from P50 to P90 costs over time and as the scope evolves over time, it's not unusual for cost estimates to change.

**Senator SHELDON:** So what you're saying to me is that it's not unusual to have a 50 per cent increase in costs in projects of this magnitude with years of preparation.

**Mr Atkinson:** You can't generalise, because costs change with the maturity of projects but also with changes in scope, and mixing those two things together is not a helpful generalisation.

**Senator SHELDON:** Your annual progress report of June 2020 stated the final business case for Sydney Metro - Western Sydney Airport was finalised in the first quarter of 2020. Further, during additional estimates on 2 March 2020, the department official stated, 'Yes. At the moment, the business case is under the consideration of government.' When did the government finalise its consideration of the business case?

**Mr Atkinson:** I think Ms Vine-Camp can help you with that.

**Ms Vine-Camp:** I will need to take the exact date on notice. I'm sorry, Senator; I don't have that exact date in my paperwork here.

**Senator SHELDON:** That's fine. You can take it on notice. Did the business case find the total cost of building stage 1 of Sydney Metro Greater West would exceed the budgeted \$6.9 billion?

**Ms Vine-Camp:** The detail around the business case I will need to confirm. To confirm the costings was part of the business case process, so I would imagine so, but I will need to come back to you and confirm the exact detail from the business case.

**Senator SHELDON:** If you could come back to me, that would be great. Will the department table the final business case for the first stage of the Sydney Metro Greater West to the committee?

**Ms Vine-Camp:** I will need to confirm that and consult with Sydney Metro, to confirm passing that through.

**Senator SHELDON:** Will you take that on notice?

**Ms Vine-Camp:** Certainly.

**Senator SHELDON:** Did the final business case for the first stage of the Sydney Metro Greater West highlight whether the cost of stage 1, from St Marys to Western Sydney Aerotropolis, via Western Sydney International Airport? Did the first business case consider those stages?

**Ms Vine-Camp:** The first business case did consider—

**Senator SHELDON:** My apologies. Did the final business case for the first stage consider those changes?

**Ms Vine-Camp:** To go through to the Aerotropolis—yes.

**Senator SHELDON:** Will the department release its key findings for its business case relating to stage 1 of the Sydney Metro Greater West?

**Ms Vine-Camp:** I will need to take that on notice.

**Senator SHELDON:** In 2017 Infrastructure Australia released a report, *Corridor protection: planning and investing for the long term*, in July 2017. The report found:

Failure to appropriately protect corridors could hold substantial costs and risks for governments ...

Corridor protection requires immediate action by governments.

It went on to say:

Corridor protection could provide substantial savings for taxpayers.

Figure 9 of the report states that the Outer Sydney Orbital, which takes into account the Western Sydney Metro, would result in potential savings of \$3.6 billion. Has any land been acquired for the Western Sydney airport since the release of this report in 2017?

**Ms Vine-Camp:** My understanding is that Sydney Metro are undertaking the process of land acquisition at this point in time.

**Senator SHELDON:** So we haven't taken land acquisition yet, but doesn't that lead us to say that, as a result of the government not taking action on land acquisition, the estimated cost to acquire the land to build the Sydney Metro Western Sydney airport rail is substantially higher?

**Ms Vine-Camp:** My understanding from Sydney Metro is that they know where the corridors are proposed to be. If land became available during an earlier process, then they would seek to take that land. Otherwise, they will work through an acquisition process, as they're doing at this point in time. They will need to wait until they have a funding agreement in place in order to be able to acquire land.

**Senator SHELDON:** Whilst the funding agreement is being arranged, there's a question about the potential increased cost for that acquisition?

**Ms Vine-Camp:** That may be so, Senator.

**Senator SHELDON:** On Monday 14 September 2020, the Liberal MP John Alexander, chair of the Infrastructure, Transport and Cities Committee, said:

... quite sadly, we brought forward recently an \$11.5 billion federal investment into the metro rail from the airport at Badgerys Creek to St Marys with seven stations. So those unfortunate landholders have had their land go from rural, to an announcement of an airport, to urban and now high-density, high-rise with train stations on their property.

Have they had massive uplifts in their property value?

**Ms Vine-Camp:** I don't know at this stage. That would be a question best placed with New South Wales.

**Senator WONG:** Sorry—with whom?

**Ms Vine-Camp:** New South Wales Planning would be assessing land valuations in that area.

**Senator WONG:** You're not in a position where you could give a view as to the effect? It seems like a big handball.

**Ms Vine-Camp:** If there is increased infrastructure in an area, then I believe we would assume that there would be uplift in that space.

**Senator WONG:** Correct.

**Ms Vine-Camp:** But, as to the detail of that uplift, I don't have that.

**Senator WONG:** Sorry, Senator Sheldon; I interrupted.

**Senator SHELDON:** That's alright. So there hasn't been a decision about making this acquisition. It has been identified that there's a substantial uplift in the value of that land, and we're adding a substantial additional cost for this Western Sydney project. It seems to be a substantial cost to taxpayers while we're waiting for these processes to take place from within the department. It seems to me like a failure of timing.

**Ms Vine-Camp:** The project is being delivered by Sydney Metro. Yes, you are correct: it's being 50 per cent funded by the federal government. But the project is being funded by Sydney Metro and the time lines are set by Sydney Metro.

**Senator SHELDON:** Are you concerned about the additional costs to the federal taxpayer?

**Ms Vine-Camp:** We work with Sydney Metro on issues around that all the time.

**Senator SHELDON:** Are you concerned that there are substantial amounts of extra money from the Australian taxpayer involved in this project as a result of waiting for these acquisitions?

**Mr Atkinson:** Whenever there are delays in projects that cause cost uplift, we're always concerned.

**Senator SHELDON:** Have you raised the need to speed up the process in an appropriate way to make sure that these extra cost blowouts aren't affecting the Australian taxpayer's costs in this project.

**Ms Vine-Camp:** Certainly we hold Sydney Metro to account for the delivery that they have promised us, so we have regular governance meetings and we keep track of where they are up to with their projects.

**Senator SHELDON:** As to the timing of these projects, the time line that they have set and the processes they're up to, are they to your satisfaction?

**Ms Vine-Camp:** At this time they are where they said they would be, yes.

**Senator SHELDON:** So these additional costs are to your satisfaction?

**Mr Atkinson:** I wouldn't say that it's to my satisfaction that there are additional costs. I would say that the project is meeting the milestones that were set for it at this point in time.

**Senator SHELDON:** We've just heard this morning about the ANAO report. The government paid \$29.4 million to the Leppington Pastoral Company for their 12.26 hectares. If the government paid the same rate per hectare for the acquisition cost of the, I estimate, 311 hectares for this project, that could roughly equate to a \$756 million project cost. Has that been equated in?

**Ms Vine-Camp:** We have not considered the audit report as part of the business case for Sydney Metropolitan, because it was already through that stage before the audit report came in.

**Senator SHELDON:** In light of the amount of money, the \$29.84 million, that's been spent on the Leppington acquisition, do you think it would be appropriate that we'd be spending \$756 million on 311 hectares?

**Mr Atkinson:** I think there are two issues being conflated here. The pricing of land acquisition as part of this project is quite a separate issue from the purchase of land as part of the Western Sydney airport. One was done by the Commonwealth and one was done by the New South Wales government.

**Senator WONG:** But you have to budget for it.

**Mr Atkinson:** Yes, and the costings for land—

**Senator WONG:** There's an underpinning assumption. I actually should go back and ask you—and I will when Senator Sheldon has finished—what the underpinning assumptions on Leppington were. But, if Commonwealth funds are being applied to the project, even if the official doesn't wish to answer about valuations, you have to have an underpinning costing assessment.

**Mr Atkinson:** Yes, and the land costings come from the New South Wales government.

**Senator WONG:** I'm sorry?

**Mr Atkinson:** Correct me if I'm wrong, but the land costings come from the New South Wales government as part of the business case.

**Senator WONG:** So what is in the Commonwealth's budget is predicated upon the New South Wales costings?

**Mr Atkinson:** It's predicated upon the business case that was agreed to, yes.

**Senator SHELDON:** Well, it does come to a serious question. We've seen the substantial cost—10 times the amount of money paid on this project for the Leppington purchase. We have considerable amounts of land still to purchase.

**Mr Atkinson:** Sorry, the Commonwealth is not purchasing any more land of this type.

**Senator SHELDON:** Well, if we were to use the calculation that was used for the Leppington project, we see that we'd be paying \$756 million if we paid an amount equal to what was paid for the Leppington project. That, of course, would be of deep concern.

**Mr Atkinson:** Yes, but it's not how New South Wales has costed it.

**Senator SHELDON:** It does raise serious questions when there's a 50-per-cent partnership, there are obviously arrangements with the department's overseeing of what happens with these land projects and there is the Leppington fiasco, with 10 times what we argue the market rate is being paid—

**Mr Atkinson:** Sorry, on the market rate—I think you're talking about the accounting valuation, but I understand where you're going.

**Senator SHELDON:** Thank you—the accounting valuation. And we now have the situation where we have a substantial amount of infrastructure that's still to be purchased in conjunction with the state government—

**Mr Atkinson:** By the state government.

**Senator SHELDON:** So they'll be handling this; we don't have to worry about the fact that there'll be a blowout?

**Mr Atkinson:** The state is handling the land acquisition—is that the question? The answer to that is yes.

**Senator SHELDON:** Yes, and my response to that is this question: because they're handling it are you saying to us that there isn't a problem about acquisitions being late? And there isn't a question about potential extra cost blowouts as well for the purchase of this land to get that infrastructure in place and to have the project completed successfully?

**Mr Atkinson:** Yes, all that is in the business case that's been agreed to and is being delivered by New South Wales.

**Senator SHELDON:** I have no further questions.

**CHAIR:** I'm asking these questions on behalf of Senator Brockman. What information, if any, does the department have into operational subsidies at the state level of passenger rail?

**Mr Atkinson:** Sorry, operational subsidies?

**CHAIR:** Operational subsidies at the state level for passenger rail.

**Mr Atkinson:** Senator, I'm—

**CHAIR:** This is for major projects in transport—

**Mr Atkinson:** I'm sorry, is Senator Brockman asking about state operational subsidies for state transport networks?

**CHAIR:** Yes. Do you have any information on that?

**Mr Atkinson:** It's safe to say no.

**CHAIR:** And how are these subsidies factored into business cases, or are they ignored for the purpose of assessing infrastructure projects?

**Mr Atkinson:** Can I take that on notice?

**CHAIR:** That would be terrific, thank you. Does the department track relativities between the states as to subsidies, or does Infrastructure Australia?

**Mr Atkinson:** Not in the way that the question is being asked.

**CHAIR:** Do you have any suggestions as to how Senator Brockman should ask that question?

**Mr Atkinson:** Not really, sorry.

**CHAIR:** Do you have any visibility of the level of impact of COVID, for example, people working from home more and utilising public transport less?

**Mr Atkinson:** In discussions which I've had with my state government colleagues at some point during COVID, public transport was down by 80 per cent. I'm not sure what the existing figure is but I imagine that it's still quite similar to that.

**CHAIR:** Could you compare the relative impact in various states? I'm happy for that to be taken on notice—any data on that.

**Mr Atkinson:** Probably not in a really meaningful way. I'd have to ask the states. I suspect that those states with internal lockdowns, depending on what's happening, would have less public transport and that those which are more open would have more.

**CHAIR:** On notice: do you have any visibility of a breakdown of the operational subsidies per passenger per rail line? If it would assist, he's happy to narrow that to Western Australia.

**Senator STERLE:** It's a great assistance—

**Mr Atkinson:** Is Senator Brockman's question, 'Do I have data on that?'

**CHAIR:** Yes.

**Mr Atkinson:** The answer is no.

**CHAIR:** Thank you.

**Senator WONG:** I should have asked this—Senator Sheldon's questioning made me realise that I had failed to ask it. What is your budget line item that the Leppington purchase price was paid out of? I don't have your PBS here. I assume you have a—

**Mr Atkinson:** It's not in the current version of the PBS because it was two years ago.

**Senator WONG:** What was it? Land acquisition or something like that?

**Mr Atkinson:** It would have been in a capital—

**Mr Hallinan:** I think it was part of the capitalisation for the Western Sydney package.

**Senator WONG:** I would like to understand: in the appropriation of those funds, I assume those costings made assumptions about land acquisition and the cost of it.

**Mr Atkinson:** Yes.

**Senator WONG:** What was the difference?

**Mr Atkinson:** Can I take the specific number on notice?

**Senator WONG:** Yes.

**Mr Atkinson:** I think it was in the order of \$30 million at budget.

**Senator WONG:** That's very interesting. So \$30 million was budgeted before all of this—

**Mr Atkinson:** I'll take the specific number—

**Senator WONG:** before all of the—

**Mr Atkinson:** The original costing provision is what you are asking for, Senator?

**Senator WONG:** Yes.

**Mr Atkinson:** It's just a matter of fact. I will find out for you.

**Senator WONG:** That is very interesting. Are you telling me that before all of the problems that have been identified by the Audit Office in relation to acquisition strategy, valuation process and the amount actually paid, the department itself budgeted for the excessive amount?

**Mr Atkinson:** I will take the exact number on notice. It's my understanding that the cost estimate was within the original project budget.

**Senator WONG:** So who decided that the cost estimate would be so inflated?

**Mr Atkinson:** I will take that on notice as well.

**Senator WONG:** What that suggests is that the cost estimates was inflated and then the process was engineered in order to enable the full budget provision to be expended.

**Mr Atkinson:** That's a speculation. I couldn't comment on that, Senator.

**Senator WONG:** You're the secretary. You explain to me—

**Mr Atkinson:** The matter of fact is what was in the original—

**Senator WONG:** how it is that the cost estimate was 10 times the value of the land?

**Mr Atkinson:** I will take on notice what the original cost estimate was in the original project brief.

**Senator WONG:** And how that came to be.

**Mr Atkinson:** I will provide that on notice.

**Senator WONG:** Who decided?

**Mr Atkinson:** What was the process for the cost estimate?

**Senator WONG:** Yes. Thank you.

**Senator STERLE:** I have questions I will put on notice. I have another couple I will want to put on notice, if you could take this in mind. I want to know whether any of the much-lauded infrastructure projects announced in the budget appear in any state list—that is, new state lists—or whether they are subjects of discussion with states as new projects for stimulus or whether they are mostly funding cost overruns.

**Mr Atkinson:** Is that—

**Senator STERLE:** All major projects.

**Mr Atkinson:** The Infrastructure Investment Division is on later this afternoon and will answer the questions.

**Senator STERLE:** We will do it then. Thank you.

**Senator SHELDON:** Just quickly, I was asking before about the rail project in Western Sydney, and I wondered if we could go back to that line of questioning. Can the department confirm that the Leppington Pastoral Company or its owners own land on the rail corridor or the aerotropolis?

**Ms Vine-Camp:** I would need to take that on notice. I don't believe they own land in the aerotropolis and I don't believe they own land in the rail corridor either, but I will confirm that for you.

**Senator SHELDON:** Thank you.

**CHAIR:** That concludes sections 1, 2 and 3 for the Infrastructure, Transport, Regional Development and Communications Portfolio. We will take a break for lunch now and we will return with Western Sydney Airport.

### **Proceedings suspended from 13:14 to 14:16**

#### **Western Sydney Airport**

**CHAIR:** We will recommence. I now call representatives from the Western Sydney Airport. Do you wish to make an opening statement?

**Mr Hickey:** I thank the committee for the opportunity to address you today as the new chief executive officer of Western Sydney Airport. I joined WSA in July this year and am extremely proud to be involved in the most significant infrastructure project in Australia and certainly in my career. A bit about me: I have more than 30 years of commercial, infrastructure and aviation experience, including as chief financial officer of Lendlease in the United States and as CEO of Qantas Loyalty and then as CEO of Qantas International and Freight. Most recently, I held the role of CEO of Greencross Ltd, the veterinary and pet retail ASX listed company.

The opportunity to lead the team in bringing a city and nation-shaping project to life is a challenge that I am deeply passionate about. We're building an airport for the future of Western Sydney, Greater Sydney and, indeed, Australia. At its core, Western Sydney International (Nancy-Bird Walton) Airport will be a fully integrated, full-service domestic and international passenger and cargo airport. But, beyond that, Western Sydney international will create jobs, opportunity and prosperity and attract investment into the local community, one which is rich with cultural diversity and aspirational community members seeking more opportunities to work hard and build a better life for themselves and their family. Western Sydney international is a catalyst of the development for the Western Sydney aerotropolis and wider western parts of the city, and it will be the driving force behind these opportunities being created.

We are now 21 per cent of the way through major earthworks, which account for more than 5.38 million cubic metres of the 25 million cubic metres of earth to be moved. A total of more than seven million cubic metres of earth has been moved since the commencement of early earthworks in September 2018.

The advantage of designing a new airport from the ground up is learning from global experiences and local experiences, and we've certainly done that with the terminal design, which will help make catching a plane fast and easy. Sustainability will be a key consideration, with the design drawing on passive design principles, using natural light and air flows to minimise energy use. Three contractors have now been shortlisted for the construction of the terminal, which will be awarded in mid-2021. Terminal construction will then begin by the end of next year. We are preparing to award the contract for design and construction of the baggage-handling system, the lungs of any terminal, in the next few months, and we will shortly be releasing the request for tender for the runway and taxiway construction.

I'm pleased to say that Western Sydney Airport is exceeding the company's job targets: 51 per cent of our total workforce are local employees, we have 48 per cent diversity in our employees and a 32 per cent learning workforce. We have a dynamic and dedicated workforce who all have a common goal of delivering a world-class international airport precinct. They are proud to work on this once-in-a-lifetime opportunity, and bring a wealth of experience and expertise to the project. Our workforce has adapted to new COVIDSafe protocols to ensure the health and safety of all employees, contractors and visitors across the site and office locations. I'm pleased to say we have been able to continue full operations, with the exception of the experience centre, which is open to the public, which was closed for three months at the peak of COVID-19 in New South Wales. Despite that closure, we have welcomed more than 8,500 visitors to the centre, and we are on track to welcome our 10,000th visitor by late this year or early next year. A significant majority of these visitors are Western Sydney locals, exactly who we hoped would visit the centre, looking to learn more about their new airport and the benefits it will bring to the region. We've also welcomed community and business groups, overseas visitors, and local members and councillors from all sides of politics.

COVID-19 has had a significant impact on aviation and tourism across the globe; however, the need for Western Sydney international is as strong as ever. The International Air Transport Association predicts aviation will return to pre-COVID growth levels at the end of 2024 at the latest, two years before Western Sydney international begins operations. The need for a second airport in the Sydney basin has not changed. We are building an airport precinct that will have long-term benefits for the local Western Sydney community and greater Sydney, and will deliver jobs and economic growth for generations to come. It is one of the most critical infrastructure developments in Australia today, and it is an investment for our collective future.

As the CEO of Western Sydney airport, a government business enterprise, I am fully aware of and respect our obligations to the parliament of Australia. Thank you for inviting us to appear before the committee today, and we welcome your questions. Thank you.

**CHAIR:** Thank you very much. Senator Watt, would you like to start?

**Senator WATT:** Sure. Thanks very much, Mr Hickey. We've obviously been focusing on a number of matters, or one particular matter, involving the airport this morning, and I've got some further questions for you and your colleagues about that. I appreciate you're relatively new to the organisation, but I'm hoping that someone there might be able to answer some questions in terms of the company's involvement with the purchase of this land and matters to do with it. Have you had a look at the Auditor-General's report, just to begin with?

**Mr Hickey:** Yes.

**Senator WATT:** So you'd be familiar then with the fact that the report noted that the land that was purchased, the so called Leppington Triangle land, is not actually part of the airport site itself and is not needed for the development of the airport, but that it's adjacent to a future second runway, which is not likely to be needed for at least 30 years. Are you familiar with that?

**Mr Hickey:** Yes.

**Senator WATT:** And you'd also be familiar with the fact that the purchase of this land came about due to a change to the alignment of the major arterial road, the Northern Road.

**Mr Hickey:** Yes.

**Senator WATT:** What role exactly did Western Sydney Airport have in relation to this land acquisition?

**Mr Hickey:** Actually, looking back through Western Sydney Airport's—all the information that I can find is that this was a matter for the department, and the airport itself was not involved in the Leppington Triangle acquisition.

**Senator WATT:** At all?

**Mr Hickey:** That's correct.

**Senator WATT:** Western Sydney Airport didn't ever provide a view on the acquisition, wasn't ever consulted about the acquisition—no involvement whatsoever?

**Mr Hickey:** The only involvement, which is noted in the ANAO's report, is at 2.57. There was a parcel of land which was owned by Western Sydney Airport, which was then leased to the Leppington Pastoral Company. That is the only involvement that we've had. We had no involvement in that acquisition. I would note that the parcel of land would be required for a second runway, as you have noted.

**Senator WATT:** Okay. You would also be familiar that the Auditor-General's report essentially raised two potential impacts on the airport that resulted from this land deal. The first of them concerned the location of the realigned Northern Road. What the Auditor-General's report tells us is that the department's specialist aviation consultant, Landrum & Brown, and the New South Wales government both advised against locating the road close to the airport boundary. In fact, the quote from the consultant's report was:

... there are serious issues with the proposed Northern road alignment ... and I see there is a clear case for a NO GO for the proposed road due to many issues ...

Does Western Sydney Airport have any concerns about the location of the Northern Road relative to the alignment of a future second runway?

**Mr Hickey:** I might have to take that on notice to further investigate the Northern Road, and any [inaudible] we've had on the Northern Road. I haven't had any issues raised around the location of the Northern Road.

**Senator WATT:** I can see you've got two of your colleagues with you, Mr Hickey. Has either of them been at the organisation longer than you have?

**Mr Hickey:** Yes, Senator. Ms Turner is the CFO. She was one of the original employees at the organisation.

**Senator WATT:** Ms Turner, when did you start working at Western Sydney Airport?



**Ms Turner:** I commenced in September 2017.

**Senator WATT:** Are you aware of any consultation with Western Sydney Airport around this land acquisition?

**Ms Turner:** No, I was not aware of the conversation. As I understood it, it was a matter for the department, as my colleague Mr Hickey has confirmed.

**Senator WATT:** Are you aware of whether Western Sydney Airport was ever consulted on or involved in the decision around the realignment of the road?

**Ms Turner:** I will have to take that on notice, but I'm not aware of any of those discussions. I'll take that one on notice.

**Senator WATT:** So, sitting here now, today, does Western Sydney Airport have a position on the realignment of that road and the impact it would have on the future airport development?

**Mr Hickey:** In terms of the realignment of the road, the road did run through the Western Sydney airport precinct, so the realignment is to run around the boundary. Our position at the moment is that is appropriate and adequate for us.

**Senator WATT:** Okay, so it is appropriate and adequate. If this decision was being made today, would you consider the location of this road alignment to be acceptable for the future development of the airport?

**Mr Hickey:** As far as I'm aware, it would be acceptable for the development of the airport.

**Senator WATT:** Okay. One of the other impacts on the airport that was raised in the Auditor-General's report concerned the leaseback arrangements for the land. It said that there was some uncertainty around the ability for the leaseback arrangements to be brought to an end in the event that the land is needed by the airport. Are you concerned about the lease-back arrangements in the event the land's needed by the airport sooner than it's currently anticipated?

**Mr Hickey:** I think that I would need to review in detail the lease itself. If we did develop a second runway earlier, for us the operations would actually effectively start at an appropriate end to the lease term. So I think that it seems to be okay from my perspective. But I'd need to look at the detail of the lease in order to give you a better opinion. Can I please take that on notice?

**Senator WATT:** Sure. I'm happy for you to do that, because, just to refresh your memory, what the Auditor-General's report said was:

Should part of the axe-handle land—

which is the phrase that's being used for the land we're talking about—

be required for airport development then it can be released if at least 12 months' notice is given to LPC and the earliest date it can be released is August 2024.

But—

There is no equivalent provision in the Leppington Triangle lease-back arrangement for the land to be made available for airport development. Subsequent advice from the department in July 2020 confirmed that the Leppington Triangle lease did not have a specific mechanism to bring the lease to an end—

So it would seem to me that it's not ideal for the airport to be left in a situation where there is no mechanism to bring the lease to an end if that land ends up needing to be used earlier than anticipated. Is that a concern?

**Mr Hickey:** Again, I ask to take that on notice to give you a fulsome answer on that.

**Senator WATT:** Is it something that one of your colleagues, Ms Turner or Mr MacKillop, has ever turned their mind to?

**Ms Turner:** As mentioned before, I would take that on notice, as my colleague Mr Hickey has mentioned.

**Senator WATT:** So there's been no discussion internally about whether the lack of a mechanism to bring the lease to an end is a problem for the airport?

**Ms Turner:** No, I don't believe we've had that discussion internally.

**Senator WATT:** That would seem to have pretty major implications for the airport, but it's never been discussed?

**Mr Hickey:** That's correct. What we need to do is we need to take it on notice to provide the appropriate information. We don't have that to hand.

**Senator WATT:** Okay. Do you know if there are more acquisitions that will be needed around the airport site?

**Mr Hickey:** There are no other acquisitions that we are actively looking at or are required in order for us to operate the passenger operations at the airport.

**Senator WATT:** I missed part of the earlier session, so it's possible this has come up already, but: separate to the airport itself, is the department considering any land acquisitions that relate to the airport?

**Mr Hickey:** Not that we're aware of.

**Senator WATT:** Mr Hallinan, do you know if the department is considering any further land acquisitions for the airport?

**Mr Hallinan:** Yes. There are a few minor acquisitions associated with easement purchases around the creek.

**Senator WATT:** Are you familiar with those, Mr Hickey?

**Mr Hickey:** That is correct. [inaudible]

**Senator WATT:** Mr Hickey, does it concern you that in any negotiations regarding land around the airport the department is not factoring in the future operations of the airport, including the noise that it would create?

**Mr Hickey:** I believe that we're working with the department in order to identify what's required in order to make the airport operational. In terms of the noise considerations, at the moment that's a matter for the department.

**Senator WATT:** The reason I'm raising it is—I'm paraphrasing here, but—essentially one of the things that the Auditor-General found was that this seemingly-inflated valuation took into account all the upside, all the potential positives in the deal, but none of the downside. For instance, it said that the rezoning potential that it was based on was highly unlikely to occur and there were negative impacts on land values such as airport noise and restrictions on development controls. None of those things were reflected in the valuation, and I'm asking you whether it concerns the airport that this valuation has been reached without taking into account some of the impacts on nearby land that the airport you're building will have.

**Mr Hickey:** Again, I would only say the valuation is a matter for the department.

**Senator WATT:** Okay. To your knowledge, do the probity and conflict-of-interest systems that are now in place within the department or Western Sydney Airport address the concerns that have been raised by the Auditor-General?

**Mr Hickey:** I might ask Shelley to talk about our procurement.

**Ms Turner:** I'm not aware of the probity guidelines of the department, but I'm certainly comfortable from a Western Sydney Airport perspective that we have appropriate probity management in our company.

**Senator STERLE:** I will put my questions to you, Mr Hallinan. It's not as though airport noise is something we don't talk about in this nation. God knows this community knows all about it with how many inquiries we've done on that. But is it correct that all these other issues that will pop up because of the construction of the new airport have nothing to do with WSA or those three people on the screen, and it's the department that has to do all of this? Is that correct? When Senator Watt asked Mr Hickey—he was having a giggle about something earlier on, and I don't know what he found so amusing; I wish I could share his enlightenment—about noise abatement and all this sort of stuff, Mr Hicks's line was virtually—Mr Hickey, you can correct me if I'm wrong; I'm using my words, not yours—that that's something that they don't need to worry about; the department needs to worry about that. Did I hear that right?

**Mr Hallinan:** That's correct. There are a range of activities that the department is responsible for.

**Senator STERLE:** So you do all that?

**Mr Hallinan:** We do some of that, yes.

**Senator STERLE:** Okay. So, when Senator Watt asks the questions about it, can you help us out? What have you done? What have you done to appease all these people? It's probably a magnificent thing that this airport is going out there—fantastic! But you're making it sound like everyone in Western Sydney is over the moon and cock-a-hoop because they're getting an airport. I can't believe that there wouldn't be some conversations going on about noise. God almighty! We get it when people move in next to an airport that's been there for a hundred years. Sorry, Senator Watt. It amused me that no-one wanted to answer your question.

**Mr Hallinan:** Is your question specifically on the valuation issue?

**Senator STERLE:** No. What have you done? They just dismissed it—oh, it was nothing to do with them! I don't know what they're doing. What have you done?

**Ms Vine-Camp:** Sorry, Senator. Can I clarify: are you talking about construction noise or airport noise?

**Senator STERLE:** I'm talking about airport noise, for God's sake.

**Ms Vine-Camp:** Okay. Sorry. I was trying to clarify.

**Senator STERLE:** Why would I have talked about construction noise?

**Ms Vine-Camp:** So is your question, then, about how that impacts land valuation?

**Senator STERLE:** Senator Watt asked some pretty clear questions, and I didn't hear an answer.

**CHAIR:** Would you let her answer the question, please, Senator Sterle.

**Senator STERLE:** Go.

**Ms Vine-Camp:** Sorry, Senator. Can you please ask me the question, and I will try to assist you.

**Senator STERLE:** Senator Watt asked what work had been done and what consideration there had been about noise abatement and the like around the new airport. What's been done?

**Ms Vine-Camp:** Okay. The department is responsible for both the development of flight paths and the noise abatement process. That work will be underway in coming years. We have not worked through the exact noise abatement policy at this point in time. We are working on the flight paths as we speak, so that process is underway, as we've mentioned previously. But we have not yet done the work on noise abatement for properties or anybody within that area at this stage. That is the work of the department, though, and that is on the work to be done.

**Senator STERLE:** So when is the time line for that work to be undertaken with the communities?

**Ms Vine-Camp:** On the flight paths, we are at a stage where we actually need to consult with industry. We have not been able to consult with the aviation sector during COVID, simply because the airlines have not been in a position to be able to talk with us about the flight paths. Once we have done that, we propose to go out to the community through the environmental impact statement.

**Senator WATT:** There are obviously massive questions about this valuation, and it's all being looked into now. But what you're telling me is that not only did the valuation not take into account things like the noise impact on the property concerned and other neighbouring properties, but no-one's even done the work to work out what that noise level will be?

**Ms Vine-Camp:** We know what the noise level will be. In the original EIS for the airport there are some indicative flight paths. That shows what we call the airport noise framework, so you can actually see on a diagram what land falls under the particular noise levels. So that work has been done. But on the question, was consideration taken to the level of noise for that particular piece of land, for the triangle, I'm not aware that that was considered as part of the valuation strategy.

**Senator WATT:** Right, wow! Mr Hickey, just confirming—you have read the Auditor-General's report?

**Mr Hickey:** Yes.

**Senator WATT:** I just thought you might have been able to answer some of the questions that we had asked, in that case. What action has Western Sydney Airport taken in response to anything raised in the Auditor-General's report?

**Mr Hickey:** We have undertaken a couple of things. The first one is that we have looked to determine any engagement we have had in relation to this so that I could fulsomely answer any questions that were raised in the Senate estimates today. We have had limited engagement in relation to this, other than as I mentioned. We have also looked at our own processes. We have our own ANAO report in relation to our procurement practices, which noted no recommendations at the end of that report. I look to Ms Turner to confirm that.

**Ms Turner:** We did have an earlier ANAO performance audit on our procurement process. We noted that the ANAO's findings found that we had an appropriate procurement framework in place. We have systems supporting our procurement framework. As Mr Hickey noted, there were no recommendations, although there were some minor suggestions to improve transparency and documentation and reporting, which we have implemented.

**Senator WATT:** So there's nothing that has emerged from this Auditor-General's report which makes you think that Western Sydney Airport itself needs to change any of its processes?

**Ms Turner:** That's correct. We are continuing to look at improvements where appropriate and embed those into our documentation, but at this point in time nothing that we found in that specific report [inaudible] any of our processes.

**Senator WATT:** That's it from me on this topic.

**Senator STERLE:** Ms Vine-Camp, you said you haven't been able to meet with the airlines, so I assume Qantas and Virgin and Rex—

**Ms Vine-Camp:** All the airlines and internationals.

**Senator STERLE:** to talk about flight paths. Why do you have to talk about flight paths?

**Ms Vine-Camp:** As part of the process to develop the flight paths we need to have industry engagement as the first step. We have been unable to have the industry engagement to talk them through the proposed flight paths for the airport before going to the next step, which is to do community consultation and the release of the EIS.

**Senator STERLE:** When you say 'flight paths', you mean at what height they are circling around the suburbs and the coastline and so on?

**Ms Vine-Camp:** Yes.

**Senator RENNICK:** My question is about the valuation of the property. Under the Constitution, as we all know from *The Castle*, you've got to pay just terms for the property. That's the key factor here. All this discussion about how the value of the land has been degraded because of air noise and everything like that—that is not the issue, is it? If these guys own property, and you come along and rezone in it a downward, destructive manner, you have to compensate the people who own the property on just terms. In other words, it has to be compensated on what the value of the land would be worth without an airport there. That would be true, would it not? You don't get to rezone and then pay what the destroyed value is?

**Ms Vine-Camp:** I understand that that is correct.

**Senator RENNICK:** So, as I said earlier this morning, if you looked at it from a residential point of view that land would be extremely valuable. I know the Auditor-General wants to value 500 square metres of land at \$12,500, which is a very cheap block of land in Sydney. Can I confirm that it would be fair to say that that discussion about the air noise and the rezoning and somehow that is going to degrade the value of the land, that is after the event. You have to pay before the event of the rezoning, is that correct, if you're going to apply the just terms provision of the Constitution?

**Ms Vine-Camp:** I understand that that is correct. This was the only piece of land that finished that block off. There wasn't multiple pieces.

**CHAIR:** Thank you. I don't believe we have any more questions for you, so we excuse you with our thanks and ask if ARTC could come forward, please.

#### **Australian Rail Track Corporation**

[14:54]

**CHAIR:** Mr Wankmuller, at the Inland Rail hearing in August, in Brisbane, I asked a question about the total project budget for Inland Rail. You told me:

The funding allocation presently for Inland Rail is \$12.115 billion. That includes risk and contingency if needed, but that's the total available funding for the budget at the present time.

I asked if you had the planned expenditure broken up by each of the three states. Not only did you tell me that you had but you knew that my next question was going to be that and you were going to get it to me straight away. You can't believe how disappointed I was to see the answer that was submitted, on notice, which didn't provide any of that information.

Given that we've now heard from so many people who have been frustrated by their consultation with Inland Rail, and having always been a big supporter of the project, you can't believe how frustrated I was to have the Senate committee treated in the same way. Are you going to be able to provide this information? I just thought that the answer was very disappointing.

**Mr Wankmuller:** We're updating the information. As you would have seen in the budget papers, we provided updated information to the government. The government's submission, as I understand it, was listed as an [inaudible] at the present time. We decided that it would be best to answer your question with the correct answer. It has been updated, which is a process that's underway. We're certainly happy to do so, because the information back then has been superseded by the work that's being done now.

**CHAIR:** Let's go back and talk to superseded information. The route from Inglewood directly to [inaudible] or Bromelton via Warwick was discounted in the *Inland Rail Alignment Study* of 2010 because it was deemed almost \$450 million more expensive and routing via Toowoomba was identified as capturing additional inland freight, mainly coal. Recently, in 2020, when questioned on why the Warwick route is not being reconsidered, you have provided community members with the same answer: about \$450 million more expensive.

I'm curious that in 10 years you've not been able to update that information, yet within five months you're updating other information that means you can't provide it to the Senate. So what am I to believe? Are you updating information or not?

**Mr Wankmuller:** I am updating information. There are two different sources of information. The one on Warwick is information that's historic and doesn't change. It has been that way for some time. The new information is as it relates to the present budget estimates, of where we're at on the route that we selected to follow.

**CHAIR:** I don't understand how you could say that the Warwick route was almost \$450 million more expensive and then have done 10 years worth of information and modelling on the alternative route and now—so \$450 million more expensive than what? That doesn't make sense, does it?

**Mr Wankmuller:** I now understand your question, sorry. That's on a like-for-like basis. When we did the comparison there was like-for-like information. Any comparison we do has to be on a like-for-like basis. If we went back and updated it we'd have to make the same set of assumptions on Warwick that we did on the present route, on a like-for-like basis. It's very similar to what we've been doing in the recent route analysis through to Cecil Plains.

**CHAIR:** That would mean, though, that if you were to update that like-for-like information \$450 million would no longer be the right answer, would it? A like-for-like analysis would have changed the budget process, would have changed the assumptions, that you know a lot more information now.

**Mr Wankmuller:** What you have to look at there, the way these are done, classically, is that rather than a dollar amount there's about a 25 per cent difference. When you update for like-for-like information what we've learned, in the last five years—we update it on the other route that's likely to have come up by the same amount. There would still be a 25 per cent [inaudible] be a little bit different.

**CHAIR:** We might come back to that. I've been looking back through the budgets. The total budget initially provided for Melbourne to Kagaru—not Acacia Ridge, not the Port of Brisbane but Kagaru—in 2010 was \$3.7 billion. And then in 2015, if we used a P50 budget, it was \$9.9 billion; \$10.6 billion if we went to a P90. And in August last year, you tell me it's \$12.1 billion. I am startled by the increase in budget figures over that period. How much more do you think it's going to increase?

**Mr Wankmuller:** We have to compare apples with apples. The \$12.115 billion that I gave you last time was funding not cost. The \$10.7 billion was cost. As I explained in my answer in the last estimates, the difference between the two is some available contingency and risk, which obviously is a prudent thing to have in case you need it. Whether we need it remains to be seen and that is part of the process we are going through.

**CHAIR:** Does the cost of \$10.7 billion include PPP section from Gowrie to Kagaru?

**Mr Wankmuller:** Yes.

**CHAIR:** Can you tell me how much the PPP section is budgeted to be?

**Mr Wankmuller:** That is a process we're working through right now.

**CHAIR:** Right. But you don't know how much it is but it's included in the budgeted amount?

**Mr Wankmuller:** Yes. [inaudible] is the NFP. We had it under consideration for the government. They listed it commercially sensitive. Rightfully so, because we are about to go out for an RRP for the PPP and we'd rather not have commercially sensitive stuff in the marketplace.

**CHAIR:** Recently, Inland Rail called for expressions of interest for commercialisation of projects around the route. I understand that there are some projects that are now being worked through but that Inland Rail didn't consider a project between the Port of Brisbane and Ebenezer. How are we going with that connection between the Port of Brisbane and Kagaru?

**Mr Wankmuller:** That is the business case and study that is being done by the state and the Commonwealth I am not party to that, so I cannot update you on that. The department might be able to.

**Mr Atkinson:** That is work between the state not the Inland Rail. It's beyond the Inland Rail scope.

**CHAIR:** So the ARTC is considering that?

**Mr Atkinson:** The Commonwealth and the state government, yes.

**CHAIR:** Is it true that ARTC and the Queensland Department of Transport and Main Roads are considering a further MOU for ARTC taking over additional routes in Queensland?

**Mr Wankmuller:** That's more core ARTC business. I would have to defer that to the company if I could digress for a second. I did not get a chance to make an opening remark. The CEO of ARTC is ill. He is not here

today. So I have here in my capacity representing Inland Rail. I am going to have to take on notice by necessity questions relating directly to the ARTC operating business.

**CHAIR:** All right. So the question on notice for that one is: could we confirm that there is a project underway between ARTC and the Queensland Department of Transport and Main Roads that would involve ARTC taking on additional regional rail routes in Queensland? To my understanding, there is a project happening that would be privatisation by stealth by the Queensland government, if it's true. We have been going around and holding hearings with Inland Rail and ARTC over the last 12 months. I continue to have people who have concerns around the consultation process. It is unclear what the budget figures are, what the engineering and the routes are for large sections of the route, particularly the PPP sections, and the lack of connectivity between the Port of Brisbane and Ebenezer. I am at the point now of wondering if ARTC is competent to deliver this project.

**Mr Wankmuller:** With all due respect, those things that you reference are beyond the scope of Inland Rail—

**CHAIR:** So, I could give that question on notice to ARTC as to whether or not they believe they are now competent to build this Inland Rail project, particularly the Queensland section?

**Senator STERLE:** Mr Wankmuller, you said you're here in your capacity as Inland Rail chief. Where's the ARTC?

**CHAIR:** In hospital.

**Senator STERLE:** Oh—in hospital.

**CHAIR:** Well, the chair is in hospital—the CEO.

**Mr Wankmuller:** Sorry—there's a lot of confusion. I'm the CEO of Inland Rail; Mark Campbell is the new CEO of ARTC. There is a chairman; the chairman is Warren Truss. The CEO of ARTC has fallen seriously ill and is in the hospital. He was looking forward to being here today and spent quite a bit of time getting ready for it, but he won't be out of the hospital until Friday.

**Senator STERLE:** Fair enough. Thank you.

**CHAIR:** Can I just clarify, then, Mr Wankmuller, because I've got recent Toowoomba media promoting the potential for fast rail from Brisbane to Toowoomba, utilising the same route as Inland Rail, even though I think you've made it clear on several occasions that Inland Rail would be a dedicated freight line route and that the electric passenger trains can't share that same infrastructure. I understand that Inland Rail has staff in the Toowoomba Regional Council, physically housed there?

**Mr Wankmuller:** Not that I'm aware of. We have our own office in Toowoomba that's quite nice, actually.

**CHAIR:** Okay. Are you aware of that media that talks about it being a shared route?

**Mr Wankmuller:** Yes, I'm aware that a number of people would like to see it as a shared route.

**CHAIR:** But you've ruled that out—that's not what's being built?

**Mr Wankmuller:** There are portions in the network that would be shared, and we are designing it such that the existing line—I forget the name of it—that goes out to Perth can share that route, and we're making sure that we're designing it so that it doesn't prevent future expansion for passenger rail. It's one of the key requirements of the state.

**CHAIR:** Did you say to Perth?

**Mr Wankmuller:** Yes. I'd have to get the name for you; I'll take it on notice. But there is a passenger line—it goes very infrequently—that goes through that area.

**CHAIR:** Between Toowoomba and Brisbane?

**Mr Wankmuller:** It's called the Westliner line. I have other people in the room here who I didn't introduce, but I've been informed that the name of that line is the Westliner, and it goes out beyond Toowoomba and continues all the way to Perth, I believe—sorry, Adelaide.

**CHAIR:** I don't think it goes there; I don't know. Anyway, I'm concerned about—

**Mr Ormsby:** Perhaps I could clarify: the Westlander train travels from Brisbane I think twice a week. It goes from Toowoomba, out to about Charleville, and it stops there.

**Mr Wankmuller:** Okay; sorry for that. Simon is a subject matter expert. I should have turned it over to him a lot sooner. Thank you, Simon.

**CHAIR:** I'm still not clear, though. The Toowoomba council believes that there will be the potential for sharing the route, sharing the fast freight line, between Toowoomba and Brisbane, but currently I'm just not sure. I

just think there needs to be clarity around that, because it's been reported in the media and I would like you to take on notice what portion of that route would be shareable, because it was not my understanding at the previous hearings that we've had that there is that section that's shareable.

**Mr Wankmuller:** Okay. We'll get back to you specifically on the shared portion.

**CHAIR:** I've got a couple of technical questions that I'm going to put on notice about gradients and crossing loops. In fact, I'm going to put a bunch on notice, I think, to allow for time. I am just flagging that, having now had three full days of Inland Rail hearings already, plus Senate estimates, I am becoming incredibly frustrated by the inconsistency of the data and the inability to line up these different sections. I am very concerned that at the moment the rail will only be built to Goondiwindi and we'll end up with a lot of Queensland freight that just sails south down to Newcastle and Sydney and potentially Melbourne, and that Queensland ends up with no advantage at all.

**Mr Wankmuller:** Yes, I understand that from your previous questioning in August. I did want to clarify, because I know it's a concern of yours, I think in August you were a little concerned that we could run out of money for Queensland because New South Wales was a little bit ahead. We do have project budgets that are isolated to the projects, and they are protected. So when we do finalise our budget submission there are dedicated budgets for the projects in Queensland which will stay and remain in the Queensland project budget.

**Senator STERLE:** Except for anything around Acacia Ridge. There's nothing there.

**CHAIR:** We have a massive missing piece between the port and Acacia Ridge and then between Acacia bridge and Bromelton and back up to Kagaru and then, of course, back to Gowrie.

**Mr Wankmuller:** Can I clarify for a second. The section from Acacia Ridge to the port is already there. It's single step mode, whether it is by additional funding—

**CHAIR:** But, Mr Wankmuller, only nine per cent of the freight is currently on that line because it is not suitable. We are still going to end up with a massive bottleneck of trucks. It was well demonstrated at that hearing, and it continues to be well communicated by the freight industry and by the Port of Brisbane that the Acacia Ridge port connection is not suitable for the sort of trains that you are proposing to go through there.

**Mr Atkinson:** I would just add that there is a business case for the Acacia Ridge to the port connection separate to the current Inland Rail scope.

**CHAIR:** There's another business that proposed that additional business case—

**Mr Atkinson:** It's beyond—

**CHAIR:** Yes, and that was ruled out by Inland Rail. They didn't consider discussing that partnership.

**Senator STERLE:** Our frustration is the lack of infrastructure around Acacia Ridge as well. We mustn't gloss over that. That's huge. It's not your fault, Mr Wankmuller. We're not blaming you for that. We're just saying it's a huge overlook.

**Mr Wankmuller:** I just want to clarify—maybe the secretary could help me if he needs to. I thought it was a pretty good decision by the government and the department at the time. They isolated the stop for Inland Rail and they started a separate business case to look specifically at the line dedicated to the port, because it's going to take some time to work through that and we don't need it until after 2040. So we have time to work through it, and that's exactly what they are doing presently.

**CHAIR:** Mr Wankmuller, it doesn't make any sense. If only nine per cent of the freight is currently on the rail now, how can we say we'll only need it by 2040?

**Mr Wankmuller:** Because the reason there's only nine per cent on rail now is there is no connection from Brisbane to Melbourne; it has to wind its way up the coastal road. It's very inefficient. That's the whole idea of Inland Rail. When we put the backbone in as a direct line from Melbourne to Brisbane, we will see that the share jumps dramatically, just like we do from Parkes out through Adelaide and out to Perth right now. We have an 80 per cent market share because we have a long run that's very economical for the user.

**Senator STERLE:** Mr Wankmuller, I have figures from the department showing an absolute haemorrhaging of TEUs from Brisbane to Perth, Sydney to Perth and Melbourne to Perth. When you say 80 per cent we should go quid pro quo because there have been thousands and thousands—you are nodding; you know—of containers that have gone on flag-of-convenience ships with exploited foreign seafarers. That's another thing we're going to get into, Senator McDonald. I'm going to give you a briefing on that. It's getting worse.

**Mr Wankmuller:** Senator, you are right. I'm quoting old data. We would have to update it.

**CHAIR:** Senator Watt, do you have some questions?

**Senator WATT:** Before I go into those questions, I meant to ask this after we came back from lunch. I understand that Senator Wong asked some questions prior to the lunch break. There was a point about the \$30 billion for the airport land—

**Mr Atkinson:** Sorry, Senator, did you say \$30 billion?

**Senator WATT:** Sorry, \$30 million; it wasn't inflated quite that much. I wasn't here just before the break, but I understand it was revealed that a provision was made in the department's budget for \$30 million for this land.

**Mr Atkinson:** I said that I'd take on notice what the provision in the costing for the Western Sydney airport was, what the provision was for Leppington Triangle.

**Senator WATT:** Have you established what that was?

**Mr Atkinson:** No, I've taken it on notice.

**Senator WATT:** Okay. I misunderstood. I thought that you had said—

**Mr Atkinson:** I said I think my recollection is that it's something around that, but I took it on notice.

**Senator WATT:** What year's budget would that have been in?

**Mr Atkinson:** The expenditure would have been in the 2018-19 budget, I think.

**Senator WATT:** The point is that the department's budget for Western Sydney airport included, you think—and you're checking this—a provision for \$30 million for this land and it ended up being that that was approximately the sum paid.

**Mr Atkinson:** I said that I would take on notice exactly what the provision was. We know what the sum paid was. My recollection is that it was similar.

**Senator WATT:** Is that something you could come back to us with today?

**Mr Atkinson:** I'll get people working on it.

**Senator WATT:** If you could get people looking at it, yes.

**Mr Atkinson:** It will require people to dig back to original decisions and find original costings, and none of it's in any of the work we've been doing in the Auditor-General space. It was just a recollection or something.

**Senator WATT:** That was just a pretty interesting point.

**Mr Atkinson:** I'll probably take it on notice.

**Senator WATT:** Okay, thank you. Back on the Inland Rail, I'll try not to go over the ground that Senator McDonald has covered. We also have some pretty serious concerns about the cost blowouts in this project. Back in the 2017-18 budget, it was announced that the government was making an \$8.4 billion equity investment in this project. I think Senator McDonald referred to the fact that in the Senate inquiry into the project, Mr Wankmuller, you told the committee that the funding allocation had increased to \$12.115 billion. Obviously, the budget papers released this year don't reveal a cost, and you've told us that's due to commercial sensitivities. But is it fair to assume that the cost is going to be higher now than that \$12.115 billion you advised the committee of back in August?

**Mr Atkinson:** In terms of the budget publication piece and the issues around the commercial sensitivities of those, the approach is decided by the Department of Finance. It wouldn't be appropriate for us to make announcements in advance of future announcements by the government on what those figures are.

**Senator WATT:** I'm not asking you to tell me what the figure is; you're clearly not going to do that. All I'm asking is whether it's gone up again, since the figure of \$12.115 billion back in August.

**Mr Atkinson:** I think that the safest thing to say in this respect is that there's been no government announcement with respect to that and for you to ask for those details in the estimates hearings with the Department of Finance and the finance minister.

**Senator WATT:** Okay.

**Senator PATRICK:** Is there public interest immunity in there? That's not one that I've heard of. A government announcement pending does not give public interest immunity to prevent you answering a question.

**Mr Atkinson:** What I am doing is referring it to the Department of Finance, which is the responsible agency for this publication.

**Senator PATRICK:** Are you aware of the answer?

**Mr Atkinson:** I'm not aware of the answer, no.



**Senator WATT:** Mr Wankmuller, you're probably closer to the project than anyone. Is it fair to assume that the price has gone up further since August, when you advised it was \$12.115 billion?

**Mr Wankmuller:** That will depend on the decision of government as to whether they want to adjust the scope, or what their final decision will be, as it relates to costs.

**Senator WATT:** Okay, so, depending on the decisions of government, it's quite possible that the cost will be higher still than that \$12.115 billion?

**Mr Wankmuller:** Depending on their decision, yes. The cost could be adjusted in either direction.

**Senator WATT:** What does that mean for the project's financial viability and likely payback period?

**Mr Wankmuller:** It would all depend on what that cost is when the government makes its decision.

**Senator WATT:** You'd be aware that the payback period has previously been estimated at 50 years, but that was predicated on a lower capital cost than what it now looks like it's going to be. So is it fair to assume, then, that it's going to take a lot longer to pay back this project than the original estimate of 50 years?

**Mr Wankmuller:** I have a subject matter expert with me, Mr Ormsby, who has been quiet and could answer that. There are obviously two sides when you talk about a payback period. One side is the cost, and the other side is the benefits and the income. The benefits, as you have probably seen in media announcements, are also increasing. There's some very good news that the department and the government has released previously about some increased benefits associated with the project going forward. Simon, did you want to add to my answer at all?

**Mr Ormsby:** The only thing I would add to that is that the approach to financing is also a factor in this, which is, once again, a question for the finance committee.

**CHAIR:** Can I go to Senator Rice, and then we'll come back to you, Senator Sheldon? Senator Rice?

**Senator RICE:** My questions are with reference to the north-east Victorian rail. Are people here able to answer them, given that I understand that we haven't got our full ARTC representation?

**Mr Wankmuller:** For what we call the NERL, the north-east rail, I'd have to take those questions on notice. I'm sorry; it's a separate project within ARTC.

**Senator RICE:** So there's nobody here that can answer?

**Mr Wankmuller:** No. I'm just not familiar with that. I don't work on that project at all; sorry.

**Mr Atkinson:** Senator, the CEO of the ARTC has fallen ill, is in hospital and is unable to come today.

**Senator RICE:** If they're all going to be taken on notice, I may as well just put them on notice. You may as well go on to somebody else. I'll put them on notice in writing.

**Mr Wankmuller:** We apologise for that. He was looking forward to being here, but there's no way we could get him here today. Sorry.

**Senator SHELDON:** I want to ask some questions about intermodal terminals in the Inland Rail project and how they interact with freight hubs and road connections. How many intermodal facilities will there be along the inland rail route?

**Mr Wankmuller:** That remains to be seen with what the private sector decides to do. There are a number of business cases being funded by the Commonwealth presently that are looking into a number of different options. What the final number would be would be speculation at this point.

**Senator SHELDON:** I'm not asking for the final number. Is there a number that has been already decided upon?

**Mr Wankmuller:** There's a business case open for an intermodal facility in Victoria. There's one open for one in Queensland, in Brisbane and in Victoria, down in the Melbourne area. There are special activation districts being pressed by local councils which are being helped through funding by some of the states, along the line of Parkes, Moree and Narrabri. There are other private sector ventures, notably InterLinkSQ up in the Toowoomba area [inaudible] and Wangers in the Toowoomba area, and there are others under discussion as part of the IIP.

**Senator SHELDON:** Have there been any locations that have been determined as a priority?

**Mr Wankmuller:** It's a priority for me to get a location, obviously, in Brisbane and in Melbourne, but that's the subject of business cases being done by others.

**Senator SHELDON:** Have there been any priorities that have been given to inland intermodal projects in regional areas? You mentioned Parkes and Narrabri before.

**Mr Wankmuller:** I wouldn't say a priority. It's an open competition. What the councils are trying to do is get the private sector to step up and make some investments. The Parkes area has progressed very well. Narrabri has recently announced some advancement in the last day or two. Moree has a number of interested parties talking to them, but we don't decide that; they do. They decide whether they're going to invest the money. We give them a priority, per se.

**Senator SHELDON:** From your point of view of going through that process of intermodal projects, is there a criteria that you would use on those projects? Have you got some detail about what the selection criteria might be?

**Mr Wankmuller:** We're not selecting them, so we wouldn't have selection criteria. It would be up to the private sector investor or the entity that's funding the project.

**Senator SHELDON:** With the interaction with the Inland Rail project, when you're looking at what would be favourable intermodal operations, do you have any say or input into that?

**Mr Wankmuller:** We have some discussions. We don't really have a say or direct input in terms of dealing directly with the funding authority, but I might ask Simon Ormsby if he wants to add anything to that.

**Mr Ormsby:** Only to say, Richard, that you've covered it well. We encourage as many terminals as possible to connect to the network, because it's most likely going to lead to more volume on the network.

**Senator SHELDON:** When you're aware that people are making decisions about interconnection, you make some assessments yourselves. I'm asking two parts to this question. Would you be able to broadly outline the criteria people might use and the criteria that you then might use in deciding on an intermodal project being centred in a particular region or place?

**Mr Wankmuller:** Yes. I think I would let Simon Ormsby address that question.

**Mr Ormsby:** Again, really it's for the market to decide, and we would encourage all the market entrants. There is a technical criterion. We have certain engineering standards. So, when someone connects a terminal to a network, they have to meet our engineering standards and our safety standards. But, beyond that, being an open-access network and piece of infrastructure, any party is able to connect their terminal to our corridor.

**Senator SHELDON:** Do you understand that there's a intermodal facility in Wagga, the Riverina Intermodal Freight and Logistics Hub, at Bowman? Are you familiar with this facility?

**Mr Ormsby:** I've heard of it.

**Senator SHELDON:** You've heard of it. Has anyone—

**Mr Ormsby:** Roughly, yes.

**Senator SHELDON:** Well, I'm one step closer in getting an answer to the other questions I'm going to ask. Is there anyone who is more au fait with it and who's on the line?

**Mr Ormsby:** No.

**Senator SHELDON:** Well, let's see how we go. Are you aware that the project received a \$14.5 million grant in 2012 under the Regional Development Australia Fund program, round 2?

**Mr Ormsby:** I'm not. Maybe that's one for the department.

**Senator SHELDON:** Is someone able to answer that question or make further comment? Mr Wankmuller?

**Mr Wankmuller:** I'm not aware. When did you say it was made?

**Senator SHELDON:** It was made in 2012 under the Regional Development Australia Fund program, round 2. It was \$14.5 million.

**Mr Wankmuller:** That was long before my time. No, I am not familiar with it.

**Senator SHELDON:** Is anyone with you familiar with it?

**Mr Wankmuller:** No.

**Senator SHELDON:** I'm going to have to put some questions on notice, Chair. It seems like a pretty significant decision very early in the piece regarding projects dealing with the Inland Rail. It's a significant amount of money. It's a significant project for that region. And you're not aware of any details about how that project might operate?

**Mr Wankmuller:** Again, I'm representing Inland Rail, not ARTC core business. If you'd like to put the question on notice, I'm sure we can get a response back to you regarding it.

**Senator STERLE:** Chair, can I just express my thoughts here?

With the greatest respect to Mr Wankmuller, who is doing inland rail, and Mr Ormsby—and I do wish the CEO well—this is budget estimates. Gentlemen, are you seriously telling me that there is nobody in ARTC who could come here and answer these questions? If the chairman fell off the perch tomorrow, if something terrible happened, are we to believe there is nobody in the agency who could answer simple questions about the budget? No, no—take it on board, gentlemen. There must be someone behind you who could. Is there a door behind you, Mr Ormsby, that leads to a secret little cave where there are experts who know what's going on?

**Mr Wankmuller:** No, it is a very frustrating situation. He was taken into the emergency room on Friday. He was preparing for today—

**Senator STERLE:** I wish him well.

**Mr Wankmuller:** We are not able to respond the way we would like. Between Mr Ormsby and myself, we'll respond where we can, but we're going to have to take a lot more things on notice than we would normally do. I think, Senator, you'll know that I don't normally take things on notice, and we do apologise for the situation.

**Senator STERLE:** Gentlemen, I'm asking a very simple question. We're all told that we could all disappear tomorrow and government would go on and opposition would go on, and the Senate would keep operating. Of course it would. But I'm really struggling to believe that there is nobody who could have a good crack at simple questions around the budget. This is getting embarrassing now, Chair. It really is. Can we put them on tomorrow?

**CHAIR:** I'm not sure that we're going to solve that problem, because I imagine the CEO will still be off the air. But it is disappointing that ARTC has not been able to provide somebody who knows anything about the project. Senator Rice, do you want to have a go at asking Mr Ormsby your questions?

**Senator RICE:** Given that you are there, Mr Ormsby, do you have any knowledge at all that you are able to share with me about the north-east Victoria rail link?

**Mr Ormsby:** No, I'm not close to that project either.

**Senator RICE:** Basically, my understanding is that the funding available for the north-east rail link is going to be insufficient to maintain it at the class 2 Victoria passenger standards. I want to know whether the ARTC had been successful in securing the additional funding for that [inaudible] on the commitment that maintaining class 2 standards was going to be able to be met?

**Mr Ormsby:** I can advise that those negotiations with the Victorian government are still ongoing. There's not a commitment now, but they're still ongoing.

**Senator RICE:** Do you agree with me that there is currently insufficient funding to maintain the rail line at the class 2 standard?

**Mr Ormsby:** As our previous CEO, John Fullerton, said in estimates before: the level of maintenance currently going into that track is less than would be required, yes.

**Senator RICE:** Yes. So there has not been success as yet?

**Mr Ormsby:** It's still a work in progress.

**Senator RICE:** Are you able to tell me, if the additional funding is not secured, whether the ARTC has done any estimates of how long before the line degrades to its previously completely unacceptable condition?

**Mr Ormsby:** No, I couldn't answer that. We're focused on securing the additional funding.

**Senator RICE:** Do you have any sense of how the negotiations with the Victorian government are proceeding?

**Mr Ormsby:** They're proceeding reasonably. The project works, as best I understand, are scheduled for mid next year, and we'd expect to have a better position towards the end of this year.

**Senator RICE:** Where is the hold-up in those negotiations, given that time line?

**Mr Ormsby:** It's not really a hold-up. We're just working through the scope that's required with Victoria.

**Senator RICE:** When did the negotiations with Victoria begin?

**Mr Ormsby:** I'd have to take that on notice; I couldn't give you a precise date.

**Senator RICE:** You're saying that the upgrade project is going to begin mid next year, but there's additional funding that's required in addition to what's already committed?

**Mr Ormsby:** The additional funding's ongoing for maintenance—not for the project.

**Senator RICE:** What's the connection, then, between when the works start in the middle of next year and negotiations for additional funding?

**Mr Ormsby:** Because we'll move from a construction phase to a maintenance phase when the project's completed.

**Senator RICE:** When is the project currently planned to be completed?

**Mr Ormsby:** As I said, I'm not sure of the precise date, but it's sometime next year.

**Senator RICE:** So its completion will be in the middle of the year.

**Mr Ormsby:** I can't give you the exact date, but it's next year. I can take it on notice and come back with the exact date.

**Senator RICE:** Is it expected that all of the additional funding that you are seeking will come from the Victorian government or is there a possibility of it coming from the Commonwealth?

**Mr Ormsby:** The discussions at this stage are between ARTC and the Victorian government, not the Commonwealth.

**Senator RICE:** Have you ruled out getting extra funding from the Commonwealth?

**Mr Ormsby:** We're not discussing it with the Commonwealth. The Victorian government is seeking to operate the passenger services at a higher standard. We run a commercial enterprise, and, typically, when one of our customers seeks a higher track standard, they would have a commercial resolution around meeting that additional cost, so our discussions are with the Victorian government. ARTC does contribute maintenance funds to that corridor as well.

**Senator RICE:** But we've got extra funding that has come from the Commonwealth in this budget for the upgrade to passenger rail services in north-east Victoria.

**Mr Ormsby:** As I understand, and the department may correct me, it's an additional component to enable stabling of the loss of trains; it's a complementary piece of investment. Is that the one you're referring to?

**Senator RICE:** Yes. I'm going to ask the department about exactly what is being funded, which is why I'm asking whether there are any negotiations or any requests to the Commonwealth for this additional funding required for the additional maintenance.

**Mr Ormsby:** No, it is ARTC working through it with the Victorian government.

**Senator RICE:** Thank you. I think we've got to the end of the line!

**CHAIR:** Mr Wankmuller, can I just go back to these budget increases over the last 10 years. Given where we've come from and to, has ARTC undertaken any new and detailed review of the cost and potential advantages of the Warwick route?

**Mr Wankmuller:** New and detailed, no. We were asked to implement the route that we're on. A decision to do that or to change it would be a matter for government, not for us.

**CHAIR:** Okay, so the Queensland government would have to provide an alternate route to the Commonwealth government to provide to Inland Rail. I want to also go back to your comments about not needing the Acacia Ridge to the port rail connection until 2040 and that utilisation is nine per cent because of the limited rail from Melbourne to Brisbane. If that implies that this is primarily for freight coming from Melbourne, what happens if ships, quite understandably, decide that it would be more attractive to dock in Brisbane and then to start sending freight south? Is it not possible that ships might prefer to dock in Brisbane and send freight south to Melbourne rather than be drawn north?

**Mr Wankmuller:** It could be possible. I might ask the department or Mr Ormsby to comment. For our customers, it's not really probable because our customers are so focused on the 'under 24 hours', and that would be difficult to do when shipping.

**CHAIR:** Sorry, could you just expand on that? It would be difficult to do what exactly?

**Mr Wankmuller:** Get from Brisbane to Melbourne in that time frame on a ship.

**CHAIR:** That's right. If they wanted to come and utilise the train, they would then be bringing more freight to Brisbane, unloading and sending the freight south on the Inland Rail?

**Mr Wankmuller:** Back in the business case, you may remember some of those pie charts I showed which showed that about 70 per cent of revenue was what we call intercapital goods that go from Melbourne to Brisbane. They're domestic consumption; they don't come from offshore. They can originate from the Melbourne area and go to Brisbane or originate from Brisbane and go to Melbourne.

**CHAIR:** And then they terminate in Brisbane. They don't go to the port.

**Mr Wankmuller:** Correct. The things that go to the port are agriculture and minerals.

**CHAIR:** As to the consumer goods that are coming into Australia, you're saying that it's more likely that they'll still go to Melbourne and be freighted and trained up rather than coming off at Port of Brisbane, being containerised and coming south?

**Mr Wankmuller:** It depends on which direction they're going in. Simon is probably more qualified to speak to this than I am, but, if they're coming down south to Brisbane, either they can continue on to Melbourne if the shipper is doing that or they can be unloaded and distributed through the network more quickly. Most of our demand that we show is domestic consumption. Simon, do you need to add to that?

**Mr Ormsby:** Perhaps I can respond to it this way: the freight that goes to the Port of Brisbane will be, as Mr Wankmuller said, minerals or agricultural freight—and, yes, we agree about nine per cent, which I think was the figure you quoted for the percentage of freight on rail. But what Inland Rail will do will actually be to improve the service offering between Acacia Ridge and the regional areas—let's say Goondiwindi. Currently, the rail corridor between Goondiwindi and Acacia Ridge is limited to about 16-tonne axle loads or even less—very small trains, so they're very inefficient trains—and they have to wind their way through the Toowoomba Range; they don't have a direct route.

What Mr Wankmuller was talking about was Melbourne to Brisbane, but the improvement that you get in Queensland is really the section from, say, Goondiwindi through to Acacia Ridge. It's that improvement in the network that will make it more efficient to run a regional train, which hopefully then will shift that traffic from using road to using rail. The section from Acacia Ridge to the Port of Brisbane actually has quite a bit of capacity. There is a largely dedicated freight line today that services a number of trains but has spare capacity on it. The modelling we've done showed that, with the forecast increase of regional traffic in Queensland coming off road onto rail, that corridor could accommodate a good volume of growth to about 2030 or 2040; I think Mr Wankmuller said 2040. There are obviously a number of different scenarios.

The work the department's doing, quite rightly, is to look for a long-term solution, because we know that existing corridor between Acacia Ridge and the Port of Brisbane will at a point in time become capacity constrained. The Port of Brisbane, as you pointed out, are very vocal about that, so the department's working with the Queensland government to look for a long-term solution for that corridor. I hope that gives a bit of clarity.

**CHAIR:** I'm just intrigued because there was a project that was submitted to Inland Rail for consideration, which was from Port of Brisbane through to Ebenezer. That was a public-private partnership and included a tunnel, and yet that wasn't accepted by Inland Rail to be considered as a complementary project.

**Mr Ormsby:** I'm not aware of that project being submitted to Inland Rail.

**Mr Wankmuller:** I'm not aware of that either.

**CHAIR:** You're not? I'm sure the proponent will be delighted to resubmit that, because they did get a letter back saying that they weren't being considered, and I thought it would have been a very neat solution to—

**Mr Wankmuller:** I don't believe that would have been from Inland Rail, but we can check that and verify it. We don't have a process per se for that. That might have been through the IIP and the department. I'm speculating.

**CHAIR:** Okay. We keep talking about this 24-hour time frame, but again, following the hearings that we had in Brisbane last August, I just had some issues around the Queensland government's speed limits between Kagaru and Acacia Ridge being capped at 80 kilometres an hour; the speed limit on the Toowoomba Range crossing because of the gradient; crew changes and refuelling; and reductions in speed required through townships, particularly those ones between Kagaru and Gowrie where no route has been agreed currently. How reasonable do you think it is that there is a 24-hour connection between Acacia Ridge and Melbourne as the project stands now with the routes that have been selected?

**Mr Wankmuller:** As the project stands now with the route that's been selected, I'm quite confident that we can make the 24 hours, but we also can't vary from it, because we're right up against it presently.

**CHAIR:** Well, we're right up against it because of the amount of greenfield route that's been selected by ARTC and negotiated with the Queensland government, I would have thought. It would all have been agreed much more quickly if ARTC had agreed to greater brownfields routes.

**Mr Wankmuller:** We would never have made the 24-hour criteria if we'd stayed on the brownfield routes.

**CHAIR:** Senator Patrick, do you have some questions?

**Senator PATRICK:** Yes, I have a range of questions, first going to ARTC—the recent announcement by the government in respect of Cape Hardy and of course the shutting down of the GWA line on the Eyre Peninsula. Has ARTC been contacted by Regional Development to look at any rail development down to Cape Hardy perhaps in conjunction with Iron Road?

**Mr Wankmuller:** I'm not aware of that. Mr Ormsby, could you address that at all?

**Mr Ormsby:** I'm not aware of any contacts.

**Senator PATRICK:** Has there been any consideration or discussion internally of extending the standard-gauge rail from Whyalla down to Cape Hardy?

**Senator Ruston:** Excuse me, Chair: we were just wondering whether Senator Patrick was aware that the chief executive of the ARTC is not able to be here—

**Senator PATRICK:** Yes, I know that.

**Senator Ruston:** Okay. I just wanted to check that you were aware; I wasn't sure.

**Senator PATRICK:** Yes, I understand that. He's suffering from estimates anxiety, I think—is that it?

**Senator Ruston:** No, I think he's actually very unwell.

**CHAIR:** I think he's seriously unwell, in hospital.

**Senator PATRICK:** I didn't mean anything—

**CHAIR:** No.

**Senator Ruston:** No. I just wanted to make sure that you understood that the person who is here is probably going to struggle to answer your questions.

**Senator PATRICK:** Sure; okay.

**CHAIR:** So, Mr Ormsby's position is group executive strategy and corporate development for ARTC.

**Senator PATRICK:** Okay. So, again: is anyone aware of any internal discussions or talk about extending the standard-gauge rail down to Cape Hardy?

**Mr Ormsby:** I'm not aware of any discussions or any proposal that would seem to do that.

**Senator PATRICK:** Okay. Thank you. Moving to the Limestone Coast: there have been some news articles recently or calls to reinstate the Limestone Coast rail line. That's the Mount Gambier to Heywood line. My understanding is that RDA Limestone Coast has submitted an application to Infrastructure Australia. I'm just wondering what involvement ARTC might have in supporting that application and/or assessing that application with Infrastructure Australia.

**Mr Ormsby:** Again, we're not aware of a proposal. We haven't seen it. Infrastructure Australia will know perhaps just on their own. The line from Mount Gambier to Heywood is more likely to be a state government matter than ARTC.

**Senator PATRICK:** I just assumed they might draw on your expertise in some way in respect of forming up these proposals.

**Mr Ormsby:** We're happy to engage with them. Again, I can't speak for every organisation, but I'm not aware of any.

**Senator PATRICK:** Okay. Thank you. We'll try the Advanced Train Management System implementation. Can someone give an update of where that project is up to? I note that also with that Whyalla/Port Augusta line there was an implementation in respect of that particular stretch of ARTC track. Also perhaps you could give me any feedback on how that has improved operations in that sector.

**Mr Wankmuller:** That would be another core business of ARTC, and Mr Ormsby may be able to address it, but I'm not sure—

**Mr Ormsby:** It would be best for us to take that on notice. We're very happy to answer that on notice and come back to you.

**Senator PATRICK:** Okay. Just in general—and maybe this goes to the secretary, or maybe not—there's a whole bunch of state-owned lines and there are national networks, and I just wonder how each of these projects are coordinated from a federal and even state government perspective. Sometimes it might be ARTC, or Inland Rail. How's it looked at from a national perspective?

**Mr Wankmuller:** Sorry, who was the question to?

**Senator STERLE:** This is cruelty to dumb animals—seriously. And I mean myself.

**CHAIR:** Thank you for clarifying, Senator Sterle. That wouldn't have been—

**Senator STERLE:** No, I meant me: 46 Senate estimates, and this would have to be the most painful.

**CHAIR:** Senator Patrick, who were you directing your question to?

**Senator PATRICK:** I directed it to the secretary, just as a starting point, because it's a fairly high-level question. In some respects, this question flows on from the disbandment of COAG. How does Australia as a nation look at rail, noting all of the different stakeholders and the different participants, looking at things from a national efficiency and productivity perspective?

**Mr Atkinson:** So you're asking about projects and individual routes. It's probably more an issue around how we coordinate through the National Freight and Supply Chain Strategy which we work through the national transport ministers' forum, which is now a subcommittee of the national cabinet—the infrastructure and transport ministers' committee.

**Senator PATRICK:** That's been lifted from COAG and just placed into national cabinet?

**Mr Atkinson:** No, it's reforming, with a different shape, underneath, national cabinet, but the National Freight and Supply Chain Strategy is still going to be a body of work that's carried forward by the transport ministers at the Commonwealth and state level. I can provide you, on notice, with an update on where the National Freight and Supply Chain Strategy is, or possibly that can be addressed when our surface transport policy people come forward.

**Senator PATRICK:** In some sense, the origin of the question came to the disbanding of COAG and how that was going to be approached.

**Mr Atkinson:** In our portfolio, the work of the transport ministers' council and the officials groups underneath that for the important—what I would call—consistency and planning and alignment type reforms is continuing through the ministerial councils that aren't hanging off the national cabinet. It's just the Commonwealth and state ministers working together, and the Freight and Supply Chain Strategy is part of that ongoing body of work.

**Senator PATRICK:** Noting that I didn't get lots of answers, can you indulge me, Chair, with a question that's not quite related to this outcome but has been dealt with before?

**CHAIR:** We'll see. You can have a crack, but, if it's not related, then it won't be allowed.

**Senator PATRICK:** It goes back to the Leppington Triangle matter. It's a simple question. I know it's been pursued—

**CHAIR:** Well canvassed.

**Senator PATRICK:** I just want to understand this. Would the outcome of any investigation likely involve something like fraud, such that a court or someone might nullify the contract? Minister Ruston likes me quoting Lord Denning. He says, 'Fraud unravels everything. No contract should stand if a fraud is involved.' What is the Commonwealth's ability to walk away from this if it's found that something unlawful has happened?

**Mr Atkinson:** Can I take that on notice? It's a complex legal question, and it would depend a little bit on who the fraud was committed by.

**Senator PATRICK:** Sure. I'm just really interested to know whether there is some opportunity to undo a contract that may have been infected by something unlawful. Thank you.

**CHAIR:** Mr Atkinson, given that Mr Wankmuller and I have walked around this idea of freight coming from Melbourne to Brisbane, given that we don't manufacture a huge amount in Australia anymore, I am interested to know if there is some data available for the transport supply section of the department—what were you calling it?

**Mr Atkinson:** It's the Freight and Supply Chain Strategy. It's in the surface transport area.

**CHAIR:** Could you provide, on notice, data on whether the freight that's coming to Brisbane from Melbourne is actually freight that's come in by sea that has been containerised and palletised in Melbourne and shipped north? And why wouldn't that mean that the ships would prefer to stop in Brisbane and unload if there were a more efficient rail corridor from the Port of Brisbane? Do you understand what I'm asking?

**Mr Atkinson:** I do understand the question. I'll ask the guys from surface transport, when they come, to see if they can answer that. I don't think it would be efficient for that to happen, just by the nature of sea carriage versus rail, but I'll get more information for you.

**CHAIR:** Terrific. I just want to be sure that we're defining domestic freight clearly.

**Senator STERLE:** Mr Wankmuller, these questions are for you because you're the head serang of Inland Rail. Let's have a crack at this in terms of the Riverina Intermodal Freight and Logistics Hub at Bomen. In addition to the \$14½ million that we know was funded out of the Regional Development Australia Fund program in 2012, did the Riverina Intermodal Freight and Logistics Hub at Bomen receive any additional funding from the Inland Rail project for either the facility or the supporting infrastructure—for example, any road connections?

**Mr Wankmuller:** I'm not aware of any. I'll take it on notice so that I don't misspeak. But to answer you directly: I'm not aware of any additional funding.

**Senator STERLE:** Okay, you'll take it on notice. Has any other Inland Rail funding been provided to this project, either to the intermodal hub or to anything else?

**Mr Wankmuller:** In the Riverina?

**Senator STERLE:** Yes.

**Mr Wankmuller:** Not that I'm aware of but, again, we'll take it on notice.

**Senator STERLE:** Yes, no worries. I'll put this question to Mr Ormsby and to you as well. Did Daryl Maguire ever seek a meeting with ARTC about this or any other project in his capacity as a local MP, to your knowledge?

**Mr Ormsby:** Certainly not with me, and I'm not aware of other approaches to the organisation. But, again, I can check.

**Senator STERLE:** Okay. Mr Wankmuller, what about yourself?

**Mr Wankmuller:** No—I'm not familiar with the name, actually.

**Senator STERLE:** Okay. Where have you been? Have you been under a rock for the last couple of weeks? Crikey, everyone knows who Daryl Maguire is.

**Mr Wankmuller:** [inaudible] every once in a while, yes!

**Senator RENNICK:** He's building a railway!

**Senator STERLE:** There are a few people who wish they'd never heard of him too!

**Mr Wankmuller:** I've had a few things to do, thank you!

**Senator STERLE:** Well, take it on notice. And if he's made any approaches to ARTC in any other capacity, not as an MP, that would be very helpful. And also: has ARTC received any written submissions or written representations from Mr Daryl Maguire? I'd also ask if Mr Maguire met with any minister about the Riverina Intermodal Freight and Logistics Hub—I'll put that to you, Minister, if I could, please.

The ABC has reported that the Independent Commission Against Corruption in New South Wales heard evidence last week that Daryl Maguire organised a meeting in 2016 with the then New South Wales Treasurer about a road project to support the Bomen industrial estate and that this project was subsequently funded despite the New South Wales roads minister being vehemently opposed to it. Mr Wankmuller, I would ask if you would follow that up if you can, please, and let the committee know if any Inland Rail funding went to the road project referred to by the ABC.

**Mr Wankmuller:** Okay, I'll do so. I'm not aware of it, so I will follow it up and check.

**Senator STERLE:** I'm asking you to take it on notice, yes.

**Mr Atkinson:** That's a—

**Senator STERLE:** You don't know either, Mr Atkinson?

**Mr Atkinson:** No, I was just questioning about it being a road project and that's the ARTC.

**Senator STERLE:** No, I'm asking if any of the funding from the Inland Rail went to a road project.

**Mr Atkinson:** Sorry, got you—

**Senator STERLE:** Sorry, I may not have said that clearly enough myself. Gentlemen: this is going to be the best question you get all day. Oh no: it's not a question, it's a statement—that's all I've got!

**CHAIR:** Mr Wankmuller, we just touched on the 24-hour time period. Given that we've identified major cost increases, flooding issues, agricultural land, impact on townships and the gradient of the Gowrie to Helidon section, and the fact that in the 2010 report it said that the Warwick route would be shorter and would save time, do you think it would be prudent for the ARTC to undertake a review of this alternative route? I understand that you've already identified that the Queensland government has given the other route to the Commonwealth, but would it be time to suggest that it would be prudent to review this?

**Mr Wankmuller:** It was reviewed in detail in an independent report called the PRG. We would be happy to forward the details of that. It was compared against the route that we're on presently. So there's quite a bit of data.

**CHAIR:** Alright. That would be very good. I think we will be able to excuse you with our thanks. We are considerably early—

**Mr Atkinson:** Sorry, could I correct the record on a piece of information.



**CHAIR:** Yes.

**Mr Atkinson:** Earlier I said that surface transport policy would speak to the Freight and Supply Chain Strategy. It's actually the portfolio strategy and policy coordination group, and they're on tonight from 10.30 pm to 11 pm.

**CHAIR:** That's a pity. We were going to excuse them, but now we won't be able to.

**Mr Atkinson:** I said that I would give further information to Senator Patrick on notice about the freight—

**Senator STERLE:** He's not a full member of this committee! Since when do crossbenchers come in and start determining the running order of the committee when we're the ones who roll up our sleeves, and we're here day in day out, week in week out. How does that happen?

**CHAIR:** So you're just clarifying which part of the department is responsible.

**Mr Atkinson:** Yes. I wrongly started which division was responsible. I could take his question on notice or I could get the relevant official to come to—

**Senator STERLE:** Oh, he needs to have a meeting about this.

**CHAIR:** No, I think he can take his question on notice, as you've already identified. That was the outcome that we got to, wasn't it?

**Mr Atkinson:** It was, Senator, yes.

**Senator STERLE:** I'm sorry, Chair, I do have other questions. Can I talk to you, Mr Wankmuller or Mr Ormsby, about the Narrabri inland port? Does that come under your remit?

**Mr Wankmuller:** It's not under my remit, but they're certainly one of the entities that is looking at connecting to the line.

**Senator STERLE:** With your indulgence, Chair, for the few minutes that we've got, let me throw them at you anyway. The Deputy Prime Minister's prebudget media release of 5 October for New South Wales included \$7.8 million for an inland port in Narrabri. Is this project funded from the Inland Rail budget, Mr Wankmuller?

**Mr Wankmuller:** No.

**Senator STERLE:** Okay, great. Thank you. Can I ask you about the Inland Rail Interface Improvement Program?

**Mr Wankmuller:** Yes.

**Senator STERLE:** Great. Let's have a look. On the website it says:

The Australian Government has committed \$44 million to the Inland Rail Interface Improvement Program (IIP) to assist in the development of project ideas that have the potential to boost the benefits that flow from Inland Rail.

What does that actually mean, Mr Wankmuller?

**Mr Wankmuller:** That's a separate program being administered by the Commonwealth to look at connections to Inland Rail that are beyond the scope presently of Inland Rail.

**Senator STERLE:** Connections—how?

**Mr Wankmuller:** The \$44 million, as I understand it—the department is welcome to jump in; it's their program, so I'm speculating on their program—

**Mr Atkinson:** Ms Vine-Camp might be able to update you on that.

**Senator STERLE:** It's alright, Mr Wankmuller, we've got someone here that can help out. Ms Vine-Camp.

**Ms Vine-Camp:** Thank you, Senator. The IIP has been put in place to assist people who have ideas around complementary infrastructure to join Inland Rail to assist them with putting together the business cases. So, essentially, if somebody has an idea about making a connection to make it easier for them to take goods to Inland Rail, whether that be a road upgrade or a particular facility that would enable them to load more easily, then we are working with them through that process. We've run two tranches of EOIs now. We are currently working with 20 business cases at the moment. We put in place a process with \$44 million to ask people to come forward with ideas—that could be small councils or, in some cases, individuals that have got together—and we are helping them put business cases forward and to build these business cases. Then those business cases will go through a process to be considered by government for funding.

**Senator STERLE:** Could the committee have access to that list of who you're working with or is it a Commonwealth or state secret?

**Ms Vine-Camp:** Obviously, they're businesses cases that are in development. So they're not all going to get through the gates for the process, no doubt.

**Senator STERLE:** Sure, okay. That's of the 20?

**Ms Vine-Camp:** Yes, that's right. We have also just opened up a second EOI, which actually just closed in mid-September, and that was for people who might have missed out in first round to bring forward their ideas in the second round.

**Senator STERLE:** Have there been any successful applicants so far?

**Ms Vine-Camp:** At the moment we are still finalising the first round through the gates, so I can't say that we have five finalised or any of that at this point. We are still taking them through the process to take back to government for funding. When it comes back to government we are hoping it will come back and go to both the state and Commonwealth government and potentially council.

**Senator STERLE:** So there is no-one there yet. What is the selection process?

**Ms Vine-Camp:** We have partnered with EY to get EY to work with these groups to put together their business cases. Then, when those business cases are fully formed, the selection process is to come back through a process in government to make that selection.

**Senator STERLE:** Thanks, Ms Vine-Camp. So in terms of my questions about the infamous Mr Daryl Maguire—could he have one of these in? Or not him, but the people he was lobbying for? Could he possibly be one of them, or you don't know?

**Ms Vine-Camp:** I would have to take that on notice. I'm not aware of that, but I could take that on notice.

**Senator STERLE:** If you could, please. Thanks. So there is none funded yet. Can you tell us how much of the \$44 million has been spent so far?

**Ms Vine-Camp:** Certainly. I am just looking behind me; I won't be a second.

**Senator STERLE:** I know that look. I have seen that look before, mate, and you're making me nervous.

**Ms Vine-Camp:** We might have to take that on notice for the final figure, Senator. The spend at the moment—we are sitting at about \$3 million at this point in time.

**Senator STERLE:** And \$3 million is not going to deliver any projects or anything at this stage. What has that \$3 million been spent on?

**Ms Vine-Camp:** That's for the support to enable the business cases to be developed. As you can imagine, some people have brought forward ideas that need quite a lot of working up in order to be able to get scoping studies done and to be able to take them for a funding decision. So that work is being done in partnership with EY to enable that to occur. So it's a lot of business case development work and bringing that forward and together.

**Senator STERLE:** Great. Are there any co-funding arrangements or agreements?

**Ms Vine-Camp:** We are very much hoping that through this process there will be co-funding arrangements, particularly with local councils or with states.

**Senator STERLE:** Once you have ticked off on it, then is it open knowledge for the Australian taxpayer who has been successful—not the ones who haven't been?

**Ms Vine-Camp:** I wouldn't imagine why it wouldn't be.

**Senator STERLE:** When do you think you will have these projects up and ready to present to whoever you are going to present to—the department?

**Ms Vine-Camp:** They will go through the department and then they will need to go in for a decision of government for funding.

**Senator STERLE:** What is your timeline there, Ms Vine-Camp?

**Ms Vine-Camp:** Over the next 12 to 18 months.

**Senator STERLE:** Tremendous. Is it specific to any state or are we all off and running, the whole three?

**Ms Vine-Camp:** All three are running on it.

**Senator STERLE:** Anyone leading the pack? It's only for Senator McDonald; it's not for me. I'm from the west.

**Ms Vine-Camp:** I think it's nose and nose at the moment, Senator.

**Senator STERLE:** Thanks. I've got some specific rail project questions. There aren't many, Chair, you will be quite happy. I'll be wrapped up pretty quickly. I will throw them towards you, Mr Ormsby, and we'll see how we

go. If it's no good, we will put them on notice, so take it as both. Let me think. In the media release on 5 October the Deputy Prime Minister listed a series of rail projects for Victoria. Mr Ormsby, do you know what is going on in Victoria?

**Mr Ormsby:** It may be better to go to the department. They may not be ARTC projects.

**Senator STERLE:** Let's have a crack. Improving the connectivity to the Port of Melbourne business case—is that your area?

**Ms Vine-Camp:** That's with the department.

**Senator STERLE:** Even easier! I'll put it to you, Ms Vine-Camp. Can you tell us about the improving connectivity to the Port of Melbourne business case? Where is it up to? Have you got one?

**Ms Vine-Camp:** We are working towards one with Victoria. This was announced as part of the 2020-21 budget. The federal government committed to \$7.5 million to work on a business case to improve connectivity with the Port of Melbourne. This business case is designed to support the proposed Inland Rail intermodal terminal and also Victoria's plan for the end of leases at Dynon, which will end in 2026 and 2031.

**Senator STERLE:** Dynon being Footscray, Dynon Road?

**Ms Vine-Camp:** Yes, that's right.

**Senator STERLE:** You said it would be ready by the end of 2021?

**Ms Vine-Camp:** No, that was as part of the budget for 2020 and 2021. We are hoping that it will be finalised within the next 12 to 18 months.

**Senator STERLE:** So where is the intermodal facility in Melbourne?

**Ms Vine-Camp:** The site of the intermodal facility for Melbourne is also part of a business case process with Victoria, and that is to select the best site for that. That business case is also due in about 12 to 18 months. We've been working very closely with the Victorian government on that.

**Senator STERLE:** So there isn't a site yet? There are a number of sites?

**Ms Vine-Camp:** There are a number of sites to be assessed. Through the business case process it will be determined which one is the most fit for purpose.

**Senator STERLE:** Obviously one's not in Dynon Road in Footscray, so is outer of Melbourne what we're talking about?

**Ms Vine-Camp:** At the moment, yes. There are two that are under active consideration at this point in time.

**Senator STERLE:** Are you able to share them with us? Is it common knowledge?

**Ms Vine-Camp:** I don't know that it's common knowledge. It is part of the business case process.

**Senator STERLE:** Hopefully we'll find out in 12 months. What about improving passenger rail services from northern Victoria to Melbourne? Can you let me know how that's going?

**Ms Vine-Camp:** Certainly. Can I correct my evidence: I've just been advised that that last business case is actually due at the end of the year for the location of the intermodal.

**Senator STERLE:** Okay. Is any of that funding coming from the Inland Rail project?

**Ms Vine-Camp:** No.

**Senator STERLE:** That's separate money?

**Ms Vine-Camp:** That's separate money. That was federal government money separate to the Inland Rail project.

**Senator STERLE:** That's good.

**Ms Vine-Camp:** That's due at the end of the year, and the connectivity to port of Melbourne is the 12-to-18-month one.

**Senator STERLE:** With the passenger rail services from northern Victoria to Melbourne, is any of the money coming out of the Inland Rail budget for that?

**Ms Vine-Camp:** No, it's not. That was also committed to in the last budget at \$7.5 million. It's another business case we're working on with the Victorian government to improve passenger rail services from northern Victoria to Melbourne.

**Senator STERLE:** You've got to hand it to the Victorians the way they can round everything off at the same price! I don't know how they do that but they're good at it. What about the Shepparton rail line upgrade stage 3? Is any Inland Rail money going towards that?

**Ms Vine-Camp:** No. It does actually belong to the IID area, which is coming on next I think. That's not part of this work.

**Senator STERLE:** Can't you just tell me now to save me asking the question then? You all know the answer.

**Ms Vine-Camp:** Actually, I don't know the answer to that.

**Senator STERLE:** What about that good-looking rooster behind you? He looked pretty informative.

**Ms Vine-Camp:** He was telling me that it belongs to them!

**Senator STERLE:** Oh, okay. I thought I'd try!

**Mr Atkinson:** It's in an 80-20 split, with \$320 million of Australian government funding.

**Senator STERLE:** Is there anything from the Inland Rail project?

**Mr Atkinson:** I don't think so. It's the same category as those previous ones.

**Senator STERLE:** If it's anything different you'll let me know anyway, won't you?

**Mr Atkinson:** Yes.

**Senator STERLE:** What about the Warrnambool rail line upgrade stage 2?

**Mr Atkinson:** It's the same category as projects, isn't it?

**Senator STERLE:** Now you're all starting to guess!

**Mr Atkinson:** Sorry, it's just that the document we have in front of us doesn't specifically exclude—

**Senator STERLE:** Take it on notice. What about the Western Rail Plan and further planning? Do you know where that's sitting? Is any money coming out of the Inland Rail project for that? Where's Mr Wankmuller. He's gone quiet. Do you know, Mr Wankmuller?

**Mr Atkinson:** They're all in the same funding categorisation. They're not Inland Rail.

**Senator STERLE:** Alright. So we've got that going on. Senator McDonald, we've got a \$7.5 million business case going on in Melbourne for the port of Melbourne. Is there anything going on similar for the port of Brisbane? I missed that.

**Mr Atkinson:** Yes, the Acacia Ridge to port business case. Our contribution is \$20 million.

**Senator STERLE:** You must be able to pull more strings. It's going to take a lot more than that. In that case, Senator Sheldon has a question.

**Senator SHELDON:** I want to go back to the Inland Rail Interface Improvement Program. Thanks for those answers you gave to previous questions. Could you explain a bit more? I wasn't quite clear on the eligibility criteria for the applications for access to this funding.

**Ms Vine-Camp:** Certainly. I might need some more detail on this. I'll ask Mr Bourne to give you the specifics on it. It is for people or groups or councils to come forward with ideas for how they can improve their connectivity to inland rail. It needed to be something that was able to adjoin inland rail, that was going to be a benefit for the person because of inland rail. I might ask Mr Bourne to step forward and give you the specifics on that.

**Mr Bourne:** Further to Ms Vine-Camp's comments, there is a clear framework on the information that is required to participate in the interface improvement program. That's stated on our website. Those organisations that are interested in understanding that can get that information from our website, but we've also provided that information through webinars and other information sessions to help inform them on the sorts of things they need to provide in order to be eligible for that program.

**Senator SHELDON:** Is that additional information at those seminars or is that information explaining what's on the website in more detail—

**Mr Bourne:** It talks about what information you need to put, as part of your idea, in order to be assessed, to determine whether you go through the gateway process that's involved in the program. There are four gateway processes. There's the initial stage, where you're found eligible. Then there's a pre-feasibility study stage, followed by a feasibility study stage, and then there's the strategic business case stage. So each stage is incrementally built upon your idea and your case. Ultimately, if you go through all of the gates, you'll get a strategic business case out of it.

**Senator SHELDON:** If the program's successful, is there any payback to government and, if it's unsuccessful, is there any payback from the people who made the bid about any requirements on them for failure?

**Mr Bourne:** The way it works is there's no guarantee once you have finalised your business case. You will get funding for it. These are brought forward by local governments, councils, businesses, and it's designed to help them build a fully comprehensive feasibility study or business case. We understand that because a number of these councils don't have the resources, nor do they have the commercial skills, to be able to work through these business cases. They've found this particular program very beneficial to them because it enables them to work up ideas that they wouldn't, otherwise, have been able to do.

**Senator WATT:** We don't ask for the money back.

**Mr Bourne:** No, we don't.

**Senator SHELDON:** If it is a successful case, is there any return back to government on the money that's invested?

**Mr Bourne:** No. I guess the point would be—

**Senator SHELDON:** I've started asking that question everywhere, because it's an interesting concept.

**Mr Bourne:** Yes, and I think—

**Mr Atkinson:** What we're funding is the business case, and that's what the Commonwealth's investment is in. We think it's worthwhile having these business cases so that they can feed into future developments of infrastructure projects, and whether they are developed into fully developed projects is a later consideration. This development is in business cases.

**Senator SHELDON:** I'll come back to it. I sidlined myself a bit in the question there. It is a point about, if we're investing in programs that are successful—and I've asked the question of whether they're not successful and have taken onboard the answer—commercially and they're from federal government funding, is there a return for the federal government, thus taxpayers, for the success of that project? That's why I was asking the question, whether there is a—

**Mr Atkinson:** There's no equity stake in the future.

**Senator SHELDON:** No direct return.

**Mr Atkinson:** I think the public policy good return would be that we have an intermodal facility that's good for the economy and productivity and people.

**Senator SHELDON:** And a company can make substantial amounts of money out of it. I'm not begrudging that but it's going to the deeper question about return on investment.

**Mr Atkinson:** The other side of it is the Commonwealth doesn't have to fund the facility if the private sector can fund the facility.

**Senator SHELDON:** How many facilities have we got that are funded by—I'll leave it at that. I want to go a bit further on the question that was asked before about Mr Maguire. Is the Riverina Intermodal Freight and Logistics Hub at Bomen on the short list or on a considered list of places potentially to get funded out of this fund?

**Mr Bourne:** So this is one of the proposals that is being investigated right now through this process.

**Senator SHELDON:** It's being investigated. Is it on the short list?

**Mr Bourne:** It's one of the 20 proposals.

**Senator SHELDON:** You've answered before that you're unaware and on notice you were going to find out if Mr Maguire was involved in any of those representations and if any of the companies that Mr Maguire is associated with were involved in any discussions. You mentioned you've got a list of people you're working through. If I understood correctly, you've already got a short list or you're coming to a conclusion on a short list very soon.

**Mr Bourne:** There are 20 proposals currently being considered as part of this program from the first stage. Ms Vine-Camp mentioned that we've commenced stage 2 where we went out as part of an EOI process. However, we've only just received proposals. We haven't gone through and evaluated them at this point.

**Senator SHELDON:** And in those 20 proposals is the Riverina Intermodal Freight and Logistics Hub at Bomen?

**Mr Bourne:** That's correct, Senator; it's on the list.

**CHAIR:** I think that completes our work with Inland Rail and ARTC. I propose that we finish now and move to our break—

**Senator SHELDON:** Just before you cut us off—and this is a very simple quick one—can we get the list of 20?

**Mr Bourne:** Yes, that's actually available on our website.

**Senator SHELDON:** It's available on your website. Great, thank you.

**CHAIR:** We will immediately go to a break right now before Senator Sheldon notices again!

**Proceedings suspended from 16:22 to 16:41**

**Department of Infrastructure, Transport, Regional Development and Communications**

**CHAIR:** We'll recommence with the Infrastructure Investment Division. Senator McKenzie, please.

**Senator MCKENZIE:** Thank you, Chair. I've got questions around the Murray Basin Rail Project. Have we got the right officials at the table?

**Mr Atkinson:** Yes.

**Senator MCKENZIE:** Great. My understanding is that we've committed \$240 million to this project, which was supposed to be completed in 2018. But my understanding from stakeholders in Victoria is that it's the state government that has meant this project hasn't been delivered and that there's a business case that we've been waiting for from the Victorian state government. Can I have an understanding from the department on whether the business case from the Labor government in Victoria has been received?

**Mr Atkinson:** It's my understanding that we haven't received that business case, but I will confirm with Mr Smith.

**Mr P Smith:** We haven't got the business case from 2015. Victoria's been working on a review of that business case. I'll just confer with my colleague—

**Senator MCKENZIE:** Sorry, Mr Smith—we haven't received a business case from the state Labor government that we've been waiting on since 2015? Did I understand correctly?

**Mr P Smith:** Yes, that's correct.

**Senator MCKENZIE:** So we've been waiting for this for five years.

**Mr P Smith:** The project's been ongoing and being delivered for a number of years, but there was a review following the Victorian audit. That review is outlining a number of options, and governments are considering those options.

**Senator MCKENZIE:** Our government's considering those options or the Victorian state government's considering those options?

**Mr P Smith:** Well, it would be fair to say, I think, that there's constant dialogue between officials about the project itself.

**Senator MCKENZIE:** Can you give me an update of the project as you see it?

*Senator Sterle interjecting—*

**Senator MCKENZIE:** No, I haven't been.

**Mr P Smith:** Certainly. I might also get Ms Sarah Nattey to come to the table, for a bit of detail. Basically, Maryborough to Ararat was rerailed in 2017. Maryborough to Dunolly—

**Senator MCKENZIE:** Dunolly?

**Mr P Smith:** Dunolly, sorry—I apologise for the pronunciation. That was converted to a dual gauge, and Dunolly to Yelta moved from broad gauge to a standard gauge. Ouyen—again, forgive my pronunciation—

**Senator MCKENZIE:** No, Ouyen's right.

**Mr P Smith:** to Murrayville, again, converted from broad gauge to a standard gauge. And there are a couple of other lines that have yet to be started.

**Senator MCKENZIE:** My understanding, and that's why I'm here, Mr Smith, is that conversion to standard gauge and upgrade works—Mildura to Dunolly, Murrayville to Ouyen and Maryborough to Ararat—is incomplete. Are you telling me it's complete?

**Mr P Smith:** No, I think there are elements that still need to be revisited.

**Senator MCKENZIE:** What about stage 3, Maryborough to Ararat?

**Mr P Smith:** I might get Ms Nattey to provide the details on that.

**Ms Nattey:** The Maryborough to Ararat section of this project was rerailed and reopened in 2017, so it's complete.

**Senator McKENZIE:** And Ballarat to Geelong, stage 4?

**Ms Nattey:** Ballarat to Geelong is not part of this project scope.

**Senator McKENZIE:** Is the Sea Lake to Manangatang conversion to standard gauge part of this project?

**Ms Nattey:** Dunolly to Sea Lake and Dunolly to Manangatang are both for future consideration.

**Senator McKENZIE:** To be very, very clear: you have not received the reviewed business case from the Victorian state government.

**Ms Nattey:** That's right.

**Senator McKENZIE:** When was the last business case you received from the Victorian state government?

**Ms Nattey:** I don't have that information, but I can say that we've—

**Senator McKENZIE:** You don't have it, or you'll get it for me?

**Ms Nattey:** I can get it for you.

**Senator McKENZIE:** Thank you.

**Ms Nattey:** We received the review of the 2015 business case completed by the Victorian government on 26 May this year.

**Senator McKENZIE:** Okay, on 26 May we've got the review of their original 2015 business case—

**Ms Nattey:** That's right.

**Senator McKENZIE:** in light of the Victorian Auditor-General's report.

**Ms Nattey:** That's right.

**Senator McKENZIE:** For the committee, can you give us the highlights of that Auditor-General's report from Victoria?

**Ms Nattey:** The review identified that there was \$174.3 million of remaining funds for the project from Australian government and Victorian government commitments to date. It identified a range of work items that could be constructed as options packages, and it highlighted specific track upgrades and other infrastructure.

**Senator McKENZIE:** What changes have been made to the revised business case from the original? You say there's a suite of options. Can you outline the different options, please?

**Ms Nattey:** There are options that include the minimum scope, which is Victoria's preferred and original option.

**Senator McKENZIE:** What does that look like? Does that deliver on the intent of this project?

**Ms Nattey:** It completes the signalling at Ararat Junction and it also rerails 88 kilometres of track between Ararat and Maryborough.

**Senator McKENZIE:** But it doesn't do what this project was meant to do, which was to service grain communities right through the Mallee—getting that grain to port.

**Ms Nattey:** That's right. That includes full standardisation of the rail line.

**Senator McKENZIE:** So the options put forward by the Victorian state government don't actually fulfil that. Is that correct?

**Ms Nattey:** The option that is the preferred option from Victoria does not fulfil that.

**Senator McKENZIE:** How much money has Victoria spent not fulfilling this project's intent?

**Ms Nattey:** To date, the Victorian government has contributed \$109.06 million.

**Senator McKENZIE:** How much has the federal government contributed?

**Ms Nattey:** It has contributed \$55 million, for that particular minimum scope piece.

**Senator McKENZIE:** Right—but for the total project?

**Ms Nattey:** The total project cost is \$440 million. The Australian government has contributed \$240.2 million, which is 55 per cent of the total cost. The state has contributed \$199.8 million and, of that, \$174.3 million, as I said, remains.

**Senator McKENZIE:** You received the revised business case with options on 26 May. When will we be looking at understanding what the revised business case is and moving forward with the completion of the project?

**Ms Nattey:** We hope to have some further information on that before the end of this year. We have some draft proposals that are still subject to discussion between the Australian and Victorian governments.

**Senator McKENZIE:** So are we going to go out and consult on this revised business case, given it doesn't fulfil the original intent of the project if we go with Victoria's preferred option?

**Ms Nattey:** That would certainly be the Australian government's preference.

**Senator McKENZIE:** But that wouldn't take place until early next year?

**Ms Nattey:** That's right.

**Senator McKENZIE:** Is the Victorian government seeking additional money from the federal government?

**Ms Nattey:** There was a request for us to consider additional money.

**Senator McKENZIE:** How much?

**Ms Nattey:** I will check with Mr Smith.

**Mr P Smith:** I think we will need to take the detail of that on notice.

**Senator McKENZIE:** Really? You don't know how much the state Labor government is wanting to throw good money after bad for this project?

**Mr P Smith:** Just off the top of my head, I cannot see in my notes the actual quantum they have asked for.

**Ms Nattey:** We can come back to you before the end of the session.

**Senator McKENZIE:** That would be really good if you could do that, thank you. My understanding is the Auditor-General's report also highlighted issues around governance around this project. Can you outline some of the concerns raised by the Victorian Auditor-General?

**Ms Nattey:** I don't have the full Auditor-General's report in front of me, but my recollection of that is that the concerns were around the quality of the works. There have been some disputes between V/Line and the contractor, which meant the work had to cease. My sense is that the original review of the work that had to happen on the Murray Basin freight rail line was done as a desktop review and not as a physical review. That resulted in some of the works being substandard and therefore requiring additional consideration by government.

**Senator McKENZIE:** What changes has our department made in light of this, in terms of working with state governments and ensuring that, when we do partner with them on projects of this magnitude and need, we can have confidence that they've got internal procedures within their own department to give confidence to taxpayer dollars being spent?

**Ms Nattey:** We have regular engagement with the Victorian government over all of our projects. On, as you say, projects of this magnitude, we have steering committees and working groups.

**Senator McKENZIE:** But that didn't help you, did it? I'm assuming we didn't just set up steering committees as a result of the Auditor-General's report; I'm assuming we've got steering committees to oversee these sorts of projects ad nauseam. But the steering committee didn't actually assist with the failure of governance around this project, did it?

**Ms Nattey:** It was ahead of my time, but I'm very happy to provide the information on the previous governance arrangements on notice.

**Senator McKENZIE:** Mr Smith, do you have any views on the steering committees we have set up to oversee and work with state governments on projects like this—that they did not assist at all in identifying or dealing with the failure of governance when it came to this project?

**Mr P Smith:** In my experience—I have been in the role since January—the various steering committees go through a reasonable amount of detail. For certain projects we have got people working in working groups with them, to go through that and question that. But, ultimately, delivery of the projects is a matter for the states.

**Senator McKENZIE:** I understand that. Did the steering committee around this project, prior to the Victorian Auditor-General's report, identify any issues with the governance of this project?

**Mr P Smith:** As Ms Nattey alluded to, we would have to take on notice the actual governance for this particular project. This project is quite an old project.



**Senator McKENZIE:** I'm interested in whether the steering committees we've got set up to liaise with the state governments around the implementation and rollout of projects like this identified the issues highlighted by Victorian Auditor-General's report.

According to the department's website the project is expected to finish in 2023—five years after the original completion date and probably nearly a decade after it was announced and first envisaged. Given that page 8 of the Auditor-General's report from March this year described the Labor government's project planning and management as 'deficient', what changes are we going to make internally to how we work with the state government to ensure that the project actually gets completed on time?

**Mr P Smith:** Following government's consideration about any additional scope for the projects, including whether there is any additional funding, we'd ensure that we've got appropriate governance arrangements in place with Victoria to make sure that we monitor the projects—

**Senator McKENZIE:** So there'll be changes to the existing, given that the governance arrangements were deemed inappropriate?

**Mr P Smith:** I imagine there'll be changes to the documentation received.

**Senator McKENZIE:** Okay. The VFF's repeatedly called for details of the project to be unveiled so that our grains industry can review the business case to make sure the options being put forward by the Victorian state government are actually going to fulfil the original intent of this project. When will the business case be released publicly so that it can actually be assessed by the industry this project is supposed to support?

**Mr P Smith:** The release of a business case is a matter for government, so we'll have to take that on notice.

**Senator McKENZIE:** Minister?

**Senator Ruston:** I am happy to take that on notice.

**Senator McKENZIE:** Thank you. The Rail Freight Alliance highlights that this project, which was supposed to see freight getting to port quicker, is actually, despite not being finished, still seeing time lines blow out on the existing delivery of freight. Do you have any comment to make about that? Prior to this project, we had trains, for instance, from Mildura to Geelong taking 11 hours, and they're now taking 15 hours. On what planet do we actually think that that's an acceptable outcome after spending \$240 million of Australian taxpayers' money? We don't have the project delivered, and we've actually blown out freight times to boot.

**Mr Atkinson:** At this point, I think it's fair to say that we're working with the Victorian government to try to get them to move to completion on this project.

**Senator McKENZIE:** Completion as first envisaged or completion with their preferred option?

**Mr Atkinson:** I think that's the subject of discussion between governments.

**Senator McKENZIE:** Are we going to end up spending another \$240 million on a failed project because the Victorian state government can't get its act together?

**Mr Atkinson:** I think you're asking me to speculate, Senator.

**Senator McKENZIE:** I am asking you to speculate. Thank you for highlighting that. I just want to understand the standard gauge versus the dual gauging that's going on throughout the project. Ms Nattey, has the revised business case that the Victorian state government has put forward changed the original gauging?

**Mr Atkinson:** The approach hasn't been agreed between the state and the Commonwealth yet.

**Senator McKENZIE:** Right. When do we think that's going to happen? This is a project that was promised a very, very long time ago, with nearly a quarter of a billion dollars of Australian taxpayers' money going to the project. There's a lot of frustration in the grains industry about the failure of both governments to get their act together and get this delivered. What comfort—

**Mr Atkinson:** I'm keen to get an agreement between the two governments as soon as we possibly can.

**Senator McKENZIE:** Thank you. Can I be kept advised about any potential movement at that station, before we agree, as a government, to a preferred option of the state Labor government that doesn't actually deliver for the grains industry in Victoria? I am of a very strong view that that would be perceived incredibly negatively by the Victorian National Party. Thank you.

**Senator STERLE:** Can I just suggest that, rather than just keeping Senator McKenzie abreast of what's going on, it might help if we do it through the committee.

**CHAIR:** A terrific idea.

**Senator STERLE:** I have heaps of questions.

**CHAIR:** Please go ahead.

**Senator STERLE:** But I just want to ask one. There was a question asked earlier on by Senator Sheldon, and he was referred to this area, Mr Atkinson. It was the Waurn Ponds to Geelong railway line. Can you give us an update on where that is at? I think that's where Senator Sheldon was going.

**Mr Atkinson:** That was the project in the Victorian letter that he referenced?

**Senator STERLE:** Yes.

**Mr Atkinson:** That was the project in the Victorian letter that he referenced?

**Senator STERLE:** Yes.

**Mr Atkinson:** I think he was asking about the bring forward of the money, the \$600,000 that was announced.

**Senator STERLE:** He was, and the timeline for it.

**Mr Atkinson:** The bring forward is to enable construction to happen earlier. We work closely with the Victorian government around that. It's to bring forward stages 2 and 3, and in our estimation it'll bring it forward for construction to start in late 2021.

**Senator STERLE:** As opposed to when was it supposed to start?

**Mr Atkinson:** I think it was scheduled for 12 months to 24—

**Senator STERLE:** That's good.

**Ms Nattey:** Late 2023 was the original construction start date, so it would be bringing it forward by two years.

**Senator STERLE:** Thank you very much.

**Senator McKENZIE:** Can I just ask one other question: can we table the business case?

**Senator STERLE:** For the Waurn Ponds?

**Senator McKENZIE:** No, the Murray Basin Rail Project. The revised business case.

**Mr Atkinson:** Sorry, we don't have it, Senator. When we have it from the Victorian government.

**Senator McKENZIE:** I must have misunderstood. I thought you said 26 May you received a revised review of the business case from the state government.

**Mr P Smith:** We'll take that on notice.

**Senator WATT:** I just want to start with the pretty chronic series of underspends from this department on projects. The final budget outcome for the 2019-20 financial year said that the government had delivered a \$1.7 billion underspend on road and rail projects, and this is not the first time we've seen this. Since this government came to power, in fact, there's been about \$6.8 billion in underspends in infrastructure. So, announcements made that this much is going to be spent, but we've now got to a point where it's \$6.8 billion less spent than what has been promised by this government. Why does this keep happening?

**Mr Atkinson:** I'll just go through the various components to it. I'll start with this year, as in 2019-20 outcomes. As I updated the Senate at the pre-COVID estimates hearings, the impact of bushfires has had some impact, particularly in Victoria and New South Wales, and COVID-19 has had an impact as well on the delivery of some projects—once again, particularly in Victoria.

**Senator WATT:** That doesn't explain previous years though, does it? There's obviously a problem year on year. There may well have been some issues to do with COVID and bushfires this year, but—

**Mr Atkinson:** I'll go into some of the other pieces to it. There are a few things that contribute to the estimates in terms of what expenditure will be in each given year. The other challenge we've had in the estimates this year is that there were optimistic expenditure forecasts in the current year for the UCF program, which was focused on making sure that the Commonwealth contribution was on the table early. It's taken quite a bit longer than anticipated to get agreement to the approach with the relevant states for the delivery of those projects. Those are now in a position where we do have agreed approaches, but that has resulted in expenditure in this financial year not commencing as it's taken a long time to get to the agreement start line then across the other states—a lot of that is associated with Victoria. We've have had issues in some states of billing time lines. Obviously, across very big programs the states and territories bill us against milestones at various points in time but a one-month delay or two-month delay in billing against milestones can drop large chunks of money between years and you end up with timing effects.

**Senator WATT:** So it's the states' fault?

**Mr Atkinson:** The states are the delivery partner for most of these, so the nature of our relationship with the states impacts on our cash flow, certainly.

**Senator WATT:** It's been happening every year that this government's been in power. If you're seeing that there are issues with the states, why aren't adjustments made to take those into account? Why is the practice to always go out and announce a big figure and then fail to deliver it?

**Mr Atkinson:** The total project costs are not the thing that's changing. The thing that you're referencing is timing movements between years. We've been doing work with the states to increase the accuracy of estimates, and I've had discussions with the state secretaries about ensuring that they do bill us when their milestones come through so that we can better match our cash flows with project delivery.

**Senator WATT:** Does it come down to the fact that it's actually just more important to get the announcement than deliver for this government, Minister?

**Senator Ruston:** Of course not.

**Senator WATT:** Why does it keep happening? Since you've been in power, \$6.8 billion has been underspent.

**Senator Ruston:** I think Mr Atkinson has just explained to you the nuances of the delivery of major projects and some of the issues that have caused the delay in the expenditure of the funds from year to year, so—

**Senator WATT:** But it's not a new thing.

**Senator Ruston:** I don't accept the premise of your original statement to me.

**Senator WATT:** I would understand if it had just happened as a one-off. But, if what Mr Atkinson is saying is right—if there are ongoing issues between the Commonwealth and the states—wouldn't you adjust the figures that you say that you're going to commit to take that into account, or is it just more important to get a big number in a headline?

**Senator Ruston:** Not at all. We as a federal government are very, very committed to working with the states and territories to deliver a range of infrastructure projects to support our economy. Right now, there could not be a more important time for the investment in the infrastructure, but clearly there have been, on occasions, issues that have prevented the expenditure of particular funds in particular years. I think Mr Atkinson has explained to you why that has been the case.

**Senator WATT:** This year's budget includes a significant increase in infrastructure payments to the states. Given there's been this pattern of announcements that are not fully delivered, how can you be confident that you'll be able to deliver these projects and this spending that you've said is going to occur?

**Mr Atkinson:** As I said, we've been working with the states on improving the quality of the estimates that they are giving for the projects and our approach to the creation of estimates of expenditure against those as well as having further discussions with the states about the importance of the timing. We're also now into a position where we have agreement on the approach to the vast majority of the projects that are in the schedule for delivery, which has previously caused the delays.

**Senator WATT:** So you're confident that this year's announcement will be delivered?

**Mr Atkinson:** Yes.

**Senator WATT:** We'll be able to tell next year, won't we?

**Mr Atkinson:** Yes.

**Senator WATT:** At least you delivered the headline; that's the important thing. You mentioned that one of the particular issues that had contributed to these underspends was, I think you used the phrase, 'optimistic forecasts' for the Urban Congestion Fund.

**Mr Atkinson:** Yes. The UCF had a lot of money in its first year, anticipating that we'd reach very quick agreement with the states and be able to progress quickly.

**Senator WATT:** Is that an unrealistic expectation, looking back on it?

**Mr Atkinson:** I think that things would have proceeded much more rapidly if COVID-19 hadn't come.

**Senator WATT:** Right. But, as I say, it's not—

**Mr Atkinson:** It was certainly a demonstration that the Commonwealth had our cash ready to go, to commit and to deliver as soon as the states were ready.

**Senator WATT:** Sure; I accept that COVID has caused issues this year, but it's not the first year in which we've had underspends from this department.

**Mr Atkinson:** Sorry—you were asking about this year?

**Senator WATT:** Yes. The Urban Congestion Fund, as its name would suggest, has money being allocated to fund—as I think the government likes to talk about—congestion-busting projects. They usually put hard hats and high-vis vests on when they make those sorts of announcements. Do you remember those, Minister? You've probably done a few yourself!

**Senator Ruston:** I certainly do remember many important announcements of projects for the provision of infrastructure that is extremely important for the Australian economy.

**Senator WATT:** Indeed. The 2019-20 budget allocated \$720 million to that fund. In December 2019, when we got to the midyear estimates, the government was forecasting that \$806 million would be spent on the program, but now we get to the end of that financial year and the final budget outline shows that it was only \$148.1 million, which was only about 18 per cent of what had been estimated in December 2019. How can it go so badly wrong, in the space of a few months, that that forecast can't be met?

**Mr Atkinson:** I did address that at the start. The UCF figures for 2019-20 had anticipated that we would reach rapid agreement—in particular, with the Victorian government—in the approach to those projects and get them moving immediately. It took significantly longer to get agreement on the approach to delivery of those projects than we'd anticipated.

**Senator WATT:** In December 2019 the estimate is \$806 million would be spent, and only a few months later it turns out to be only 18 per cent of that. Is it really possible to get it that badly wrong in December 2019?

**Mr Atkinson:** I'm just checking the December figure. The 2019-20 MYEFO figure I have is \$727 million. Regardless of the figures, it's a very substantial change and it's because there was a significant delay in getting agreement to the approach to start the projects across the board—

**Senator WATT:** And you didn't know that in December, when the estimate was \$806 million—when the government went out and popped a hard hat on, popped a high-vis vest on and told everyone it was going to be \$806 million?

**Mr Atkinson:** In terms of the MYEFO estimate—this is where I was pointing out that it's taken significantly longer to get agreement with the states on the approach to these individual projects. There are multiple phases to these projects. There is the pre-project, where we agree to the approach. Then we sign off on the PPRs and move to construction phases, sometimes in design phases. Getting to that start line, where we can move to start construction with the state and expenditure, has taken substantially longer than we anticipated. Where you've got projects where you expect to spend money straight away, when the start line gets pushed because it's taking longer to get agreement with the states on the specifics of the projects, we—

**Senator WATT:** I hear what you're saying. So it took longer than you anticipated even as at December last year, when the estimate was \$806 million.

**Mr Atkinson:** Yes.

**Senator WATT:** If we go through the individual states, to date, not a cent has been spent from this fund in South Australia, the ACT, Northern Territory or Tasmania. Only \$4.5 million was spent in New South Wales, \$25 million in Queensland and \$14.4 million in WA, and the remaining \$104 million went to Victoria. That's across the 2019-20 financial year. Do those figures sound right?

**Mr Atkinson:** I'll just confirm that with Mr Smith.

**Mr P Smith:** That sounds right; it's consistent.

**Senator WATT:** From the \$148 million that was spent, the 18 per cent of the forecast, were any projects actually completed?

**Mr P Smith:** Without going into the timing, we've now completed 11 projects under the UCF, and 22 further are underway, and a further 65 will be underway by June 2021.

**Senator WATT:** So you say 11 projects funded—

**Mr P Smith:** Eleven are finished.

**Senator WATT:** through this fund—

**Mr P Smith:** Correct.

**Senator WATT:** have been completed. Have you got a total value of those?

**Mr P Smith:** I'd have to add up the total value, but the total spend that we've done to date is \$182 million.

**Senator WATT:** So we're still at only about a quarter of what was estimated would be spent in 2019-20. In December 2019—

**Mr P Smith:** In fact, if it would help, I could give you the breakdown by states of how much we've paid.

**Senator WATT:** Sure.

**Mr P Smith:** Western Australia is \$16.9 million; Victoria is \$122.6 million; New South Wales is \$16.1 million; Queensland is \$26.4 million.

**Senator WATT:** And—

**Mr P Smith:** South Australia and Tasmania are nil, and the ACT, from memory, doesn't have any UCF projects at all.

**Senator WATT:** Could you come back to me on notice, on the \$148 million spent in 2019-20, as to whether any projects were completed in that financial year?

**Mr P Smith:** Certainly.

**Senator WATT:** You don't have that there?

**Mr P Smith:** No, we don't have that detail.

**Senator WATT:** But you're saying that 11 have now been completed, 22 are underway and 65—

**Mr P Smith:** By June 21.

**Senator WATT:** By June 2021. Do those 65 include the 22 and the 11, or are there 65 additional?

**Mr P Smith:** Additional.

**Senator WATT:** Do you know how many of those projects were commenced in the 2019-20 financial year?

**Mr P Smith:** No; I would have to take it on notice.

**Senator WATT:** Is it going to be the same answer as to why so few projects have been completed to date?

**Mr Atkinson:** It flows through. The start line flows through to the finish line.

**Senator WATT:** This program was announced in the 2018 budget—so two years ago—and only 11 have been completed.

**Mr P Smith:** I will take on notice the exact timing, but the first projects were not actually announced until several years after.

**Senator WATT:** I noticed that this year's budget included only \$483.3 million for Urban Congestion Fund projects. That's down from the forecast in last year's budget, which was \$720 million. What was the reason for that reduction?

**Mr P Smith:** As Mr Atkinson alluded, we have worked closely with the states, territories and councils on the agreement to deliver the projects. Now that we have got agreement we have been able to work out what we think is the delivery schedule. So the payments reflect achievement of the milestones.

**Senator WATT:** Sorry; I don't have this detail in front of me. When it was first established, \$720 million was allocated to the fund, and that was presumably to be spent across a number of years, rather than just in one financial year.

**Mr P Smith:** From the information I have here, \$1 billion was set up on the establishment of the fund in the 2018-19 budget.

**Senator WATT:** \$1 billion?

**Mr P Smith:** Yes, \$1 billion. Then, \$3 billion was added in the 2019-20 budget, \$210 million was committed in the 2019 election, and \$640 million was rolled in the 2019-20 MYEFO for 18 UCF-like projects.

**Senator WATT:** So this year's budget has allocated \$483 million for the fund. Is that to be spent in the coming financial year?

**Mr P Smith:** Yes.

**Senator WATT:** And we've spent \$148 million up until now.

**Mr P Smith:** \$182 million, on the latest figures.

**Senator WATT:** In the final budget outcome for last year—

**Mr P Smith:** We spent \$148 million.

**Senator WATT:** And you're projecting that this year there will be \$483 million.

**Mr P Smith:** Yes.

**Senator WATT:** So, even if you achieve that, you will have only spent \$631 million of this for \$4 billion program over its first three years.

**Mr P Smith:** As I pointed out, projects were not selected for a number of years. So, in effect, the fund was established but no projects were selected for first couple of years.

**Senator WATT:** It is hardly congestion-busting, Minister, is it?

**Senator Ruston:** Clearly, Senator, there is a lot of preparatory work that goes into making sure that these projects are delivering on their intent. I think the officials have been pretty clear about the fact that they did take longer to get the agreement with the states than possibly originally had been hoped. But they are on track now to get them, notwithstanding the fact we have been through a horrendous summer with bushfires, and the impacts of COVID are still being felt across the entire economy.

**Senator WATT:** But, again, when the Prime Minister and other ministers announced this program—put the hardhats on, got the hi-vis vests on and found a few road workers to stand next to—they were talking about the \$4 billion Urban Congestion Fund that was going to shift the dial on congestion and it was going to get families home earlier from work, and now we find out that, over the first three years, it is actually only going to be \$631 million. Is that really going to make much of a difference and live up to the promises?

**Senator Ruston:** This program is an ongoing program and will continue to be delivered on. There is absolutely no doubt about the commitment to make sure that we do reduce urban congestion and make sure that we can get people home sooner and get their kids picked up from school sooner. I think the officials have been very honest with you about telling you about some of the difficulties that they have had in rolling the program out in the initial stages. We will continue to work very, very hard in our relationship and negotiations with the states and territories so that we can get these programs rolled out as quickly as we possibly can.

**Senator WATT:** I think you said that zero dollars were spent in South Australia in 2019-20.

**Mr P Smith:** Yes, well, payments to date for South Australia are zero.

**Senator WATT:** So no money at all has been paid to South Australia for any projects?

**Mr P Smith:** Are you saying under the UCF?

**Senator WATT:** Yes, under the UCF.

**Mr P Smith:** Yes, that's correct.

**Senator WATT:** Are you familiar with a video that Minister Tudge, as the responsible minister, put up on Twitter in November last year? He did this at the site of Portrush Road and Magill Road in Adelaide. In that video, he claimed that work was under way on an Urban Congestion Fund project at that intersection. You probably know that intersection, Minister; you are a South Australian.

**Senator Ruston:** I certainly do.

**Senator WATT:** Do you remember that video?

**Senator Ruston:** No, I do not.

**Senator WATT:** The minister responsible for this program posted a video in November last year, where he claimed that work was under way on an intersection upgrade and it was being funded from this program but it turns out not a single dollar has actually been spent in South Australia on this program.

**Mr Atkinson:** I will get the others to talk about where the individual projects are up to but it gets back to this question about timing of billing of the states. They get on and build things and then they bill us. We don't pay upfront, so the dollars don't necessarily reflect whether or not work has commenced on a project.

**Mr Hallinan:** It might be worth clarifying that on this project, work has commenced; it is just not construction work yet. It is in the planning stages of community consultation and design.

**Senator WATT:** So what has happened in this project so far is planning, community consultation—

**Mr Hallinan:** And design. Early works have also commenced, including property acquisitions, demolitions and service relocations, so all of the things that are required before you—

**Senator WATT:** All of the pre- work?

**Mr Hallinan:** Yes.

**Senator WATT:** Has a sod been turned yet?

**Mr Hallinan:** I suspect sods would have been turned to move the power lines and gas mains and those sorts of things.

**Senator WATT:** And when did that occur?

**Mr Hallinan:** I don't have specific dates. I would have to take it on notice. But I think this is a good example of where a state may not bill us for works that, under our agreements with the state, we would otherwise be making a payment, should they bill us for works that have been undertaken. I have to get the specifics of this one, but Mr Atkinson said earlier that we do have sometimes challenges in receiving the bills required for these as well, which goes some way to explaining why there have been no payments made in South Australia.

**Senator WATT:** This video, I suspect—

**Mr Atkinson:** They always send us the bill eventually.

**Senator WATT:** Sure! I suspect Minister Tudge probably had a hard hat and a hi-vis vest on himself in this video.

**Senator Ruston:** I thought you had seen the video.

**Senator WATT:** I am relying on very good advice. He certainly had workers on-site dressed in hi-vis.

**Senator McKENZIE:** Workers are not just happy to stand next to you guys. Our side of government has a lot of projects that support working men and women.

**Senator WATT:** I know; I have seen lots of videos of your colleagues in nicely-ironed hi-vis shirts.

**Senator McKENZIE:** Oh, really?

**Senator WATT:** Yes, usually in central Queensland. They are very well ironed, those shirts.

**Senator McKENZIE:** When you were last there, what, six months ago?

**CHAIR:** Is this a question you have asked previously, this South Australian question? It is ringing a bell.

**Senator WATT:** No, not that I can recall.

**CHAIR:** You don't recall this one?

**Senator WATT:** We have not had estimates for a long time.

**CHAIR:** I know, it has been some time!

**Senator WATT:** Not that I can recall. I would be interested to know when work actually began on this project in the sense of things being dug on-site and whether that occurred prior to the minister's video of 21 November last year?

**Mr Atkinson:** We will take on notice when what you have described as preconstruction work began.

**Senator WATT:** You would not really need to put a hard hat and hi-vis vest on if you are doing planning work or design work or community consultation?

**Mr Hallinan:** Demolition work?

**Senator WATT:** You might for demolition work; I accept that. But you don't need a hi-vis vest to do planning or consultation.

**Senator Ruston:** Are we really in a discussion around the kinds of clothes people are wearing?

**Senator McKENZIE:** Yes, we are.

**CHAIR:** Senator Watt—

**Senator WATT:** No. What we are discussing is this government's propensity to make announcements and not deliver them. That is what we are having a discussion about and here is another good example of it. So we have in the infrastructure program overall, in the life of this government: \$6.8 million less delivered than announced and promised; the Urban Congestion Fund, with \$4 billion announced but only about \$680 million delivered. And we have got ministers filming videos at projects that may or may not have begun when they whacked the high-vis on. That is what we are talking about.

**Senator McKENZIE:** I think the officials made it quite clear to Senator Watt that that project in Adelaide had begun.

**Senator WATT:** Sure—planning, community consultation, design, lots of things that don't need high-vis vests.

**Senator STERLE:** Chair, things were going along swimmingly well and the last thing we need now is to denigrate the time for questions and embarrass ourselves because we haven't had to do that for many years.

**CHAIR:** I think that is exactly right. Senator Watt, your interest in fashion is fascinating.

**Senator STERLE:** I think the interruption is coming from over there.

**Senator WATT:** No, my interest is whether this government delivers what it promises. That is what my interest is. I think we will see over the course of the next fortnight across a range of portfolios that, for this government, the announcement is what matters, not what is actually delivered.

**CHAIR:** I think the department has tried to demonstrate the series of steps that are necessary to release funding and the requirement on the states providing the invoice on work that has been completed. Can we move on to the next point? I think we are labouring this.

**Senator WATT:** Finally, did the department have any role in the planning or the creation of Minister Tudge's video?

**Mr Atkinson:** Not that I am aware of.

**Senator WATT:** Could you take it on notice, please?

**Mr Atkinson:** Yes, certainly.

**Senator WATT:** Were any funds expended from the Urban Congestion Fund for the video?

**Mr Atkinson:** I wouldn't have thought so but I will take it on notice.

**Senator RICE:** I will start at a fairly high level. Can you talk me through—briefly but as thoroughly as you need to be—the process which projects ended up being funded this year, with all of these infrastructure projects.

**Mr Atkinson:** Are you talking about the Infrastructure Investment Program or are you talking about the LRCI?

**Senator RICE:** Yes, the Infrastructure Investment Program, the so-called record \$110 billion of infrastructure investment over the last 10 years. Obviously there have been new projects been added to that this year. What is the process that has been gone through to decide which projects get funded?

**Mr Atkinson:** All of it goes through the normal budget processes. We have multiple components that go through those ERC processes. The Local Roads and Community Infrastructure Program was an expansion and slight modification of the previous stimulus package designed to be projects that could move out quickly and be delivered by local governments and that is progressing extremely well. The road safety package was once again an extension of the previous stimulus package and that was considered through normal budget processes. And, as is the case every year, for the individual IIP projects that I think you are referring to, there is correspondence between the states and territories around what projects are around for consideration. And then the government considers, through the ERC processes, which of those projects should be included in this year's budget.

**Senator RICE:** So you have talked about the ERC process, the budget process, and the correspondence—

**Mr Atkinson:** They are the same thing.

**Senator RICE:** between the states and territories. What transparency is there for the community in these processes or for the correspondence between the state and territories? Is there any transparency at all so people can see what the processes are and why particular projects get funded?

**Mr Atkinson:** The schedules to the budget letters with the states are published on our website. As with other budget considerations, they're done inside the ERC process so that government can take consideration and have deliberations inside cabinet. The outcomes of those deliberations are then published in the budget, put on our website and communicated to the states and territories through letters.

**Senator RICE:** But the [inaudible] are just which projects are being funded; there's nothing that's public at all about what process is gone through in terms of determining which projects can be funded. As we know, there are many projects which don't get funded in the budget. That's correct, isn't it?

**Mr Atkinson:** Yes.

**Senator RICE:** Yes. So the only transparency is the final decision. I'm interested in knowing about the findings of last year's Infrastructure Australia infrastructure audit; whether there was any process for which of those funds have influenced the budget decisions this year.

**Mr P Smith:** We regularly liaise with Infrastructure Australia. We look at their priority list. I think that what you'll see is that the majority of our projects which have been funded have been on, or are on, Infrastructure Australia's priority list. We do use that as a source of reference as well.

**Senator RICE:** In terms of the infrastructure audit which was completed in August last year: how was that fed into the budget process?

**Mr P Smith:** Again, we use that as information, as we get from other stakeholders as well, to feed into our policy advice to government. We do look at that and we do feed that through our processes.



**Senator RICE:** I want to take you to some of the key commentary, in that audit. Page 266 says:

However, Australia faces significant challenges not just in funding further new assets but in maintaining our existing and expanding asset base. At the heart of many of our transport funding problems is a weak link between usage and expenditure on the network.

These conditions are associated with a lack of transparency about why and how money is spent, particularly for maintaining our existing networks.

And then on page 296:

The growth in transport capital expenditure in recent years means that transparency in decision-making around the allocation of funds is critical to levels of public confidence in our networks' long-term sustainability.

And then again on page 299:

The lack of transparency regarding road funding in Australia, combined with the inconsistency of asset management and financial planning standards and practices across local governments, is particularly problematic in regional and remote areas.

Has there been any attempt whatsoever to take these concerns about lack of transparency in what [inaudible] funded into account in the budget processes?

**Mr P Smith:** I think that one of the important things is that IA itself considers the business cases for projects over \$100 million and then actually publishes summaries of those—those were allied to the projects—

**Senator RICE:** Sorry to interrupt, but the infrastructure audit considers projects well beyond those projects which they do their business case assessments for. And they have a role in making recommendations for infrastructure funding overall. They've made some key reflections on the lack of transparency in their audit and that is causing a lot of problems. It seems to me that [inaudible] infrastructure advice organisation that is just basically being totally ignored by the government when it comes to any transparency.

**Mr P Smith:** Senator, I wouldn't say that. We work very closely with IA, and we consider their audit and their infrastructure priorities when considering infrastructure. They're on later tonight, in fact.

**Senator RICE:** Yes, and I'm going to ask them similar questions. How—

**Mr P Smith:** Sorry, Senator, you asked about maintenance as well?

**Senator RICE:** No, can I stick to transparency? How have you taken into account Infrastructure Australia's concerns about transparency in decision-making processes, which were very clearly expressed in their audit last year?

**Mr P Smith:** I'm sorry, I don't have that audit in front of me at the moment. I think you just said that in particular there were issues around the maintenance of the existing network and transparency with respect to that? I just wanted to—

**Senator RICE:** There were a whole range of comments that I quoted, which generally related to lack of transparency in how decisions get made as to which projects get funded. I'm putting to you that there has been zero attention to those reflections from Infrastructure Australia and that the processes by which projects are funded in this budget is as opaque as they have ever been. Do you think that's a concern? Is it a concern of government that there is a lack of transparency over which projects get funded?

**CHAIR:** Senator Rice, are you asking for an opinion from the secretary?

**Senator RICE:** Is transparency a factor in making determinations as to which projects are funded?

**Mr Atkinson:** In terms of the budget processes, we as a portfolio participate, like all other portfolios, in the government's budget consideration processes.

**Senator RICE:** Has the department done any work to address the issues that were outlined in Infrastructure Australia's report—that lack of transparency is a big problem when it comes to funding Australia's transport infrastructure?

**Mr Atkinson:** I'm sorry. I don't have that particular quote in front of me, and I don't have the evidence base that supports the view that it's a big problem. Certainly, at the moment, we are engaging with the states on stimulus and what they can deliver and on selection of projects, and we're working with them, as we've said, on expediting those projects that we can. Project selection is, in some respects, constrained by what people can do and what people are ready to bring forward.

**Senator RICE:** So it doesn't matter whether they are the best projects to be funding or whether they are useful projects to be funding?

**Senator McKENZIE:** That is not what he said.

**Senator RICE:** I will move on. It is pretty clear that transparency is not a factor and that those reflections of Infrastructure Australia have been ignored. Can I go on to the \$110 billion of infrastructure projects. That figure includes contingent liabilities, doesn't it?

**Mr Atkinson:** Yes.

**Senator RICE:** How much of it is contingent liabilities?

**Mr Atkinson:** I might get Mr Smith to run through that.

**Mr P Smith:** Yes. For contingent liabilities, we have here, for the East West Link, \$5.1 billion.

**Senator RICE:** \$5.1 billion?

**Mr P Smith:** Yes.

**Senator RICE:** I thought that had \$4 billion for contingent liabilities.

**Mr P Smith:** Yes, sorry. That combines East West Link and Perth Freight Link. It's combined, so it's \$4 billion and \$1.1 billion.

**Senator RICE:** I had \$1.2 billion for the Perth Freight Link in Budget Paper No. 1.

**Mr P Smith:** Yes, it depends on the rounding. The total is \$5.16 billion, so it rounds up to \$5.2 billion.

**Senator RICE:** So we have \$5.2 billion in contingent liabilities. Basically, neither of these projects has any commitment from the state governments, has it?

**Mr P Smith:** There's a commitment by the Commonwealth government.

**Senator RICE:** Yes, but neither the Victorian government nor the Western Australian government has an intention to build these projects?

**Mr Atkinson:** Not at this stage, but my experience in infrastructure is that over time intentions change. There was previously never an intention to build the Melbourne Airport Rail Link, and that's changed now.

**Senator RICE:** In terms of this so-called record amount of \$110 billion in congestion-busting spending, \$5 billion of that is for projects that essentially aren't going to be built—certainly within the forward estimates?

**Mr Atkinson:** Well, it's a contingent liability. If at any point those state governments agree to construct those projects, they'll be built.

**Senator RICE:** But there's no indication that that's going to occur over the forward estimates at this stage. Even if you have a change of government, it would take a long time.

**Mr Atkinson:** In the current environment I can't predict what a state government will do at any point.

**Mr Hallinan:** And it would be worth clarifying that the \$110 billion is over a 10-year period, Senator.

**Senator RICE:** Okay.

**Senator Ruston:** And it's also worth noting that over the past four or five years, since this particular project's been in place, the government has spent on average about \$8.5 billion a year. So, the inference that somehow massive infrastructure spending is not going on around the country is I think just a completely false premise. If you have a particular concern about a particular project then please prosecute it, but don't mislead to suggest that there hasn't been a substantial investment in infrastructure.

**Senator RICE:** I just want to point out that we've got \$5.2 billion out of this \$110 billion contingent liability that currently the state governments have no intention of building. I do want to go to the point of how much of this \$110 billion is planned to be spent over the forwards, and the table you provided this morning. Of that \$110 billion, can you give me a breakdown of what proportion of that expenditure is for the 2020-21 financial year?

**Mr Atkinson:** I'm sure Mr Smith can help you with that.

**Mr P Smith:** Sorry, Senator—could you repeat the question, please? The line was breaking up a bit there.

**Senator RICE:** What proportion of that \$110 billion is planned to be spent over the 2020-21 financial year?

**Mr P Smith:** Did you mean the 2020-21 financial year, or the forward estimates?

**Senator RICE:** In fact, I want to know both, starting with the financial year.

**Mr P Smith:** In terms of the infrastructure investment program, we forecast \$9.1 billion worth of spend. That's just the general infrastructure pipeline—the grant funding component of that. Across the forwards, including all the ancillaries that go into that pipeline, it is \$63.3 billion.

**Senator RICE:** And can you give me a breakdown by year? I think I previously got that information, but it wasn't included in the table this time. I'm happy for that to be tabled.

**Mr Atkinson:** We can give you that on notice.

**Senator RICE:** Yes, or if you could table it.

**Mr P Smith:** I can certainly run through the grant funding allocations year by year, if that would assist.

**Senator RICE:** Okay.

**Mr P Smith:** The infrastructure investment program for those years—for 2020-21, as we've talked about, it is 9.1; for 2021-22, it is 11.9; for 2022-23 it is 12.7 and for 2023-24 it is 12.9.

**Senator RICE:** Thank you. I want to take you to table 2.8, the table on the infrastructure payments to the states and territories. The funding to states and territories is 10.4. And the comparable figure from the previous year's budget is \$6.8 billion.

**Mr Atkinson:** Do you mean from the previous year's BP3?

**Senator RICE:** Yes.

**Mr Hallinan:** Do you mean for the 2019-20 financial year? Or for the 2020-21 financial year? Is there a phase shift in the question?

**Senator RICE:** No, for the 2019-20 financial year.

**Mr Hallinan:** That sounds about right. We don't have the same table in front of us.

**Senator RICE:** Okay. In terms of money out of the door this financial year compared with last, the increase from what was claimed last year is \$3.6 billion—the difference between \$10.4 billion and \$6.8 billion?

**Mr Hallinan:** Yes.

**Senator RICE:** So how does that compare, then, with the \$14 billion in the glossy budget paper that says that there's an increase of \$14 billion in projects this financial year?

**Mr P Smith:** I can run through what makes up the \$14 billion if that would assist you.

**Mr Hallinan:** But it's not \$14 billion extra this financial year; it's \$14 billion extra investment across a number of years.

**Senator RICE:** Okay, but, in terms of COVID recovery, we've got \$14 billion over the estimates, but, in terms of the extra amount going out the door this financial year, it's \$3.6 billion, which is a tiny proportion. When it comes to the \$3.6 billion, again, it's smoke and mirrors. It's massive amounts of money, but, when you actually come down to it, there is only a relatively small increase. There are lots of announcements and lots of waving around of figures of \$X billion, but basically \$3.6 billion is the increase for this financial year.

**CHAIR:** Senator Rice, this is quite a detailed numbers discussion. Is this something you want to provide as a question on notice? I'm just not quite sure what your question is.

**Senator RICE:** My question is basically making it clear that they have said that the difference in funding out the door to the states and territories this financial year is \$3.6 billion, and yet we are told that the government has got this infrastructure budget that is going to help us out of our COVID recession when clearly that's not the case.

**CHAIR:** I think that's a statement, Senator Rice.

**Senator RICE:** I was clarifying and getting the question to make sure that that statement was accurate.

**Senator Ruston:** Well, your statement is not accurate, Senator Rice, by any stretch of the imagination.

**Senator RICE:** I would like to know why it's not accurate. The money out the door for the states and territories this year, compared with what was planned last year, is only an increase of \$3.6 billion. That is a correct statement.

**Senator Ruston:** Senator, if you want to talk about specific figures, obviously they can be confirmed, but, if you want to editorialise around them, that's not something that we're going to agree with.

**Senator RICE:** No, I wanted to clarify that they were the correct figures, which then allows me to editorialise.

**Senator Ruston:** You're clearly going to do it anyway.

**Senator RICE:** I've got quite a few more, Chair. Do you want me to continue?

**CHAIR:** Senator Rice, we've got other people with more questions, so can I come back to you if we've got time?

**Senator RICE:** I would like you to come back to me if you can, absolutely, because I've got a few more. I particularly want to go to the Urban Congestion Fund.

**CHAIR:** Alright, if you've got some specific questions. Otherwise you could consider putting them on notice, because we're going through till seven on this—no, we're going through till 8.45. Senator Brown, do you have a question?

**Senator CAROL BROWN:** Yes. Before we move off the Urban Congestion Fund, I want to ask some questions about the Hobart Congestion Package. It's \$25 million that was announced in, I think, January 2019. Mr Smith, are you going to help me?

**Mr P Smith:** Yes.

**Senator CAROL BROWN:** We heard earlier that there has been no money yet spent in this fund for Hobart. Have any projects been identified?

**Mr P Smith:** That \$25 million was part of the Hobart City Deal, and we're working closely with the Hobart government and relevant councils to identify various projects. I might just refer to Ms Nattey for some further details on specific projects.

**Ms Nattey:** The Australian government and the Tasmanian government are discussing appropriate projects with a view to settling later this year.

**Senator CAROL BROWN:** What projects? So you've got some projects that have been put forward?

**Ms Nattey:** The councils and the Tasmanian government and the Australian government participate in some governance arrangements around the Hobart Congestion Package as part of the city deal, and there are some projects that are under discussion that would be mode neutral, so they would not preclude any future development of the Northern Transit Corridor.

**Senator CAROL BROWN:** So the Glenorchy City Council and the Hobart City Council put forward some projects that hadn't been settled on—

**Mr Atkinson:** They are still under discussion.

**Senator CAROL BROWN:** Under discussion. So do you know how many projects have been put forward?

**Ms Nattey:** They haven't had specific projects. We're simply talking about ideas at the moment.

**Senator CAROL BROWN:** So have all the projects that are under discussion been put forward by the councils, or have any been put forward by the Tasmanian government?

**Ms Nattey:** They've been subject to discussions between the Tasmanian government, the Australian government and the councils. They are not specifically being put forward by any one party.

**Senator CAROL BROWN:** Right. So they just gather around a table and they start throwing in ideas. Is that how it works? Someone must have put forward some projects.

**Mr Atkinson:** This isn't in the nature of our normal consultations with states and councils.

**Senator CAROL BROWN:** You can only have consultations if you're consulting on something. So how do the projects get to be part of the consultation process?

**Ms Nattey:** There aren't specific projects. I think we're looking at what might be achieved within the \$25 million allocation under the Urban Congestion Fund rather than talking about specific projects in specific locations.

**Senator CAROL BROWN:** So there are no specific projects being discussed at the moment, but you're saying to me that by the end of this year, 2020, there will be specific projects settled upon?

**Ms Nattey:** That's the aim.

**Senator CAROL BROWN:** Is the aim also for the whole \$25 million to be used with the projects that are settled upon this year?

**Ms Nattey:** That would be the Australian government's preference.

**Senator CAROL BROWN:** Can you confirm if light rail will be funded?

**Ms Nattey:** There's insufficient funds to fund light rail from a \$25 million commitment, but the strategic options assessment which was developed by PricewaterhouseCoopers and was concluded in August has not ruled out light rail as one future option for investment on the northern suburbs transit corridor.

**Senator CAROL BROWN:** So light rail isn't one of the ideas or projects that are currently being discussed between the Australian government, the Tasmanian government and the councils?

**Ms Nattey:** There hasn't been a decision about what the mode of transport would be on that corridor. So—

**Senator CAROL BROWN:** Sorry to interrupt. But you said that there are a number of suggestions that have been discussed, and I'm asking: have any of the stakeholders that you listed put forward light rail?

**Ms Nattey:** Certainly the councils would be in support of light rail, but the allocation of \$25 million could not meet that proposition.

**Senator CAROL BROWN:** So, in terms of the \$25 million on the Urban Congestion Fund, none of the stakeholders--councils or the Tasmanian or Australian government—have thrown in light rail as part of this consultation or the discussions that you're having?

**Ms Nattey:** As I've said, certainly the councils would like there to be a light rail option on the northern suburbs transit corridor.

**Senator CAROL BROWN:** I understand that, but I'm just saying: in the course of the process that you've outlined, has it actually been put forward in these discussions around the \$25 million? Has it been put forward by any of the stakeholders at all?

**Ms Nattey:** My recollection is that it's been the subject of discussion, but—

**Senator CAROL BROWN:** Within that \$25 million—that process?

**Ms Nattey:** That's right, but it's been made clear that that's insufficient funding for a project of that scale.

**Senator CAROL BROWN:** And that's been made clear by who?

**Ms Nattey:** By the participants in the steering committee, including me.

**Senator CAROL BROWN:** So the Australian government have made it clear that that's not—

**Ms Nattey:** That \$25 million would not be enough to deliver light rail on that corridor.

**Senator CAROL BROWN:** And the Tasmanian government—okay. So, we will know by the end of the year what the projects are and then at that time I am assuming you will probably be able to give me an estimate of when those projects will be completed.

**Ms Nattey:** That's right.

**Senator CAROL BROWN:** All right. Thank you.

**Senator WATT:** I have more questions on the Urban Congestion Fund. I want to ask about the commuter carparks being funded under the Urban Congestion Fund? How many community carparks are being funded under the Urban Congestion Fund?

**Mr P Smith:** 67.

**Senator WATT:** How many were forecast to begin construction in 2019-20?

**Mr P Smith:** I'd have to take that on notice, but I think it was around about that same number.

**Senator WATT:** The same number being?

**Mr P Smith:** 67. But I'll take on notice the actual detail how many.

**Senator WATT:** Okay. But you think that, roughly, all 67 of those that are to be funded were forecast to begin construction in 2019-20?

**Mr P Smith:** I'd have to take on notice the forecast of when construction of them was actually due to commence.

**Senator WATT:** How many of those were forecast to begin construction in 2019-20?

**Mr P Smith:** I would need to take that level of detail on notice.

**Senator WATT:** Do you know how many started construction in 2019-20?

**Mr P Smith:** Again, I'll take the date on notice, but there are currently four under construction.

**Senator WATT:** So, of the 67 to be funded, four have actually started?

**Mr P Smith:** This goes back to the earlier answers about it taking time to get agreement with the states. Then, once you've got agreement, you obviously need to go through the planning work, appropriate consultation, make sure you've got the design right—so there is a lead time, regardless of the size of the project, before you can actually commence the projects.

**Senator WATT:** So about one in 17 of those that have been announced have actually started?

**Mr P Smith:** In terms of construction, yes, but as I've just outlined, you've got to go through a planning and feasibility stage as well, and work on all the carparks is going through that process at the moment.

**Senator WATT:** Which four have started construction? Which four have had a minister out there with a hardhat and a hi-vis vest on?

**Mr P Smith:** Craigieburn and Hurstbridge, Beaconsfield and Mandurah.

**Senator WATT:** Just so I'm clear: Craigieburn, Victoria; Hurstbridge, Victoria; Beaconsfield, Victoria; and Mandurah, WA?

**Mr P Smith:** Yes.

**Senator WATT:** Do you know how many are forecast to begin construction this financial year?

**Mr P Smith:** No, I do not have that. I could certainly take that on notice and provide you with that detail.

**Senator WATT:** Yes, please. That would be good. Do you know how many will be completed in this financial year?

**Mr P Smith:** I can take that detail on notice.

**Senator WATT:** Okay. I noticed there was some additional funding allocated in this year's budget for a number of commuter carparks, on top of what had previously been allocated. For instance, St Marys was given an additional \$13.8 million; Campbelltown an additional \$7.1 million; Revesby, an additional \$3 million; and Riverwood an additional \$1 million. Is it correct that it was additional funds for those projects, on top of what they had already been allocated?

**Mr P Smith:** Correct.

**Senator WATT:** Does that mean that the costs have blown out for some reason?

**Mr P Smith:** No, I don't agree with that statement. Projects go through a process where there's an initial estimate and those costs are refined. Sometimes there might be cost increases. That could be due to complexities that weren't known at the time or it could be that additional scope was also introduced. They always go through a refinement process, but I wouldn't categorise those as cost blowouts.

**Senator WATT:** I mean, you might have different reasons for why the costs have changed, but whatever the reason is that is a cost blowout, isn't it? The cost has gone up from what was originally forecast.

**Mr P Smith:** Certainly additional money has gone into it. If it's a change of scope, then I would say you're actually getting more bang for your buck. But if you go through a design process and, for instance, find out that there's extra contamination under a site then those are additional costs that you could not have foreseen at this stage. I wouldn't necessarily say just an increase is a cost blowout. If you take Coffs Harbour bypass, for instance, it has additional money in this year's budget. That was actually due to a fairly major change of scope to do with additional tunnelling.

**Senator WATT:** So how were the costs of the commuter car parks originally determined?

**Mr P Smith:** A lot of the car parks were election commitments and estimates based on those.

**Senator WATT:** Did the department play any role in coming up with those figures for the election commitments?

**Mr P Smith:** Not to my knowledge.

**Senator WATT:** How did the government come up with the costs of those projects that they committed to?

**Mr P Smith:** That would be a matter for government how they come up with their costs.

**Senator WATT:** Do you know, Minister?

**Senator Ruston:** No, but I'm more than happy to take that on notice for you, Senator.

**Senator WATT:** When the announcements were originally made, they were made via election commitments and the figures weren't provided by the department—the government somehow worked them out—and once the departments got involved and properly costed them it has turned out that they're significantly higher?

**Mr P Smith:** I think some costs are due to funding split changes as well—for instance, the government has decided on a number of projects that it would fund 100 per cent of rather than seeking state or council contributions, just to ensure delivery of the projects. Some of that is just a change of funding mix as well.

**Mr Atkinson:** Also, as we've previously discussed, at different levels of design maturity in negotiations with the states, as we get project-specific information and issues such as geology and what's actually underneath sites and things like that, cost estimates always mature in these types of things.

**Senator Ruston:** Senator Watt, it's also worth clarifying that cost estimates were sought from the department in relation to the commitments that you're referring to.

**Senator WATT:** They were?

**Senator Ruston:** Yes.

**Senator WATT:** Because Mr Smith said otherwise. Mr Smith, you may not have heard that, but Minister Ruston has just said that, in fact—how did you put it? Estimates were provided by the department?

**Senator Ruston:** Cost estimates in relation to the building of car parks under this particular program were sought from the department.

**Senator WATT:** Is that different to your understanding, Mr Smith?

**Mr Atkinson:** I might take that on notice, if that's all right.

**Senator WATT:** I suppose it's possible that the department might have estimated in general terms that a commuter car park costs X dollars per car, but—

**Senator Ruston:** Yes. They weren't necessarily site specific but costings around particular types of car parks were sought from the department.

**Senator WATT:** Mr Smith, these additional costs that are now being incurred for these particular projects, does that also mean that the delivery time frame for these projects is being delayed?

**Mr P Smith:** No. These costs are included in the current schedules that we've provided.

**Senator WATT:** So there's no delay to the delivery of any of those car parks that have received additional funding?

**Mr P Smith:** Compared to the current schedule that we've got?

**Senator WATT:** Compared to the original commitments.

**Mr P Smith:** As we alluded to earlier, it took a while to get agreement to deliver some of these projects. There would naturally be some delay as a result of that, but, since we've reached agreement and locked these into various schedules, additional funding has not led to any further delays.

**Senator WATT:** Okay. Leaving aside these four commuter car parks where there has been a cost blowout, how many other Urban Congestion Fund projects have incurred a cost blowout?

**Mr P Smith:** Again, I don't agree with the characterisation. Are you talking, though, in this particular budget or overall?

**Senator WATT:** Overall.

**Mr Atkinson:** Senator, as we work through the costs, and as I spoke to you about earlier, in each agreement on the approach for delivering these things costs mature and solidify. The ones that you've just talked about are those projects where those have been agreed and revised costs have been put in place.

**Senator WATT:** Okay. You might not appreciate me referring to it as a cost blowout, but how many of the projects that have been announced under the Urban Congestion Fund have seen their costs increase, blowout, double or however you want to put it?

**Mr P Smith:** I'll take on notice how many have actually had a cost increase.

**Senator WATT:** Okay. Are we talking dozens?

**Mr Atkinson:** Where we've reached agreement with the state on the revised costs, those would have been made public.

**Senator WATT:** But we may not know how many have had a cost increase.

**Mr Hallinan:** I think we may have tabled the cost increases as part of a request in the lead-up to estimates.

**Mr P Smith:** There are nine on the list that we just tabled.

**Senator WATT:** Is that a complete list? Could there be others?

**Mr P Smith:** That's a complete list of additional funding for the existing projects that were announced in the budget.

**Senator WATT:** We'll go through all of that material. That's it for Urban Congestion Fund. We've got some about the targeted road safety and shovel ready projects.

**CHAIR:** Terrific. I'll see if anyone else has any questions on that topic before we move on.

**Mr P Smith:** If I could correct something: I think I said 67 car parks. It's actually 47.

**Senator WATT:** But it's still four that have started construction?

**Mr P Smith:** Correct.

**Senator WATT:** Thanks.

**CHAIR:** Senator Rice, you have a question on the Urban Congestion Fund?

**Senator RICE:** I do. I wanted to start up a level. The Urban Congestion Fund is a pretty big fund. I think \$4 billion is what is touted. My reading of the figures is that it's \$4.5 billion in the fund over the forwards.

**Mr Hallinan:** \$3.5 billion over the forwards, I think.

**Senator RICE:** Which is actually not as much as \$4 billion, which I've seen. I think on the website it says \$4 billion.

**Mr P Smith:** The \$4 billion is actually how much has been allocated within the fund.

**Senator RICE:** Would that include money that has already been spent?

**Mr P Smith:** Yes. It's money allocated to projects within the fund.

**Senator RICE:** I'm confused. It's \$3.5 billion over the forwards but \$4 billion beyond the forwards?

**Mr P Smith:** Yes. There would be some money beyond the forwards.

**Senator RICE:** Okay. \$4 billion in total with another half a billion beyond the forwards.

**Mr Hallinan:** There's also some unallocated funding. There is \$800 million of unallocated funding. I think \$4.8 billion is the total fund amount.

**Senator RICE:** I'll come back to that unallocated amount. And we've got essentially an extra billion or an extra \$975 million in [audible]

**Mr P Smith:** Sorry, Senator, the line keeps dropping.

**Senator RICE:** Compared with what was in the fund in last year's budget there's an extra billion—an extra \$975 million, I think, is my reading of the figures.

**Mr P Smith:** I'm not quite following the question.

**Senator RICE:** I just want to confirm that that observation is correct, that, compared with what was in the fund last year, this year there is an extra \$975 million.

**Mr P Smith:** Would it help if I run through the breakdown again of what money had been allocated for the fund? Go back to the beginning and outline the allocation of the funding?

**Senator RICE:** My point was that the fund has increased in this year's budget by almost an extra billion dollars. I wanted to clarify that observation.

**Mr P Smith:** That's probably just due to the timing of forward estimates. The money allocated, the \$4 billion, was allocated last year, so you'll probably find that it's just the timing of when funding rolls from one year to the next.

**Senator RICE:** So there's no claim that there's been a significant increase in the amount that's been invested in the Urban Congestion Fund in this year's budget.

**Mr P Smith:** No. There was additional money, but that was all allocated from the unallocated portion. So there was additional money for projects, but no additional money to the fund.

**Senator RICE:** Alright. Maybe I'll go to that unallocated portion. I think you said—

**Mr P Smith:** That's \$805.3 million in unallocated funding.

**Senator RICE:** Right. Where does that sit within the fund?

**Mr P Smith:** It just sits in the unallocated funding amount.

**Senator RICE:** Okay. When do decisions get made as to when that unallocated amount gets allocated?

**Mr P Smith:** Decisions about allocations and selection of projects is a matter for government. They'll obviously, in due course, make those allocations as they see fit.

**Mr Hallinan:** But it sits beyond the forward estimates period, Senator.

**Senator RICE:** I'm sorry, I missed that.

**Mr Hallinan:** The unallocated element sits beyond the forward estimates.

**Senator RICE:** Alright. What's the aim of this fund?

**Mr P Smith:** The aim of the fund is to reduce congestion, improve liveability standards and provide access to public transport. As the name alludes to, it's an urban congestion fund, so it's aimed at reducing congestion.

**Senator RICE:** What's the basis of how decisions are made as to what projects get funded?



**Mr P Smith:** We've gone through in the past, I guess, the process of selecting projects outlined in the UCF. Certainly, in the initial stages, the department went through a fairly detailed process—used transport modelling, had general conversations with states to identify projects. Again, as outlined in previous estimates, the government obviously made a number of election commitments in the last election, and they were included in the UCF. The identification of projects goes along those general principles of—does it reduce congestion? Then government will obviously make decisions as that goes through.

**Senator RICE:** Does there have to be a case put as to why each project produces congestion and why it's the best use of that money?

**Mr P Smith:** The way I'd answer that is that it's consistent with all projects. Projects come from a number of different sources and a number of different conversations from appropriate modelling, and it's put forward to government and government makes decisions on projects.

**Senator RICE:** The commuter car park part of the fund, was that based on appropriate modelling? And the commitment [inaudible] election commitment, were they based on appropriate modelling?

**Mr P Smith:** Decisions on projects, as I alluded to, are a matter for government. There were a number of projects announced as part of the election. At the time, I think roughly two-thirds of the projects were election commitments.

**Senator RICE:** So those projects that were election commitments weren't based on an assessment based on appropriate modelling. They funded [inaudible] elected.

**Senator Ruston:** Senator, you obviously weren't listening when we were answering the exact same questions a little while ago.

**Senator RICE:** If they were based on an assessment of their contribution to reducing congestion, can you take on notice to provide those assessments?

**Senator Ruston:** I'll provide you with the relevant material that I am able to provide you. But what I would say is that all projects that were announced in this particular round of funding were based on appropriate modelling.

**Senator RICE:** Okay. I would like to see that appropriate modelling, particularly for the election commitments and particularly related to the Commuter Car Park Fund.

**Senator Ruston:** I'll provide you with whatever material I'm able to provide you with.

**Senator RICE:** Okay. You mentioned that funding of public transport projects is included as part of this fund.

**Mr P Smith:** No. I guess I was alluding to commuter car parks. Commuter car parks are an important part of getting people to public transport.

**Senator RICE:** But I've had this discussion at estimates before. There are other ways of getting people to public transport, which don't seem to have been considered. I think if you did the modelling it would show that providing people with decent bus services might be a more effective and more cost-effective way of getting people access to public transport.

**CHAIR:** Senator Rice, don't forget we'll run out of time, so please get to the nub of what you'd like to ask.

**Senator RICE:** Yes. We've got \$3.5 billion in the fund. I'm looking at the table that you provided to me this morning, and there are only two projects that are public transport projects: \$50 million for the relocation of Loganlea station, in Brisbane, and \$4 million for Lakelands station. So that's 1.5 per cent of the fund. The role of public transport in reducing urban congestion doesn't seem to be getting particularly high priority.

**Mr Hallinan:** The commuter car parks are designed and intended to take traffic off the roads and put more people onto trains, as a general principle. There are a range of other projects—I think Mr Smith outlined 40-odd projects in UCF, some of which are commuter car parks that do the same.

**Senator RICE:** How many car parking spaces are being provided for in the Commuter Car Park Fund?

**Mr Hallinan:** We'll have to take that on notice as to the final details of the car parks as they're agreed.

**Senator RICE:** In the type of project that's being funded, how many car parking spaces are there in a typical station—the ones that have been completed, such as Craigieburn, Hurstbridge, Beaconsfield and Mandurah? How many spaces are in each of those?

**Mr P Smith:** I'll take on notice the detail, but I would probably say there's not a standard car park—they're all different sites, all different shapes and all different sizes.

**Senator RICE:** Can you give me a range, then? This is a big project. Adding it up using the details you gave me, it's \$660 million, I think, that will be spent on commuter car parks.

**Mr P Smith:** That's right.

**CHAIR:** Senator Rice, the secretary has said that he'll take that question on notice. Would you like to move to the next one?

**Senator RICE:** My understanding is that a typical car park at a station might have a couple of hundred parking spaces at most. That would be correct, wouldn't it?

**Mr Hallinan:** It would be a range, but, if you imagine in the realm of between 100 and 500 or so—noting that there would be some differences at the margins—I've seen numbers in that order across the project set.

**Senator RICE:** How, then, is that going to significantly increase the number of people catching public transport, given that's less than half a train's worth of people?

**Senator McKENZIE:** You're assuming they're not carpooling.

**Senator RICE:** And they don't carpool. There's 1.1 people, on average, per car, across metropolitan Melbourne in any car journey.

**Mr P Smith:** If I take Craigieburn, for instance, we do have some detail: 745 car parks.

**Senator RICE:** Okay. That's less than one trainload of people.

**CHAIR:** Senator Rice, you will run out of time.

**Senator RICE:** I'll move on. Going back to the overall governance and decision-making of that Commuter Car Park Fund, does that fund fall within the Commonwealth Grants Rules and Guidelines?

**Mr Atkinson:** Are you talking about the Commonwealth Grants Commission? Sorry, what did—

**Senator RICE:** No, I'm talking about the fund. We've got what looks like an election slush fund to provide funding for commuter car parks so they can be announced in election commitments. It's a fund giving out grants to the states and territories. Does it fall under the Commonwealth Grants Rules and Guidelines?

**Mr Atkinson:** It's a national partnership agreement payment made under the land transport act.

**Senator RICE:** Okay. So it doesn't fall under those Commonwealth grants guidelines?

**Mr Atkinson:** It has its own legislative framework.

**Senator RICE:** Are there guidelines for funding under the Commuter Car Park Fund?

**Mr Hallinan:** Sorry, what was the question?

**Mr P Smith:** You're after the guidelines?

**Senator RICE:** Not the guidelines but which projects get funded and which ones don't.

**Mr P Smith:** No, I think we've gone through this in previous estimates. It was a decision of government not to release any guidelines for the UCF.

**CHAIR:** Could you make this the last question, please, Senator Rice?

**Senator RICE:** Yes. It's just one big slush fund. Thank you.

**CHAIR:** Senator Watt, good news. Your video question, you have asked twice before and didn't get a response to it.

**Senator WATT:** Is that right?

**CHAIR:** I know. It just goes to show how interesting it is. At one stage, you asked why more people weren't wearing safety PPEs.

**Senator WATT:** I cannot keep up with the number of announcements this government makes. I will give you that. It's a blizzard of announcements. If only we could see some follow through.

**CHAIR:** It's an exciting time, isn't it?

**Senator WATT:** If you're excited by announcements. I'm excited by delivery.

**CHAIR:** Senator Watt, please go ahead with your questions.

**Senator WATT:** Could we move on to the targeted road safety and shovel-ready projects fund? Another announcement! We'll just work through all the announcements. We'll be here awhile, unfortunately, because there are so many announcements.

**Senator McKENZIE:** That's what good government is all about.

**Senator WATT:** I think good government is about delivering your announcements, but anyway. On 15 June this year the Prime Minister made a speech to CEDA, the State of the Nation conference. He committed—announced—\$1.5 billion to shovel-ready projects. He said, in his speech, that \$1 billion will be allocated to priority projects that are shovel already and, being smaller projects, they are ready to go. So let's see how we're going.

**Mr P Smith:** Of that \$1.5 billion two are complete, 14 have started; 50 by December. We received 65 project proposal reports, so they're progressing well.

**Senator WATT:** So two projects are already completed and 14 have started.

**Mr P Smith:** Yes, and a further 50 by December.

**Senator WATT:** So a total of 66.

**Mr P Smith:** They'll all be under construction by June 2021.

**Senator WATT:** When you say 'all' how many is that in total?

**Mr P Smith:** I'd have to add up the number. It depends how you break down some of the road-safety projects, which are quite small, but I will take on notice how many.

**Senator WATT:** If you could. When you say 14 have started, does that mean under construction, not just in the planning, consultation, design phase?

**Mr P Smith:** Under construction.

**Senator WATT:** We've asked a number of questions on notice about this program, and some of the answers we got told us that as of July only one project was under construction. But you're saying that between July and now a further 15 have started construction.

**Mr P Smith:** Yes. There are two completed, 14 started and 50 by December.

**Senator WATT:** The two projects that have been completed, what are they?

**Mr P Smith:** I think Coates Gully is one of them.

**Senator WATT:** How much is that worth?

**Mr P Smith:** I'll see if my colleagues can save me looking through—it's \$2.4 million. So that's been completed.

**Senator WATT:** And the other one?

**Mr P Smith:** Yes, I'm trying to find the other one.

**Senator WATT:** What state's that in, Coates Gully? Forgive my ignorance.

**Mr P Smith:** Coates Gully's in WA—a bridge. I'll need to take on notice the other project, sorry.

**Senator WATT:** The second one, if you could, please. How much of that \$1.5 billion has been spent at this point?

**Mr P Smith:** Projects are played on milestones. As yet, given the haste in getting it moving forward, we haven't made any payments but we're waiting on paperwork from the states.

**Senator WATT:** So \$1.5 million was announced in June, but nothing has yet been spent from that fund?

**Mr Atkinson:** The commitments are being made through PPRs. Building is underway, but we haven't been billed.

**Mr Hallinan:** This is a good example of what we were talking about earlier.

**Senator WATT:** Yes, but the fact is—

**Mr Atkinson:** Particularly when we're moving quickly.

**Senator WATT:** Understood, but the fact is that at this point in time no dollars have been spent from that \$1.5 billion.

**Mr Hallinan:** It's a good price if we can keep it that way for the constructed works, but that's true.

**Mr Atkinson:** Probably, in an accrual sense, the costs have been accrued.

**Mr Hallinan:** But we have not paid the cash yet.

**Mr Atkinson:** We haven't paid the cash.

**Senator Ruston:** Because the bill hasn't been sent. Right?

**Mr Atkinson:** Yes, correct.

**Senator Ruston:** But the money has been spent.

**Senator WATT:** I've been having this argument all day in different committees: announcement, approval, actually spent, a little bit over here.

**Senator Ruston:** The project has actually occurred.

**Mr Atkinson:** The best measure of delivery is project milestones.

**Senator WATT:** What's the funding profile for this program over the forward estimates? I'm assuming that, given it was billed a COVID stimulus program to fund projects that are ready to go, most of that \$1.5 billion would be—

**Mr P Smith:** Yes, this year, for the shovel-ready projects, it's \$575.5 million; next year, \$412 million; and then there's the tail—because, obviously, we have a milestone payment basis—of \$11.7 million in 2022-23. And for the road safety package, there is \$425 million this financial year and \$75 million next financial year.

**Senator WATT:** I gather the other completed project is the Ballarat railway, which I think is \$503 million. Does that sound right?

**Mr P Smith:** That sounds a lot.

**Senator WATT:** I'm thinking the same thing—not so much for road safety but as a shovel-ready project.

**Mr Hallinan:** I don't think we would spend \$500 million on a single project.

**Senator WATT:** No, I was thinking the same thing. I know you're having a look, so if you can—

**Mr Atkinson:** We'll take it on notice.

**Senator WATT:** Senator Sterle has another question, but I wouldn't mind finding out tonight what that second project is, if we could.

**Senator STERLE:** Could you take this question on notice and let me know: with the targeted road safety projects, are there any heavy vehicle rest areas included around the nation? If so, where, in which state, on which road, whereabouts and the size of them? Do they have toilet facilities, showers, running water, bitumen, truck bays facing away from the road—all that sort of stuff?

**Mr Atkinson:** Yes, we'll take that on notice.

**Senator WATT:** If you get an answer on that second project, Mr Smith, could you let us know?

**Mr P Smith:** Yes, I will.

**Mr Atkinson:** I'm just getting the numbers checked to make sure whether it is one or two.

**Senator WATT:** Okay. There was another measure in this year's budget referred to as 'supporting infrastructure investment' with \$184.7 million over 10 years to support the delivery of infrastructure investments including infrastructure stimulus as part of the government's economic response to COVID, blah, blah, blah. What is that actually for?

**Mr Atkinson:** This is implementation funding to deliver the program.

**Senator WATT:** So what will the money be used for?

**Mr Atkinson:** Do you have the page number?

**Senator WATT:** It's page 144 of BP2.

**Mr Atkinson:** It's funding for the implementation of the other infrastructure stimulus measures, plus some terminating delivery funding for ongoing functions.

**Senator WATT:** What does that mean? What will the money be used for?

**Mr Atkinson:** It will be used, for instance, for delivery of contractors to deliver regional programs, to process PPRs and to continue assessing rounds of BBRF. And I think there are payments to the grants hub. On notice, I can give you a full breakdown of it.

**Senator WATT:** Okay—if you could. That sounds like the sort of stuff that the department would ordinarily either do itself or engage people to do. Have you had a measure like that in the budget before?

**Mr Atkinson:** Yes. Some of this is terminating delivery measures where there was a period that we were funded for. That dropped off, but the function continued. Partially, these things are sometimes built into the costs of the individual new programs. They're separated out together here. So it's implementation costs.

**Senator WATT:** Will any of that funding be used, ultimately, by the Department of Finance, Infrastructure Australia or other agencies?

**Mr Atkinson:** There is a line there for additional funding for Infrastructure Australia.

**Senator WATT:** So the department puts money aside, which it then passes on to Infrastructure Australia, so that it—

**Mr Atkinson:** No—it's a direct appropriation for Infrastructure Australia of \$3.8 million in 2020-21.

**Senator WATT:** Is that all the funding that's provided to Infrastructure Australia from the department?

**Mr Atkinson:** No. That's additional funding.

**Senator WATT:** There's also a measure—and this is on page 134 of BP 2—of infrastructure investment, road safety and upgrades, which is \$2 billion over two years to deliver small-scale road safety projects et cetera. This is the funding that was described on budget night as 'use it or lose it' funding for the states and territories. What process is going to be used to determine how that funding is allocated?

**Mr Atkinson:** It's an extension of the half a billion dollar program that was already announced as part of that first stage of stimulus, which goes through the PPR process and then goes through delivery. It's part of what Mr Smith was updating on before, is it not?

**Mr P Smith:** In terms of the 'use it or lose it'?

**Mr Atkinson:** In terms of the process. It goes through the normal PPR process with the states. We approve them, and then they get on and deliver.

**Senator WATT:** So you're saying it's essentially a continuation of an existing program?

**Mr Atkinson:** It's a very significant increase.

**Senator WATT:** So a program that exists—

**Mr Atkinson:** The mechanism is the same, except for the 'use it or lose it' component—that is, after the first period, there will be an allocation. For the states that don't use it, in the next period of allocation, there'll be a pool that states can bid into if they can spend more than their allocation.

**Senator WATT:** I'm not familiar with how this program has worked in the past, but to understand it a bit more clearly: Will states need to come forward every few months and bid for funding? How does it work?

**Mr Atkinson:** There's a notional funding allocation for each state, and they write in with their PPRs on which projects would have to be funded out of that allocation.

**Senator WATT:** How's that notional allocation worked out? Is it a population share, kilometres, roads—

**Mr Atkinson:** It's based on the percentages. Phil, it's population and road link, isn't it?

**Mr P Smith:** The road safety is based on an existing formula that looks at funding, effectively, for length under the national network—road length and type. It's using that as the basis to do the initial allocation. They get a notional allocation, as Mr Atkinson explained. What we're expecting is states will bid into that. Hopefully we'll receive more bids than actual allocation. Those bids will then be assessed to make sure they are compliant with the intent of the program, and then, through the normal process, the appropriate documentation will be signed off so the states can commence. And then, after the process, for the next round, states that obviously achieve their outcomes are entitled to not only the notional allocation but any unallocated money that's left. For instance, if a state does not achieve its outcome then it will get less money. So its next notional allocation will be reduced on a proportionate basis.

**Mr Hallinan:** It might be worth noting as well that, while Mr Smith has been heavily involved in the design of this for the budget work, it's actually being delivered through the surface transport policy division, which is on tomorrow night. So we can continue to try to answer as much as we can, but there might be some technical details that we have to take on notice or respond to tomorrow.

**Senator WATT:** Okey-doke. So what you're saying is you actually know, sitting here now, how much each state will be allocated notionally under this funding.

**Mr Atkinson:** Yes.

**Senator WATT:** Do you want to run through that with us quickly?

**Mr Atkinson:** The schedules are on our website, aren't they?

**Mr P Smith:** I don't think the schedules are up yet, but I have the figures right in front of me. If everybody achieves their notional and achieves delivery—

**Senator WATT:** The figures you're going to give me are their share of the \$2 billion.

**Mr P Smith:** Yes. New South Wales, \$540 million; Victoria, \$340 million; Queensland, \$522 million; WA, \$284 million; South Australia, \$168 million; Tasmania, \$44 million; ACT, \$6 million, Northern Territory, \$96 million.

**Senator WATT:** Okay. The reason why some smaller states, in a population sense, might be getting more than larger population states is those smaller states have more national highway. For instance, Queensland is a bigger state with lots more national highways than Victoria, hence Queensland gets more money under this particular program.

**Mr P Smith:** Correct.

**Senator WATT:** But it's then up to each state to put forward bids.

**Mr Atkinson:** Yes, and these are designed as projects which have very low design requirements in them—like audible lines, shoulders, barriers, things like that.

**Senator WATT:** Is it the rest areas and things like that that Senator Sterle was asking about as well?

**Mr Atkinson:** I'm not sure about rest areas. I'll have to take those on notice.

**Senator WATT:** Okay. You're saying they're relatively simple projects.

**Mr Atkinson:** They're projects that can be implemented quickly on a large scale.

**Senator WATT:** Does that mean the individual projects tend to be relatively small in a dollar sense as well?

**Mr Atkinson:** It depends on their length of distance, but yes.

**Mr P Smith:** An example would be the audible lines where you can do a certain distance, and, if you've got extra money, you can just keep rolling that machine down the road.

**Senator WATT:** You were saying that the use it or lose it condition is a new thing under this program.

**Mr Atkinson:** Yes.

**Senator WATT:** What motivated that?

**Mr Atkinson:** The idea of this is that this is partially to provide stimulus as part of the COVID-19 recovery, and the use it or lose it condition will help incentivise people to focus on getting these projects delivered in a rapid time frame and employ people.

**Senator WATT:** When do you expect the first projects to be delivered under this program?

**Mr Atkinson:** This year.

**Mr P Smith:** A lot of them are scheduled to start. That was in that 50 that I mentioned, so quite a few of them are ready to start. We've been getting the PPRs, assessing the PPRs and approving those.

**Senator WATT:** So some of the projects have been approved.

**Mr P Smith:** Correct.

**Senator WATT:** For the new \$2 billion?

**Mr Phil Smith:** No, not for these \$2 billion. That doesn't start until 1 January.

**Senator WATT:** I see. The projects you're talking about that have started are the ones that have been funded under the existing—

**Mr P Smith:** Correct. The \$2 billion one starts on 1 January.

**Senator WATT:** I see. I think the budget talked about it being \$2 billion over two years from 2021. It starts on 1 January.

**Mr Phil Smith:** Correct.

**Senator WATT:** Will it continue—

**Mr P Smith:** Correct. The first billion is January to 30 June, and then the next billion is for the following financial year.

**Senator WATT:** I see. It's got to be done over 18 months—the \$2 billion.

**Mr P Smith:** Correct.

**Senator WATT:** Of that new \$2 billion, when do you expect to see projects delivered? It wouldn't be until the next calendar year.

**Mr Atkinson:** They can start on 1 January, and the use it or lose it period goes up to 30 June.

**Senator WATT:** For the figures that you gave me before for the \$2 billion, obviously a subset of that would be available for the 2021 financial year. For instance, for Queensland you said \$522 million is available from the \$2 billion, and some of that will have been allocated for 2021 and the remainder for 2021-22.

**Mr Atkinson:** Correct.

**Senator WATT:** And, if Queensland, for example, were to get to the end of 2021 and not have accessed all of that funding, then it can be re-allocated to other states.

**Mr Atkinson:** Queensland is very good at this stuff.

**Senator WATT:** Queensland is very good at many things, isn't it, Chair?

**CHAIR:** You're actually quite right; I would have to agree with you on that.

**Senator WATT:** Especially attracting big football events!

**CHAIR:** Oh dear.

**Mr P Smith:** Can I just correct something? I said before the number of projects completed was two. It's actually one. I've just rechecked my notes.

**Senator WATT:** And it was that one—Coutts Gully?

**Mr P Smith:** Yes, correct.

**Senator McKENZIE:** It was the Coates Gully.

**CHAIR:** Can I just—you mentioned before about the truck stop areas. Is it correct, though, that the design of any road projects in states is determined by the relevant state department?

**Mr Atkinson:** Yes.

**CHAIR:** So, there might be truck stops if they've been designed by TMR, but, unfortunately, as we discovered in estimates hearings the other day, there are only 21 dedicated truck stops in Queensland. It's shocking.

**Mr Atkinson:** I think I had this conversation with you, Senator Sterle, about a decade ago.

**Senator STERLE:** Yes, you did. Guess what, Mr Atkinson? I'm still banging my head on that brick wall, and it's still hurting.

**CHAIR:** Sorry, Senator Watt.

**Senator WATT:** That's okay. So, Mr Smith, you just corrected that it was the Coates Gully. That's being funded under the targeted road safety and shovel ready projects. So one project is complete. The figures you gave me earlier were that 14 additional projects have started, and a further 50 by December. Are those figures right?

**Mr P Smith:** Correct, yes.

**Senator WATT:** Thanks. On this infrastructure investment road safety and upgrades program, does the information you've tabled earlier today go through and detail the individual projects that have been funded under the existing funding for that program?

**Mr P Smith:** Correct.

**Senator WATT:** So that will all be available there?

**Mr P Smith:** Correct.

**Senator WATT:** And were you saying that the states have already started putting forward bids for the new funding as well?

**Mr P Smith:** No. They're preparing for it. As is normal practice, we have phone calls with the states once the budget is out, to make sure they're getting themselves lined up. The conversations were very encouraging. They'll work through their normal processes to put forward projects in accordance with the time lines.

**Senator WATT:** So you don't have a list of projects from any states at this point in time?

**Mr P Smith:** No.

**Senator WATT:** Are you okay for me to keep going, Chair?

**CHAIR:** Yes, I am. We've got another 20 minutes before—I'm sorry, Senator McKenzie?

**Senator McKENZIE:** I'd just like some time before the break, if possible, to talk about the Shepparton Bypass.

**CHAIR:** We've got 20 minutes until the break. Do you want to split it and do 10 minutes each?

**Senator WATT:** I reckon I can knock over one little topic, and then we were just going to go through specific projects as well. So, shall I knock over that and then get into—and I think Senator Sheldon has got some questions about specific projects.

**CHAIR:** Terrific. Sounds great.

**Senator STERLE:** And I definitely do.

**Senator WATT:** And Senator Sterle definitely does.

**Senator STERLE:** I'll be making these up as I go, Chair. The longer we go, the more that come into my head.

**Senator WATT:** That's a worry!

**CHAIR:** Please, charge through, Senator Watt.

**Senator WATT:** I just wanted to understand the jobs multiplier that's used by the department. Again, when ministers go out and make announcements that X billion dollars will be spent on this or that or it's going to create eleventy million jobs or whatever figure is included in the press release—maybe even eleventy billion, if it's a big announcement. I just want to understand how the jobs multipliers are arrived at.

**Mr Atkinson:** I'll get Mr Smith to speak to this, but it's a little bit different for various programs. In fact, Mr Caruso is going to speak to this.

**Senator WATT:** Thank you, Mr Caruso. You're the keeper of the jobs multiplier?

**Mr Atkinson:** He's the keeper of all the numbers.

**Senator WATT:** He's: 'Executive Director, Jobs Multiplier'!

**Mr Caruso:** We use two different approaches when reporting jobs figures against specific projects. Where the states and territories have produced an estimate, as the project proponent, we adopt that estimate and that becomes the number that we use. In some cases, a figure isn't available from states and territories, so we have an internal jobs calculator that we use in the department. It was produced for us by KPMG, and it applies some economic assumptions to road projects in a particular region to allow us to calculate an estimate of the jobs that will be supported.

**Senator WATT:** And it's one or either of those measures that's always used—

**Mr Caruso:** Correct.

**Senator WATT:** by this department, no matter what funding program we're talking about?

**Mr Caruso:** This is specific to the Infrastructure Investment Program. Other parts of the department would have different—

**Senator WATT:** Yes. If it were a marine or an aviation—

**Mr Atkinson:** Regional programs is a separate one. That's probably what he's talking about.

**Senator WATT:** So, where the states provide an estimate, you adopt that?

**Mr Caruso:** Correct.

**Senator WATT:** Do different states use different multipliers?

**Mr Caruso:** They do. They use some different methodologies. For example, I think Queensland focuses almost exclusively on the direct jobs from the projects, whereas other states include both direct and indirect employment benefits from the projects.

**Senator WATT:** Right. If you haven't got a state based estimate, with the KPMG methodology, is it possible to simply express it as a certain number of jobs per million dollars spent? How does that work?

**Mr Caruso:** In the broad. It does vary region by region, based on the economic modelling that KPMG did. Perhaps I could table on notice some of the multipliers that underpin the model.

**Senator WATT:** If you could, yes. Could you please table for us each state's multiplier?

**Mr Caruso:** Yes.

**Senator WATT:** And the KPMG ones?

**Mr Atkinson:** I don't think the states have just a multiplier. They apply different methodologies based on the project.

**Senator WATT:** Based on an individual project? So, for instance, with the road safety program we were just talking about, Queensland will have one way of calculating the number of jobs that would come from an individual project and New South Wales would have a different way?



**Mr Caruso:** Correct. They would. But I think the secretary was pointing out that some states might apply one methodology for smaller road safety projects and another methodology for something like Melbourne Airport Rail Link, a really large project.

**Mr Atkinson:** Yes, really big projects have specific things that are designed for them.

**Senator WATT:** Okay. Can you table for us what you do have, both from the states and from KPMG? To give you one example, in the Deputy Prime Minister's ministerial statement regarding the budget, he said:

Australian government funded projects under construction are expected to support more than 100,000 direct and indirect jobs across Australia over the life of the projects.

Where does that figure come from?

**Mr Caruso:** That is a calculation by the department. It looks at all of the projects that are currently under construction. That includes estimates for large projects driven by the department, such as Western Sydney airport and Inland Rail. Then, similar to the discussion earlier, for projects that are under construction by states and territories it uses the state and territory estimates for those projects.

**Senator WATT:** Okay. Would you be able to come back to us on notice with a breakdown of how that figure of 100,000 jobs was arrived at?

**Mr Caruso:** Yes.

**Senator WATT:** It may end up needing to be project by project.

**Mr Caruso:** Yes.

**Senator WATT:** I don't know whether that's already been provided in the information you've tabled. I don't know that we asked for that previously.

**Mr Caruso:** No, I don't think it has, so we can provide that on notice.

**Senator WATT:** If you could do that, thanks. I would be interested in getting you to table whatever report KPMG prepared, not just an extract of what the multiplier is.

**Mr Caruso:** I'll see what we can provide.

**Senator WATT:** I would be keen to see what assumptions have been made et cetera. I'll just give you a couple of other quick examples. For Western Sydney airport, in the Prime Minister's address to CEDA in June, he said that it was going to support 14,000 jobs in the heart of Western Sydney. Do you know how that figure was arrived at?

**Mr Caruso:** It's a different part of the department, but my understanding is that they had a specific modelling exercise for that project to arrive at that figure.

**Senator WATT:** Could you please come back to us on notice about how that figure was reached as well?

**Mr Caruso:** Yes.

**Mr Atkinson:** Yes, I'll get the Western Sydney blueprint. That's an example of what I talked about with really big projects.

**Senator WATT:** Yes.

**Mr Atkinson:** I presume that includes the Aerotropolis as well.

**Mr Caruso:** That's for the rail line, not the airport.

**Mr Atkinson:** Oh, sorry. Yes, we'll get the answer, but that figure relates to the rail line.

**Senator WATT:** Right. The only other example I was going to give you was that, when the Prime Minister was in Perth in November last year, he talked about a particular package of works that was going to generate about a thousand jobs. Do you know how that figure was reached?

**Mr Caruso:** I would have to take that on notice. I'm not sure of the specific figure.

**Senator WATT:** Thanks. I think we're into specific projects.

**CHAIR:** Thanks very much, Senator Watt.

**Senator McKENZIE:** I've just got some questions about the Goulburn Valley Highway Shepparton Bypass project. When did the federal government commit \$208 million to the delivery of stage 1 of the bypass?

**Mr P Smith:** It was the 2019-20 budget.

**Senator McKENZIE:** Thank you. Was that funding contingent on the receipt of a business case from the Victorian state Labor government?

**Mr P Smith:** Most projects are contingent on business cases.

**Senator McKENZIE:** So we'd assume that this was the same?

**Mr P Smith:** Yes. I'd need to take on notice whether we've got one or not.

**Senator McKENZIE:** So have you received a business case from the Victorian government for this project for stage 1?

**Mr P Smith:** I don't have those details in front of me. I'll just refer to my colleague.

**Senator McKENZIE:** Thank you.

**Mr P Smith:** We have a development PPR that we've received from Victoria.

**Senator McKENZIE:** Have they put some money towards that in that PPR? Have they put a dollar figure on their contribution?

**Mr P Smith:** Our expectation is that they would contribute \$52 million.

**Senator McKENZIE:** From your discussions with the state government, are you confident that that would be in their upcoming state budget?

**Mr P Smith:** We are at the moment working through the schedules with Victoria. Every budget, we send them a schedule and seek their agreement to all the projects on the schedules.

**Senator McKENZIE:** So are you getting smiley faces in your Zoom meetings with them or vacant stares?

**Mr P Smith:** It's difficult for officials to commit a government, so we're waiting on their response to the schedule.

**Senator McKENZIE:** Okay. But it's proceeding as you would normally expect it to proceed at this stage?

**Mr P Smith:** Yes. Certainly, on the project, they've undertaken significant planning and environmental requirements. We're still anticipating that construction will start in early 2022.

**Senator McKENZIE:** The Shepparton mayor is also expecting the business case to be released and funding to be allocated in the October state budget. Do you know when that will be occurring?

**Mr P Smith:** No, I don't know when they're handing down the budget.

**Senator McKENZIE:** No, neither do I.

**Mr P Smith:** But most of the states generally follow the Commonwealth fairly closely.

**Senator McKENZIE:** Yes. We'll keep our eyes peeled. I want to go back. I have a couple of other questions on the Murray Basin Rail Project. It's my understanding that iron that was stamped '1912' was actually laid as part of this project. Is that the case?

**Mr P Smith:** We've certainly heard reports to that effect.

**Senator McKENZIE:** So we're putting down iron that's over 100 years old in a project in the 21st century?

**Mr P Smith:** That may have been one of the delivery issues.

**Senator McKENZIE:** I think it might have been. It's quite incredible. In all the projects that we manage right across the country or partner with states to implement, have you ever heard of that? Honestly!

**Mr P Smith:** Certainly railway lines have a long lifespan, but you would—

**Senator McKENZIE:** Yes. Is it all left over in a shed somewhere? Have we dug it out?

**Mr P Smith:** You would certainly expect as part of a project that they would explore, as they do with the ballasts, the drainage and all those types of aspects.

**Senator McKENZIE:** I imagine things have changed over the last 100 years in how we do things. I think we heard information earlier that the Victorian government have put forward a revised business case that has a range of options, and they're seeking changes to what was originally agreed. Does the business case cover a range of options or just the close-out option that the Victorian government is preferencing? Is there a range of options there?

**Mr P Smith:** I think it's fair to say there's a range of options.

**Senator McKENZIE:** Okay. So we have the close-out option. What else do we have?

**Mr P Smith:** The review of the business case.

**Senator McKENZIE:** Yes. What else do we have? We have the close-out option that's their preferred option. What else is on the table that they've put forward?

**Mr P Smith:** I'd need to take the detail on notice, but it's various stages up to a certain point, and obviously the furthest option would still leave two lines not upgraded.

**Senator McKENZIE:** The Victorian Farmers Federation stated in a press release that the Victorian transport minister, Minister Allan, 'has previously said she wouldn't release the project's business case without the support of the federal government'. This is a Victorian cabinet-in-confidence document, not a federal cabinet-in-confidence document. Is my understanding correct that we are supporting Mr Allan's not releasing a business case or a summary of the business case?

**Mr P Smith:** I can't speak for the ministers, but, as I stated before, the release of business cases is a matter for government.

**Senator McKENZIE:** It is. But the way the Victorian Labor minister is framing her conversation with Victorians around this project is that she can't release the business case without the support of the federal government. Is that how these things work?

**Mr P Smith:** If they are jointly funded you would normally get joint agreement to release.

**Senator McKENZIE:** Are we refusing to give that agreement?

**Mr P Smith:** I am not aware of any refusal.

**Senator Ruston:** I think that would be very unlikely.

**Senator McKENZIE:** I think that would be very unlikely, Minister! It seems she is verballing the federal government and the Deputy Prime Minister himself has called for her to release the business case. I just wanted to clarify that.

**Senator RENNICK:** Do you know how much money the Commonwealth government has put on the table to the Queensland government for infrastructure spending over the last one, two, three, four years?

**Mr P Smith:** Since 2013, \$28.5 billion.

**Senator RENNICK:** We've put \$28.5 billion on the table. Of that, how much has the Queensland government actually spent?

**Mr P Smith:** We have paid \$10.7 billion since 2013. I should say that the earlier number I gave, \$28.5 billion, includes the future payments as well—obviously out for the current 10 years. So it's out to—

**Senator RENNICK:** The forward projects—which is a decade?

**Mr P Smith:** Yes, it is 10 years from now?

**Senator RENNICK:** So, they have spent \$10.7 billion. Why haven't they spent more? Why haven't they taken what we've put on the table?

**Mr P Smith:** As I said, some of that money from the \$28.5 billion is into the future years.

**Senator RENNICK:** Can you split that up between what has been put on the table to this year and what is in the forward estimates?

**Mr P Smith:** Yes—if Mr Caruso can come forward to assist. Queensland spends pretty well. It is 13.03 over the forward estimates.

**Senator RENNICK:** That leaves 15.5, to come up to the 28?

**Mr P Smith:** But the 28 is back to 2013, don't forget.

**Senator RENNICK:** That's right. So, 15 up to now.

**Mr P Smith:** Correct.

**Senator RENNICK:** And another 13 going forward.

**Mr P Smith:** No, 13 over the forwards and then it is a total of 18.0 from 2020-21 to 2029-30. So, over the ten years from now—

**Senator RENNICK:** I'm trying to work out what we have done so far, not what we are doing in the future.

**Mr Atkinson:** How much we have spent with Queensland since 2013 to today?

**Senator RENNICK:** Yes.

**Mr P Smith:** The 10.8 is how much we have spent in Queensland.

**Senator RENNICK:** How much was put on the table?

**Mr P Smith:** That is spent.

**Senator RENNICK:** How much we have allocated?

**Mr Hallinan:** Over the same time period?

**Mr P Smith:** We will have to take that on notice for that same ten-year period to continue the apples with apples comparison.

**Senator RENNICK:** Okay.

**CHAIR:** That brings us up to our dinner break. We will be back at eight o'clock. Can I just confirm that portfolio strategy and policy coordination division, which were going to be on at 10:30, will not be required.

**Proceedings suspended from 18:59 to 20:01**

**CHAIR:** Welcome back to everybody and welcome to Minister Duniam. I'm pleased you could join us. We are continuing with the Infrastructure Investment Division. Senator Rice is going to kick us off.

**Senator RICE:** I want to know whether there's been any breakdown that's available between the splits in infrastructure investment in the \$110 billion pipeline according to whether it's road, rail or other public transport investment.

**Mr Atkinson:** I'm sure we would be able to find that on notice. We don't have a table that breaks it down here, unless Mr Smith's got something. I certainly don't have one in my folder, I'm sorry.

**Mr P Smith:** No, I don't have one in my folder, but I'm sure we can take that on notice and provide you with a detailed breakdown.

**Mr Atkinson:** That's just a matter of fact and I'm sure we can do that.

**Senator RICE:** Thanks, Mr Atkinson. If you could take it on notice. I presume you don't have it according to infrastructure payments to the states and territories either then.

**Mr Atkinson:** Sorry, Senator, you broke up a little bit there.

**Senator RICE:** I presume, given you took the former question on notice, that you don't have that breakdown for the infrastructure payments to the states and territories either.

**Mr Atkinson:** No.

**Senator RICE:** Okay. On budget night the Deputy Prime Minister put out a list of projects including new projects in the budget and, by my assessment—my estimate by value—more than 80 per cent of the funding highlighted relates to road funding. Does that sound right to you? I'm expecting you'll take the question on notice.

**Mr Atkinson:** New budget night funding was 80 per cent road—is that what you're saying?

**Senator RICE:** Yes.

**Mr Atkinson:** I'll take the specifics on notice, but probably that sounds about right.

**Senator RICE:** Is there any initiative from government or any sense that you [inaudible] at living with congestion, for dealing with the climate crisis, for dealing with health, to encourage and [inaudible] public transport investment?

**Mr Atkinson:** I'm just not sure—are you asking me to give an opinion on the budget? Or are you asking me about—

**Senator RICE:** I'm just wondering if there are—

**CHAIR:** Sorry, I wasn't quite clear on what the question was, Senator Rice.

**Senator RICE:** Okay. Are there criteria or guidelines or options to attempt to prioritise public transport funding given its benefits for health, climate and congestion?

**Mr Atkinson:** Probably the overarching guidelines are in the infrastructure investment legislation that allows us to invest in road and rail, and the criteria that are in there. It doesn't prioritise public transport spending, that legislation. Mr Smith, is there anything else in terms of—

**Mr P Smith:** No, but obviously providing road and rail infrastructure helps deliver public transport infrastructure.

**Senator RICE:** Certainly rail does, yes, and my assessment was that it absolutely included passenger rail projects. Nonetheless over 80 per cent was on road. But I look forward to getting your breakdown. Do you have any measures of expenditure on active transport infrastructure—cycling paths, walking paths, walking pedestrian paths?

**Mr Atkinson:** I think Mr Smith has something on active infrastructure.

**Mr P Smith:** Yes, I do. The Commonwealth obviously already funds a number of projects that include active transport outcomes. NorthConnex, Yanchep Rail Extension et cetera—they've all got active transport as part of

the broader project. In relation to recent things we've also done, as part of the Local Roads and Community Infrastructure Program, approximately 400 projects there include active transport outcomes. And we would imagine, under the \$2 billion Road Safety Program, there's an opportunity for projects that provide greater safety protections for cyclists and pedestrians as well.

**Senator RICE:** You mentioned there are 400 projects in the Local Roads and Community Infrastructure Program. Could you give me, on notice, any breakdowns you have according to which programs are classified as contributing to active transport.

**Mr P Smith:** Yes, we can take that detail on notice and provide that information.

**Senator RICE:** Looking at the list of shovel-ready projects, I note there are no walking or cycling projects included here. I listened to Senator Watt's questioning before dinner about shovel-ready projects, and I want to get some clarification as to where those shovel-ready projects fit within the budget. Are they basically just subsections of other funding streams, or are they a standalone funding stream?

**Mr P Smith:** No, they're included under the broader infrastructure investment pipeline program, under the National Land Transport Act. It's an identification point so we can identify the targeted road safety and identify those projects that you've defined as shovel ready. They're separate lines there, so we can actually identify which ones they are, but they're under the broader infrastructure and investment pipeline.

**Senator RICE:** I notice there are no cycling or walking projects listed in there as shovel-ready projects, despite the fact that walking and cycling projects are the perfect shovel-ready projects—local government have cycling strategies ready to go; they don't require a lot of fancy equipment; they employ local people and—

**CHAIR:** Senator Rice, you're going to run out of time.

**Senator RICE:** I just wanted to know, given that being shovel ready is obviously a very important criterion for the COVID response, whether there was any consideration at all given to including some of those cycling and walking projects under that category.

**Mr Atkinson:** Mr Smith can correct me, but there are three elements there. There are shovel-ready IIP projects, which tend to be the bigger ones, there are the LRCI stimulus, for the Local Roads and Community Infrastructure Program, and then there are the road safety works. Those latter two, I think, can both deal with cycling and pedestrian projects. They are, as you said, smaller and faster to deliver, but they're in those categories rather than in the shovel-ready II projects.

**Senator RICE:** Again, I'd take you back to the Infrastructure Australia audit that said:

An integrated transport network has active transport at its core ... It is clear there is an opportunity to improve and better integrate active transport with the rest of our networks.

Given the fact that they're shovel ready and they encourage healthy transport options, do these criteria actually factor into deciding which projects are being funded?

**Mr Atkinson:** Sorry, Senator, I think I said that those two categories, which are very large amounts of money, can cover those sorts of projects.

**Mr P Smith:** Yes, that's correct.

**Senator RICE:** Yes, and on notice you'll get back to me as to what proportion of them so far have covered any cycling or walking projects. I will wait for the response to see what proportion of them have cycling and walking.

**Mr Atkinson:** The one complexity will be projects that separate cyclists from the road, but we'll work out how that's characterised.

**Senator RICE:** You mentioned a major road project which has 99 per cent of its funding, or probably 99.9 per cent of its funding, for the road and a tiny little bit for cycling added on. I will leave it there. Thank you, Chair. I've probably used my 10 minutes.

**CHAIR:** Thank you, Senator Rice, for being so timely.

**Senator CAROL BROWN:** I'd like to start with some questions around the Hobart to Sorell traffic corridor.

**Ms Nattey:** I'll turn to my Tasmanian section, Senator.

**Senator CAROL BROWN:** It should be much larger than that! In terms of the Hobart to Sorell traffic corridor, what is the total amount of the Commonwealth government's spend?

**Ms Nattey:** Were you talking about the additional funding from the budget?

**Senator CAROL BROWN:** There are three separate line items for this Hobart to Sorell traffic corridor.

**Ms Nattey:** Yes.

**Senator CAROL BROWN:** I'm trying to determine what the total spend is. I have seen reports in the media about the Hobart Airport interchange, Midway Point Causeway, Sorell Causeway and Hobart Airport to Sorell southern bypass. What are you calling the Hobart to Sorell traffic corridor?

**Ms Nattey:** The Hobart to Sorell corridor—the Midway Point Causeway, including McGees Bridge and Sorell Causeway—has an Australian government contribution of \$150 million.

**Senator CAROL BROWN:** That's not including the Hobart Airport interchange?

**Ms Nattey:** No, the Hobart Airport interchange is \$37.12 million.

**Senator CAROL BROWN:** What's the Tasmanian government commitment?

**Ms Nattey:** The Tasmanian government commitment to the Hobart Airport interchange is \$9.28 million. For the Hobart to Sorell, Midway Point Causeway, McGees Bridge, Sorell Causeway it's \$37 million.

**Senator CAROL BROWN:** Are there any unfunded components for these works?

**Ms Nattey:** Not to my knowledge, Senator.

**Senator CAROL BROWN:** So the money that's allocated will be on budget?

**Ms Nattey:** The money that's allocated is according to the commitments made by the government to the state.

**Senator CAROL BROWN:** There haven't been any changes to the cost?

**Ms Nattey:** I know that we had provided additional funding to the Hobart to Sorell corridor to include those two causeways and McGees Bridge, because they were not—

**Senator CAROL BROWN:** But are you aware of any additional costs?

**Ms Nattey:** I haven't got any information about additional costs.

**Senator CAROL BROWN:** Does the work include duplication of the Midway Point section of the road—

**Ms Nattey:** It does.

**Senator CAROL BROWN:** between the two causeways?

**Ms Nattey:** Senator, to confirm: are you talking about it at Midway Point itself?

**Senator CAROL BROWN:** Midway Point, yes.

**Ms Nattey:** Yes, it will be a duplication of the roundabout at Midway Point.

**Senator CAROL BROWN:** Will the Sorell southern bypass be dual lane or single?

**Ms Nattey:** Can I take part on notice, Senator? I don't have that in front of me and I don't want to mislead you.

**Senator CAROL BROWN:** Will the main road to Sorell, between the causeway and the bypass, be duplicated?

**Ms Nattey:** I will come back to you in the same response.

**Senator CAROL BROWN:** Do we have any indication on when the works will be finished?

**Ms Nattey:** If we're still talking about Midway Point Causeway, they're due to start in late—

**Senator CAROL BROWN:** We're talking about the whole corridor, so the Midway Point to Sorell corridor.

**Ms Nattey:** We look at it slightly differently because the projects themselves are funded in a certain way. I can tell you that—

**Senator CAROL BROWN:** If you're going to break it up into sections, you could give me that on notice.

**Ms Nattey:** Sure, I'm happy to do that in the interests of time.

**Senator CAROL BROWN:** The Hobart Airport roundabout—when do you expect major construction to start?

**Ms Nattey:** As I'm sure you're aware, Senator Brown, there's been a bit in the media regarding the objection to the development application that has been put in.

**Senator CAROL BROWN:** I have noticed that.

**Ms Nattey:** I thought you may have. It is in front of the Resource Management and Planning Appeal Tribunal, scheduled for this week. As soon as that DA approval has been given the go-ahead, we will then have a solid date for the construction to commence. It's dependent on that process.

**Senator CAROL BROWN:** Have you factored these legal delays into a completion time?

**Ms Nattey:** The Tasmanian government will have factored that in.

**Senator CAROL BROWN:** Have you been briefed about what's happening in terms of legal action?

**Ms Nattey:** I have not personally been briefed.

**Senator CAROL BROWN:** Has the department been briefed in terms of legal action that's been undertaken?

**Ms Nattey:** I know that my team would have had discussions with their counterparts in the Tasmanian government about any delays that may have been caused or any impact on the Australian government's investment, but I can't go to any greater detail than that.

**Senator CAROL BROWN:** Remind me again how much the federal government is putting towards it.

**Ms Nattey:** The federal government is putting in \$37.12 million, seven million of which was released in April this year.

**Senator CAROL BROWN:** This is a project that has been delayed time and time again. It's been on the books for many years now. You must have some concerns that landowners are taking action. You don't know the issues? You haven't been—

**Ms Nattey:** No, I don't know the level of detail that you're seeking.

**Senator CAROL BROWN:** But have your people briefed you about the legal—

**Ms Nattey:** They haven't briefly about legal issues. I can't speak to whether they have been briefed fully by the

Department of State Growth. What I can say is that we're aware that there's a hearing this week.

**Senator CAROL BROWN:** But you must be concerned about it.

**Ms Nattey:** The Australian government is always concerned about any delays on its projects and any delays to its investment.

**Senator CAROL BROWN:** This is a project that has been delayed for many, many reasons, and now we have legal action taken about the project that's been put forward by the state government. You haven't made yourself aware of what the issues are?

**Mr Atkinson:** Senator, Ms Nattey has said that her team is aware and has been talking to the Tasmanian government but that she's not aware of the specifics of the individual issues. We can take on notice what our knowledge is of the individual legal issues. I, for one, certainly hope that they're resolved and we can deliver as quickly as possible.

**Senator CAROL BROWN:** This is a project that has been delayed for quite a long time, and it has been promised for quite a long time. I would have thought that the department would've been aware of the legal action that has been undertaken. Do you have any understanding of how long this will be delayed?

**Mr Atkinson:** Ms Nattey said that there's a hearing this week. I'll take on notice the further detail.

**Senator CAROL BROWN:** I did hear that, Mr Atkinson. I'm just trying to understand why you're not across this issue.

**Ms Nattey:** I'm not across the detail of the legal action, but I am across the project, the funding and the time lines, as I presented this evening.

**Senator CAROL BROWN:** Are you concerned about this further delay?

**Ms Nattey:** As I've suggested, we always take an interest where projects have been delayed and they delay our investment, Senator.

**Senator CAROL BROWN:** Thank you. I now want to move to the Bagdad-Mangalore bypass. Are you familiar with that project?

**Ms Nattey:** I'll see whether I have some notes with me on that one.

**Senator CAROL BROWN:** I would just like an update on that project, please.

**Ms Nattey:** I don't have any specifics in my notes but I'm happy to take the question on notice. I know it's one of our projects. I'm happy to provide some further information on notice about that one.

**Senator CAROL BROWN:** I want an update on it and whether the department has had any discussions with the Tasmanian government in recent times. This is a project that has been on the books since 2009. It's a \$6.2 million investment by the federal government. If you could provide me with as much information as possible.

**Ms Nattey:** I've just confirmed in my notes that I do have Bagdad Mangalore stage 2. Was that what you were referring to, or another stage of the project?

**Senator CAROL BROWN:** I'm calling it a bypass. Is that a bypass?

**Ms Nattey:** It is not a bypass. It was completed on 31 July last year, so I assume it's not the piece that you're talking about.

**Senator CAROL BROWN:** This one hasn't happened.

**Senator Duniam:** Are you talking about the bypass around Bagdad—

**Senator CAROL BROWN:** I'm talking about the commitment in \$6.2 million for a bypass that was committed in 2009.

**Ms Nattey:** Unfortunately I don't have that information with me this evening.

**Senator CAROL BROWN:** That's fine. If you could provide it on notice that would be great.

**Ms Nattey:** Yes. Of course.

**Senator CAROL BROWN:** I'm just going to zip through these because I know we haven't got much time. Probably on notice, actually. This is about the Bass Highway 'Cooee crawl'. If you could provide a detailed project design for the works and an update on the awarding of contracts and expected project completion.

**Ms Nattey:** You're talking about the Cooee to Wynyard upgrade, also known as the Cooee crawl?

**Senator CAROL BROWN:** Yes, that's right.

**Ms Nattey:** I have a couple of things that, if the Chair's happy, I'm happy to share with you now.

**Senator CAROL BROWN:** That would be great.

**Ms Nattey:** The Somerset to Wynyard realignment construction is due to commence March 2021, and we've received a draft project proposal to review. The Somerset to Cooee pedestrian crossing—there are scoping works underway. Cam River Bridge replacement and Murchison Highway realignment and signalisation has scoping underway. The traffic signal optimisation and intelligent transport systems has scoping underway. The first of those project is due to commence in March 2021.

**Senator CAROL BROWN:** Why does it takes so long? These were 2019. Why does it take so long?

**Ms Nattey:** I think Mr Atkinson and Mr Smith covered that earlier, that—

**Senator CAROL BROWN:** So that's just a general thing that we apply against all projects?

**Ms Nattey:** It's that the planning works take a considerable amount of time. I know there's some complexity with this particular project.

**Senator CAROL BROWN:** On notice, if you could supply me with the complexities that would be great. Wynyard to Marrawah? This is one of the Braddon by-election commitments. Same question.

**Ms Nattey:** Planning is currently underway, with construction due to commence before the end of this year for completion by mid-2023. It's a \$60 million commitment from the Australian government.

**Senator CAROL BROWN:** On notice, can you provide me with some more detailed information in terms of the design works and awarding of contracts?

**Ms Nattey:** I'm happy to provide that on notice.

**Senator CAROL BROWN:** Great. I will now move to the Tasman Highway sideling—another 2019 federal election—

**Ms Nattey:** Can I just confirm that you said 'sideling upgrade'?

**Senator CAROL BROWN:** Yes, I did—\$40 million, I think it is.

**Ms Nattey:** It is.

**Senator CAROL BROWN:** I don't want to take up too much time. What's the status of the project design?

**Ms Nattey:** Planning is underway to determine the scope of this project in consultation with councils and the Department of State Growth.

**Senator CAROL BROWN:** Is there a completion date or a time frame?

**Ms Nattey:** The start date is likely the middle of 2022, and it will take about 18 months—so to the end of 2023.

**Senator CAROL BROWN:** So we're not awarding contracts yet?

**Ms Nattey:** We're not awarding contracts yet.

**Senator CAROL BROWN:** When are we expecting that to happen?

**Ms Nattey:** I haven't had any advice at this stage from the Tasmanian government about the award—or the tender processes, for that matter.



**Senator CAROL BROWN:** Is there a reason why there is such a delay? I know Mr Atkinson has provided a pretty across-the-board explanation for the delay, but—

**Ms Nattey:** This particular project—I'm sure you're very aware of it, as a Tasmanian—is part of the Targa track up in the north of the state. It's a very winding road.

**Senator CAROL BROWN:** It's Tasmania!

**Ms Nattey:** It is that! Trying to do the scope of works as announced is challenging, to do duplications of the roads. So the Tasmanian government is working with the councils to figure out which sections of road are priorities for upgrade.

**Senator CAROL BROWN:** You'd think Tasmanians would know. What is happening with the Launceston Eastern Bypass study?

**Ms Nattey:** The tender documents are being prepared at the moment. The study is due to commence before the end of this year and is likely to take about 12 months.

**Senator CAROL BROWN:** Why is the study delayed? This was a 2019 commitment.

**Ms Nattey:** It was a 2019 election commitment; that's right. I don't know the answer to why this specifically was delayed, but I can say that the Tasmanian government had a number of commitments through the 2019-20 budget and the 2019 election.

**Senator CAROL BROWN:** None of which have ever been completed, but anyway.

**Ms Nattey:** That's in addition to the existing work.

**Senator CAROL BROWN:** Is this the first study that has been conducted into the Launceston Eastern Bypass?

**Ms Nattey:** No, it's not.

**Senator CAROL BROWN:** How many studies have we had?

**Ms Nattey:** I understand this is the third study.

**Senator CAROL BROWN:** Why are we having a third study at a cost of \$1.5 million?

**Ms Nattey:** It was an election commitment.

**Senator CAROL BROWN:** Right. Minister, perhaps you can tell me why we are having a third study.

**Senator Duniam:** I expect that—

**Senator CAROL BROWN:** You didn't like the answer to the other two?

**Senator Duniam:** I'm not familiar with the results of the previous two, but I expect that when you're building roads you want to get it right when you do it.

**Senator CAROL BROWN:** I would say so!

**Senator Duniam:** Have you read the first two studies?

**Senator CAROL BROWN:** Have you? You're the minister—

**Senator Duniam:** No; I already admitted I'm not familiar with it, but you may be.

**Senator CAROL BROWN:** and I'm asking questions and you're answering questions.

**Senator Duniam:** I've given you an answer, Senator Brown.

**Senator CAROL BROWN:** Not a very good one.

**Senator Duniam:** That's a subjective thing, isn't it?

**Senator CAROL BROWN:** Don't you ask me questions! So what was the result of the first two studies?

**Ms Nattey:** I don't have any information on that here with me.

**Senator CAROL BROWN:** When did you say the third study would be completed?

**Ms Nattey:** It is due to commence before the end of this year, and it will take approximately a year—so late 2021.

**Senator CAROL BROWN:** Alright. Thank you for your information.

**CHAIR:** Thanks, Senator Brown. Senator Sheldon, are you next?

**Senator SHELDON:** I have questions regarding funding of the government's infrastructure program. There are a few projects that I would like you to take me through. One is the Marion Road overpass in South Australia. I will keep to Victoria, South Australia and Tasmania first. The Marion Road overpass planning study was 2016

election commitment and it continues to be pushed back. The department's website says that the study was commenced in February 2018 and was due for completion in mid-2019. What is happening with that study and what are the next steps and where are they up to?

**Ms Nattey:** The advice I have is that the report is expected to be released by the end of this year.

**Senator SHELDON:** The end of this year—2020?

**Ms Nattey:** Yes, 2020.

**Senator SHELDON:** Did it commence in February 2018?

**Ms Nattey:** Yes, it did.

**Senator SHELDON:** Is there a reason for the delay in the completion of the report?

**Ms Nattey:** The information I have is that the planning work is considering the grade separation of Marion Road from the intersection of Anzac Highway to Cross Road, the grade separation of Marion Road from the tramline to Cross Road and a tramline overpass of Marion Road and Cross Road. So I imagine it was the number of projects being considered as part of that study.

**Senator SHELDON:** So we are now out to four years, and that is just for the study.

**Ms Nattey:** We are at slightly over 18 months for the study, from its commencement to the time that it is being completed.

**Senator SHELDON:** Sorry, that's a fair comment. I meant four years since there was a commitment to the Marion Road overpass. So we are now at four years from when that commitment was given. But we are certainly running well over the time for the department for that study to be completed—and it is contrary to what was on the department's website.

I'll now move to the Hahndorf township improvements and access upgrades. The budget included \$200 million in federal funding for this project. Can you take us through what has actually been planned there?

**Ms Nattey:** The project was announced in the 2020-21 budget. It will upgrade access to Hahndorf and the surrounding region from the South Eastern Freeway and upgrade the Hahndorf precinct as outcomes of the Hahndorf Township Strategic Traffic Planning Study.

**Senator SHELDON:** Thank you for that. The government committed to a planning study on Hahndorf in 2018, which I understand is still to be completed. Is that correct?

**Ms Nattey:** It's due to come to us before the end of the year, and then the improvements and access upgrade will be as a result of the outcomes of that study.

**Senator SHELDON:** I understand there has been \$200 million already committed to that project even though hasn't been completed.

**Ms Nattey:** It was completed in the budget just past, a couple weeks ago.

**Senator SHELDON:** So \$200 million is committed but the study has not been completed. Isn't that jumping the gun?

**Ms Nattey:** I think it is considered to be a notional allocation by the Australian government towards future works.

**Senator SHELDON:** I will go to the Hobart Airport roundabout. The government first committed funding for the project in the 2016 federal election. There have been lengthy delays to the project, significant redesign and increased costs of the project. The project was supposed to be fast-tracked but I understand the new design has been challenged in court by a number of landholders.

**Mr Atkinson:** Senator, that's the discussion we just had with Senator Brown.

**Senator SHELDON:** Sorry, I missed the name of the—

**Mr Atkinson:** We had an extensive backwards and forwards about the legal situation.

**Senator SHELDON:** Thanks. I've got nothing else on Tasmania, South Australia or Victoria, so I want to jump to New South Wales. Pick me up if I get my roads and bypasses and whatever wrong. First up, I want to ask about the Dixons Long Point crossing in New South Wales. The budget included \$15.25 million in additional funding for this project, but I note the project also received an additional \$4 million in the November 2019 stimulus package. The project was announced as a \$16 million project in the 2019 budget. It's now almost doubled in cost to \$29.8 million. So what's happening with the project that's causing these budget blow-outs?

**Ms Legg:** That's right; it's an Australian government commitment of \$29.8 million with an additional \$9.8 million announced in the recent budget. There has been work undertaken, including environmental, geotechnical

and engineering assessments as part of the project, which has been delivered by the Cabonne shire council. That planning and development work is progressing but identified a number of complications with that project which require additional funding to deliver the full scope.

**Senator SHELDON:** What are those complications?

**Ms Legg:** I'd have to take on notice the exact complications, but they involve assuring the level of flood immunity in the project.

**Mr P Smith:** It's certainly around upgrading crossings, and—as Ms Legg alluded to, and I think we alluded to earlier on in various conversations—as you go through the planning stages, you identify design changes that may need to occur to take into account the actual typography and hydrology of the areas. My understanding is that it really relates to upgraded crossings.

**Senator SHELDON:** What's the time line now for the project?

**Ms Legg:** Planning and development is underway and is expected to conclude in March 2021, with construction expect to start later this year.

**Senator SHELDON:** And there's the Bolivia Hill New England highway. The budget included an additional \$43 million for the Bolivia Hill project, taking the total federal contribution to \$98 million. In July 2018, this project was costed at \$80 million with a federal contribution of \$55 million. With construction underway, how has the cost increased so dramatically?

**Ms Legg:** Again, that project has been impacted by the difficult terrain and site conditions, which have required an additional injection of funding to deliver the commitment.

**Senator SHELDON:** Can you give any detail—just a snapshot detail of those difficulties?

**Ms Legg:** I haven't got it with me, but I'm happy to take that on notice.

**Senator SHELDON:** Thank you. With the Riverina Intermodal Freight & Logistics Hub at Bomen, there is the project of the intermodal there. Are you familiar with the facility?

**Ms Legg:** Not directly, although I have seen the media coverage.

**Senator SHELDON:** Are you aware that the project received a \$14.5 million grant in 2012 under the Regional Development Australia Fund?

**Ms Legg:** Yes.

**Senator SHELDON:** Has this intermodal project received any additional funding from the Infrastructure Investment Program, through either the facility or the supporting infrastructure?

**Ms Legg:** No. The only project I know, which is in the vicinity but not directly related to that, was the funding of the Eunony Bridge, which was part of the Bridges Renewal Program. That bridge was funded as part of round 2 of the Bridges Renewal Program. In its description, it supports freight transport to that intermodal hub, but it doesn't form part of the hub, as such.

**Senator SHELDON:** So that upgrade was to complement the intermodal hub? Would that be the correct way to describe it?

**Ms Legg:** As part of the benefits, when council provided that proposal to us seeking funding to upgrade that bridge, they mentioned in their proposal it being one of the most direct routes for higher mass limit and concessional mass limit vehicles accessing Bomen from the east of the city and through the Bomen Business Park, which subsequently connected to the west of Wagga.

**Senator SHELDON:** You've just spoken of some other funding which is not specifically for the project but is attached to it, which complements the project. Is that—

**Ms Legg:** That's the only project in the vicinity that I'm aware of.

**Senator SHELDON:** So there is no extra project funding for the intermodal hub or road connections that you're aware of?

**Ms Legg:** Not that I'm aware of.

**Senator SHELDON:** The Independent Commission Against Corruption in New South Wales heard evidence last week that Daryl Maguire organised a meeting in 2016 with the then Treasurer, now Premier, about a road project to support the Bomen industrial estate. Of course, this project was subsequently funded, despite the New South Wales roads minister being vehemently opposed to it. Has Mr Maguire ever sought a meeting with Infrastructure Investment Division about this or any other project, in his capacity as a local or as an MP or in any other capacity?

**Ms Legg:** Not to my knowledge.

**Senator SHELDON:** Are you sure of that or do you need to have any further conversations with anyone?

**Ms Legg:** I am happy to take it on notice to be 100 per cent sure, but not that I'm aware of at all.

**Senator SHELDON:** Thank you, if you can take it on notice.

**Mr Atkinson:** I think I already took that on notice.

**Senator SHELDON:** I was trying a fresh face!

**Mr Atkinson:** It's just that we'll get two questions.

**Ms Legg:** Happy to take it twice.

**Senator SHELDON:** If you're taking the question and you're coordinating with the rest of the division, I'm more than happy.

**Mr Atkinson:** That's fine. We'll answer it once.

**Senator SHELDON:** Thank you very much. I've got no further questions.

**Senator WATT:** I've got a few questions about the Bruce Highway. Can I confirm, to begin with, that, in terms of what's already been committed by the federal government, there's an existing commitment of \$10 billion over 15 years under the Bruce Highway Upgrade Program?

**Ms Rosengren:** That's correct.

**Senator WATT:** And in this year's budget there was an additional \$201.2 million allocated for the Bruce Highway?

**Ms Rosengren:** Yes. The existing Bruce Highway allocation is as we've pointed out. The funding from the budget came out of the unallocated—so it's not raising that Bruce Highway program; it's just using unallocated and savings within that program.

**Senator WATT:** So the \$201 million that was announced in this year's budget was already contained in the existing commitment of \$10 billion?

**Ms Rosengren:** That's correct.

**Senator WATT:** So the \$10 billion that's been committed for the Bruce Highway is the entirety of the federal government's commitment for the Bruce Highway at this point in time?

**Ms Rosengren:** That's correct.

**Senator WATT:** You'd be aware that for some time now the Queensland government has been seeking more money for the Bruce Highway, being a good state government, and I think specifically it has been seeking an extra \$133 million per annum from the federal government.

**Ms Rosengren:** Currently the Australian government commitment averages approximately \$1.2 billion each year for the forward estimates, which is above what the Queensland government has been requesting. But also, in the budget this year, there was an allocation of \$20 million to do further studies to identify the next round of priorities along the Bruce Highway.

**Senator WATT:** The \$20 million that was committed in this year's budget for the Bruce Highway upgrade strategy is part of the \$201 million that was allocated in this year's budget?

**Ms Rosengren:** That's correct, yes.

**Senator WATT:** Which is itself part of the \$10 billion that's already been committed?

**Ms Rosengren:** It is, but that strategy will also go through and identify what the future priorities are and identify future works that are required along the Bruce.

**Senator WATT:** Okay, but, in essence, despite the commitment that the federal government have made, the Queensland government's current ask of the federal government is an additional \$133 million per annum for the Bruce Highway?

**Ms Rosengren:** Yes. I believe that's correct.

**Senator WATT:** At this point in time the federal government has said no.

**Ms Rosengren:** Currently, we've got the over \$10 billion allocation over the four years, which averages, as I said, to about \$1.2 billion over each year over the forward estimates.

**Senator WATT:** This has been the subject of correspondence between the Queensland government Minister for Transport and Main Roads and the Deputy Prime Minister, and—I'm happy to table copies of this if need be—

I've got a copy of a letter from the Deputy Prime Minister to the Queensland Minister for Transport and Main Roads from September 2019 which traverses a range of issues: Inland Rail and other things. But, when it comes to the Bruce Highway, the Deputy Prime Minister refers to the \$10 million, and he says, 'In relation to your request'—the Queensland government's request—'seeking additional funding from the Australian government for the Bruce Highway, we consider that the existing Australian government commitment, which averages over \$1.1 billion per year over the forward estimates, to be more than sufficient.' So, by saying that the federal government considers that to be more than sufficient, does that imply that, if anything, the funding should be less than what's already been provided?

**Ms Rosengren:** I think most of the Bruce Highway Upgrade Program has been committed. There still remains approximately \$50 million of unallocated funding within that program, so any further projects would obviously require further consideration and decisions of government to determine whether they would be funded.

**Mr P Smith:** To add to that, we talked earlier about the road safety package. We would expect, no doubt, some money from that to be allocated along the Bruce Highway as well.

**Senator WATT:** Okay, but, again, the federal government's position based on that letter from the Deputy Prime Minister is that the funding that the federal government is currently providing for the Bruce Highway is more than sufficient.

**Mr P Smith:** I'd characterise it as we've got our funding commitment. That's already been made and is clear in the budget. And, as eluded to earlier, the \$20 million study will identify future priorities.

**Senator WATT:** I'm not sure if you're aware, but this issue about the Bruce Highway has become a pretty big issue in the Queensland election campaign at the moment, as it always does, and one of the key commitments made by the state opposition in Queensland is to four lane the highway from Cairns to Gympie. Are you familiar with that commitment?

**Ms Rosengren:** Yes, I am.

**Senator WATT:** The press release that the opposition leader, Ms Frecklington, issued on 28 September says that this project would cost an estimated \$33 billion over the next 15 years. Does that figure sound about right? Has any work ever been done to assess the cost of that?

**Ms Rosengren:** We don't have a figure to duplicate the entire Bruce Highway. Obviously, we've had previous studies done on next ground of priorities, and part of the upgrade strategy that we've got \$20 million towards is to look at what the next stage priorities would be for duplication.

**Senator WATT:** To be clear, there's been no commitment made at this point in time by the federal government to meet its share of four laning the Bruce Highway.

**Ms Rosengren:** No.

**Senator WATT:** Ms Frecklington's press release says that an LNP government, if elected, would work with the Morrison and federal government to secure an 80 to 20 federal-state funding arrangement to meet the \$33 billion cost. That would involve the federal government chipping in an extra I think it's about \$26 billion or \$27 billion over the next 15 years.

**Mr Atkinson:** Obviously we haven't been involved in that. We're in ongoing discussions with the Queensland government.

**Senator WATT:** The existing Queensland government.

**Mr Atkinson:** Yes.

**Senator WATT:** You haven't been involved; there's been no commitment to provide the extra \$26 billion or \$27 billion that would be required to deliver this commitment.

**Mr Atkinson:** The current funding commitments are in the budget, and it's the \$10 billion that Ms Rosengren has talked about. I can't speak to future budgets.

**Senator WATT:** But there's no commitment at this point in time to deliver the 80 to 20 share that is assumed in this election commitment from the Queensland opposition.

**Mr Atkinson:** Not that I'm aware of.

**Senator WATT:** Have any representations been made to the department by the Queensland opposition about its wish for about \$26 billion or \$27 billion to deliver on its commitment?

**Mr Atkinson:** We deal with governments.

**Senator WATT:** Okay, so does that mean that you haven't received any representations from the Queensland opposition seeking this funding?

**Mr Atkinson:** Not to my knowledge.

**Senator RENNICK:** That's why she said 'will work'.

**Senator WATT:** So there have been no discussions between the department and the Queensland opposition about this commitment that you're aware of?

**Mr Atkinson:** No; we wouldn't speak to an opposition.

**Senator WATT:** I'd be surprised if there was, but I just want to confirm that.

**Mr Atkinson:** Okay, so no.

**Senator WATT:** And there has been no work done by the federal department to evaluate this proposal from Ms Frecklington?

**Ms Rosengren:** No, Senator.

**Senator WATT:** No? So there's really no basis for this commitment whatsoever?

**CHAIR:** Well, I think that's outside of the department's—

*Senator Rennick interjecting—*

**Senator WATT:** There's no basis, from the federal government's perspective, for a wing and a prayer kind of promise from the opposition that the federal government will deliver \$27 billion.

**CHAIR:** Senator Watt, I don't think it's for the secretary to comment on that.

**Mr Atkinson:** The only thing that I could say is that the government could decide to do that.

**Senator WATT:** The government could—

*Senator Rennick interjecting—*

**Senator WATT:** So it's theoretically possible that a future federal government might decide to find another \$27 billion for the Bruce Highway, to give Ms Frecklington what she says she's going to give?

**Senator RENNICK:** Absolutely.

**Mr Atkinson:** Any federal government could choose to do that.

**Senator WATT:** But there's no—

*Senator Rennick interjecting—*

**Senator WATT:** Hang on! But if the federal government's position, as expressed by the Deputy Prime Minister, is that the current funding that the federal government is providing for the Bruce Highway is more than sufficient, why would the federal government give another \$27 billion that it hasn't already factored in?

**Mr Atkinson:** I think it's more than sufficient for what we're doing at the moment, and we've got \$20 million to look at future projects. We're in ongoing discussions with all of the state governments about what the future priorities will be.

**Senator WATT:** You've said there's no commitment from the federal government to fund this, there have been no representations—

**Mr Atkinson:** Not that I'm aware of.

**Senator WATT:** that you are aware of. You're not aware of any representations being made by the opposition—

**Mr Atkinson:** Not to the department.

**Senator WATT:** You're not aware of any discussions occurring with the department, no discussions between the department and the opposition?

**Mr Atkinson:** No.

**Senator WATT:** No work has been done to evaluate the proposal by the department. There's nothing to even sort of understand what the costs might be and what would be involved in the project?

**Mr Atkinson:** Not that I'm aware of.

**Senator WATT:** Okay, because the Prime Minister, when he was doing his—he took his week off to go campaigning in Queensland, and he was asked about this. One report said:

Asked whether he would stump up the Federal Government's share of the funding, Mr Morrison said he was looking at it.

"We are getting ready to ensure we understand the full costs and what's involved," he said.

**Senator RENNICK:** 'Getting ready' are the operative words.

**Senator WATT:** But you just told me that there's no-one in the department who's trying to understand the full costs and what's involved.

**Ms Rosengren:** We've got a \$20 million project, as part of the Bruce Highway upgrade strategy, and that will be looking at what the future projects are that are priority projects on the Bruce Highway.

**Senator WATT:** Yes, but that has got nothing to do this commitment that has been made by the Queensland opposition though, does it?

**Mr Atkinson:** It could. The \$20 million for future projects could look at the duplication.

**Senator WATT:** So the \$20 million that has been provided to assess future developments around the Bruce Highway—

**Ms Rosengren:** Including options for duplication.

**Senator WATT:** Does that directly relate to the commitment that the Queensland opposition has made? It can't, can it, because you've said that you're not undertaking any work—

**Ms Rosengren:** We haven't commenced work on that strategy. It has been announced at budget, and so that work will commence and we will do a scoping towards that.

**Senator WATT:** Okay. Again, just in essence, there's really no basis for this election commitment whatsoever, this wish list from the Queensland opposition for a handout of \$27 million?

**CHAIR:** I don't think you can ask that.

**Senator WATT:** What do you think, Minister? Is there any basis for this commitment?

**Senator Duniam:** I commend Ms Frecklington for putting forward her pitch to voters, including the one you've just given a good airing to.

**Senator RENNICK:** Are you against that, Murray?

**Senator WATT:** On that basis, why don't I go out tomorrow and say: 'Hello Queenslanders! I'm going to give you eleven billion dollars to upgrade eleven million roads!'

**Senator Duniam:** If, at the next federal election, you would like to do that, then you should—

**Senator WATT:** It's just rubbish, isn't it?

**Senator Duniam:** Whatever your priorities are as a Labor senator—

**Senator WATT:** How can a leader possibly go out into an election and put the federal government on the hook for \$27 billion to deliver a commitment when the department's telling us they've never even looked at this?

**Senator RENNICK:** You're not in government yet.

**Senator Duniam:** I think this—

**Senator WATT:** Mrs Frecklington can't deliver this commitment without about \$27 billion from the federal government. There's nothing in the budget for it. There's no work been done for it. No-one in the department has talked to the Queensland opposition about it.

**Senator Duniam:** I think earlier on, Senator Watt, you did quote the release that they would work with the federal government on this over a period of time—

**Senator WATT:** Sure, but I can say I'm going to work with someone to do anything, and it means nothing.

**Senator RENNICK:** Murray, I'm going to troll your Twitter account!

**Senator Duniam:** I think that might be a bit different from what you've just read out with regard to a very good policy proposal from a Queensland opposition seeking to win their state election.

**Senator WATT:** I've got no doubt they're doing it to seek to win an election—

**CHAIR:** Senator Watt, I feel you're labouring this point.

**Senator WATT:** but it's funny money.

**CHAIR:** Can we move on please?

**Senator RENNICK:** Murray, you're not getting anywhere.

**Senator WATT:** Well, I hardly think you're the person to judge that—Australia's strangest politician! But anyway—

**CHAIR:** Oh, Senator Watt, come on!

**Senator RENNICK:** Personal smears are not welcome in estimates. Come on!

**Senator WATT:** Well, half your party room agrees with me, so that's okay.

**Senator RENNICK:** That's a pretty low shot. That's scraping the bottom of the barrel.

**CHAIR:** Let's keep moving.

**Senator WATT:** One other one in Victoria we quickly want to ask about is the Frankston to Baxter rail in Victoria. I know we've covered Victoria, but this is late arriving mail—and this hasn't got anything to do with Stacklake! No, I'm pretty happy with that.

**Senator RENNICK:** If you are, mate, I'll be trolling you.

**Senator WATT:** Gerard, I lie awake at night worrying about you trolling me on Twitter! I saw I got one from you at 5 am the other morning. Haven't you got a life? I'm pleased that I'm the first thing on your mind! Or had you been trolling other people for two or three hours before that?

**CHAIR:** Please, let's move back to the infrastructure projects.

**Senator WATT:** On the Frankston to Baxter rail: has the business case been received from the state government for the Frankston to Baxter rail extension yet?

**Ms Nattey:** No, it has not.

**Senator WATT:** I gather this might be referred to as a preliminary business case?

**Ms Nattey:** The preliminary business case we have seen, but there has not been a final business case.

**Senator WATT:** Can you provide a copy of that preliminary business case to the committee, please?

**Ms Nattey:** When it's released publicly we'd be happy to.

**Senator WATT:** But it may never be released publicly.

**Mr Atkinson:** It's the Victorian government's. We'll take it on notice.

**Senator WATT:** Yes. It's a document in your possession, though.

**Mr Atkinson:** Could I just take it on notice?

**Senator WATT:** Sure.

**Mr Atkinson:** The Comm-state relations negotiations—

**Senator WATT:** Sure. Does the business case provide an estimate of the cost of extending the metro to Baxter?

**Ms Nattey:** I'll take it on notice. I don't have the information in front of me, so I'm happy to take it on notice.

**Senator WATT:** You don't know whether the business case gives that estimate—okay. And, if it does, could you please advise us what that cost is.

**Ms Nattey:** Yes.

**Senator WATT:** Does the business cost provide estimates of the cost of other options for the line?

**Ms Nattey:** I'll take that on notice as well.

**Senator WATT:** Again, if so, could you let us know what options.

**Ms Nattey:** Yes.

**Senator WATT:** Would you expect this business case to be considered by cabinet—by federal cabinet?

**Ms Nattey:** To be considered by the Australian government? I actually don't know the answer to that question. I'm just looking to Mr Atkinson.

**Mr Atkinson:** I'd have to take that on notice. We're waiting for the final business case from the Victorian government.

**Ms Nattey:** We have seen a draft.

**Mr Atkinson:** Can I take on notice that we'll release what we can of the business case—

**Senator WATT:** Yes.

**Mr Atkinson:** and I'll come back to you about that. It could well require cabinet consideration of the decision. I imagine ordinarily it would go through that sort of process.

**Senator WATT:** It would, ordinarily? And I take it from what you've already said that that draft business case has not been released to the public?



**Ms Nattey:** It hasn't.

**Senator WATT:** And why is that?

**Ms Nattey:** It's a matter for the Victorian government.

**Senator WATT:** To release it?

**Ms Nattey:** That's right.

**Senator WATT:** Okay. And how many requests have the department and/or the minister received, whether from the public or not? I know the federal member for Dunkley has had a lot to say on this, and others. How many requests has the department and/or the minister received to release the business case?

**Ms Nattey:** I haven't got that information with me, but I'm happy to take it on notice.

**Senator WATT:** Okay. Could you let us know which community groups and individuals have requested the release of the business case?

**Ms Nattey:** Yes, I will.

**Senator WATT:** At the last Senate estimates hearings—

**Mr Atkinson:** Sorry, can I just say that one would be subject to privacy considerations, but, yes.

**Senator WATT:** Take it on notice anyway.

**Ms Nattey:** It may say there are a number of individuals, without naming them.

**Senator WATT:** Yes. At the last Senate estimates hearings, the department advised that \$225 million is currently allocated to this project. What's the profile of that \$225 million commitment over the next 10 years?

**Ms Nattey:** If you just give me a moment—in 2021, \$30 million; 2021-22, \$100 million; 2022-23, \$30 million; 2023-24, \$65 million.

**Senator WATT:** Did the government commit any new money to the project in the 2020-21 federal budget?

**Ms Nattey:** No, it didn't.

**Senator WATT:** Has the minister formally requested the state government to do any more work on the business case or another business case or report?

**Ms Nattey:** The minister hasn't requested anything formally of the Victorian government.

**Senator WATT:** Thanks.

**Senator STERLE:** Let's talk about the infrastructure stimulus package. This is the \$3.8 billion stimulus package which was announced over a few days, with individual announcements in each jurisdiction around the country. Can you remind me how many projects were included in this package in total please?

**Mr Atkinson:** I might ask Mr Smith to do it to go into the individual projects, but the local roads and community infrastructure stimulus and the road safety stimulus were packages of funds that the states on the one hand and local governments on the other put into as part of that, so individual projects weren't announced as part of those two.

**Mr P Smith:** I can go through this state-by-state to give you a number.

**Senator STERLE:** How many are there? Is there three hours worth, or—

**Mr P Smith:** No.

**Senator STERLE:** Let's go state-by-state.

**Mr P Smith:** I can do that.

**Mr Atkinson:** I think it's all in the material.

**Mr P Smith:** It's all in the table, but there's a total of 88.

**Senator STERLE:** That's great, tremendous. It's all in there? I haven't even looked at that yet.

**Mr P Smith:** Correct; it's all in there.

**Mr Atkinson:** That was one of the questions you asked us.

**Senator STERLE:** You've even got the answer. That's even better. Obviously we think the money was intended to flow quickly to stimulate employment and economic activities. It's nearly 12 months on now. How much of the \$3.8 billion has been delivered? There was an announcement for a \$3.8 billion stimulus package, so how much has actually been spent?

**Mr P Smith:** Of the \$500,000 for local roads and community infrastructure, we've approved \$345 million worth of projects and paid just over \$150 million for that. We've answered already the question around the additional \$1.5 billion—a number of projects are obviously underway and one has been completed. And, to date, because we are paying by milestones, we're yet to receive the milestone request so we haven't paid any on that.

**Mr Atkinson:** Those commenced 1 July.

**Mr P Smith:** It commenced 1 July; yes.

**Senator STERLE:** Have any been delivered in full yet?

**Mr P Smith:** Yes. There was one completed.

**Senator STERLE:** Which one was that?

**Mr P Smith:** That was the Coates Gully Bridge.

**Senator STERLE:** You said that, yes.

**Senator WATT:** Can I check before we go into individual states: for the \$3.8 billion that was announced as the overall stimulus package, what did you say the figure was for how much has been spent all up?

**Mr P Smith:** At the moment, it's just over \$150 million.

**Senator WATT:** And that's nearly 12 months after the announcement was made?

**Mr P Smith:** No.

**Mr Caruso:** Sorry, just to clarify: are you talking about the infrastructure boost announcements in November 2019—

**Senator WATT:** Yes.

**Mr Caruso:** or the announcements in June this year?

**Senator WATT:** That's what I was checking, because I thought we might be talking about different things.

**Mr P Smith:** We were talking about the recent stimulus.

**Senator WATT:** That's why I was confused. So the ones that were announced in November 2019, the \$3.8 billion stimulus package—

**Mr Atkinson:** I was answering the stimulus from—

**Senator WATT:** That's what I thought

**Mr P Smith:** I think all up we've spent just over a billion dollars.

**Senator WATT:** About a billion?

**Mr P Smith:** Yes.

**Senator WATT:** Is it worth getting Senator Sterle to go back over that stuff, given that we are now talking or we were talking about something different?

**Mr P Smith:** In terms of the number of projects et cetera, we can go through the number of projects.

**Senator WATT:** But in headline figures—

**Mr Atkinson:** Sorry, we'll have to take that on notice, Senator. We don't have it here.

**Senator WATT:** Okay, but in headline figures, the Prime Minister announced \$3.8 billion as an infrastructure stimulus in November last year. Twelve months on, \$1 billion has been spent, so less than a third? About a quarter.

**Mr Caruso:** That's correct.

**Mr Atkinson:** The \$3.8 billion wasn't expected to be spent this year.

**Senator WATT:** No, but if it's stimulus, the whole point is to get the money going, isn't it, and get projects happening?

**Mr Atkinson:** It was increasing the infrastructure profile over the next three years.

**Mr P Smith:** It was a combination of bring-forwards plus some additional funding to calculate that. It wasn't to get them started tomorrow; it was to bring forward the actual construction dates, working with the states.

**Senator STERLE:** That's fine. I'm glad you cleared that up, because I was very clear in what I had asked. I wasn't confused. That's why I was looking at you all weird, thinking \$150 million out of \$3.8 million. But there you go.

**Senator WATT:** It's probably worth us clarifying then the total number of projects that were included in the package?

**Mr Caruso:** It's 67.

**Senator WATT:** How many have been delivered in full?

**Mr Caruso:** I would have to take that on notice.

**Senator STERLE:** No worries. When announcing the package for New South Wales, the Prime Minister said there would be \$570 million to bust congestion and make regional roads safer, with \$212 million in new payments to be spent in the next 18 months. How much has been delivered to date in New South Wales?

**Mr Atkinson:** Are you talking about the boost from November again, or are you now talking about this year?

**Senator STERLE:** I am still talking about the boost from November, the \$3.8 billion.

**Mr Caruso:** Of the \$1 billion that has been spent I don't have a state-by-state breakdown.

**Senator STERLE:** You don't? Take it on notice for New South Wales, South Australia—this would be the same, you would not have any of them, would you?

**Mr Caruso:** No, sorry.

**Senator STERLE:** Western Australia, Queensland, Victoria, Tasmania. There was big talk about Tasmania earlier with Senator Brown, I think. You probably covered all of them, but anyway. And the Northern—

**Mr Atkinson:** Are you just after a state split for the delivery?

**Senator STERLE:** Yes. You can take it all on notice. We're getting quicker all the time! I want to go to the Local Roads and Community Infrastructure Program. Let's make sure we have got all that. On 22 May the government announced the Local Roads and Community Infrastructure Program. How many councils have now applied for funding for projects under this program?

**Mr Caruso:** The latest number I have is 531 have signed up to the program and we have received project nominations from 446 councils.

**Senator STERLE:** I don't expect you to rattle them all off now, Mr Caruso, but if you could take on notice to let us know who they are and where they come from.

**Mr Atkinson:** I think all of those projects are on the table.

**Mr Caruso:** We've tabled a big list of programs that have been approved to date under the Local Roads and Community Infrastructure Program.

**Senator STERLE:** And that's in there? That's great.

**Mr Atkinson:** There are about 1,800 of them.

**Senator STERLE:** You would have thought I would have got to it by now, wouldn't you? Thank you. I will ask a few questions about that, but if the answers are in there just say they are in there. Of the individual project applications that have been received, how many have been approved? Did you say 446?

**Mr Caruso:** Around 1,800 have been approved. 446 councils have put applications in. They can apply for multiple projects per council.

**Senator STERLE:** Sorry. It's getting late. This is the trouble when you sit in estimates for 12 or 13 hours. Your brain gets fried. Then when these two start their war it gets even more fried. So 1,800. Can you tell us how many have been rejected?

**Mr Caruso:** Probably a handful. I would have to take the exact number on notice.

**Senator STERLE:** It's not in there?

**Mr Caruso:** No.

**Senator STERLE:** Just take that on notice, then. That's fine. How much funding has been rolled out?

**Mr Caruso:** Over \$150 million has already been paid to councils.

**Senator STERLE:** But then you have the progress payments or whatever you call them.

**Mr Atkinson:** That's \$150 million of the \$500 million, and it only opened in July.

**Senator STERLE:** How many have commenced construction?

**Mr Caruso:** We don't have that figure on us. Because of the number of projects, when we approve the projects we do have an estimate of construction start date. That has been provided in the documents we have tabled.

**Senator STERLE:** Great. Have any of the councils written to the department requesting extensions to project deadlines?

**Mr Caruso:** Not at this point.

**Senator STERLE:** Can you tell us when the government will release the guidelines for the extension of the Local Roads and Community Infrastructure Program?

**Mr Caruso:** We expect to do that in coming weeks.

**Senator STERLE:** Can you also tell us when you expect to release the funding allocations under the extension?

**Mr Caruso:** Shortly, I think.

**Senator STERLE:** In the same time, or around the same time?

**Mr Caruso:** Probably sooner.

**Senator STERLE:** Tremendous. Before we go any further I want to go to the budget 2021 measures Budget Paper No. 2. I've gone to page 134. Mr Atkinson, I want to go down to where we were talking about the \$2 billion over two years to deliver the small-scale road safety projects. I was trying to match up the questions earlier. Is this the same fund we were talking about earlier, those shovel-ready road safety ones? Or is this another tranche of money?

**Mr Atkinson:** This is \$2 billion of further road safety works—

**Senator STERLE:** Two billion on top of what?

**Mr Atkinson:** Of the previous road safety stimulus. I think it was half a billion.

**Senator STERLE:** So I'm not crossing over?

**Mr Atkinson:** No. The first one was announced in May, got moving—a proof-of-concept type thing—then \$2 billion into it.

**Senator STERLE:** Fantastic, thanks. Also—I doubt this is in Roads to Recovery; I don't know but I'm going to ask; I'm sure it won't be in bridges or black spot—once again, are there any heavy vehicle rest areas in any of that spend that have been targeted to be built?

**Mr Atkinson:** So this is the second tranche, and we don't have the projects in yet for the \$2 billion.

**Mr P Smith:** We did take on notice earlier a question about—

**Senator STERLE:** On the difference—

**Mr P Smith:** On the earlier one, yes.

**Senator STERLE:** My questions are the same.

**Mr Atkinson:** I'll take on notice the eligibility. The eligibility is the same for the two.

**Senator STERLE:** That's great, thank you. I'm trying to be consistent in my push for some decent heavy vehicle rest areas where no caravanners are allowed in—just for trucks. What is the \$40 million Heavy Vehicle Safety and Productivity Program?

**Mr Caruso:** That is an extension at current funding levels to the existing Heavy Vehicle Safety and Productivity Program.

**Senator STERLE:** What will the \$40 million be for?

**Mr Caruso:** It just continues funding at current levels.

**Senator STERLE:** But specifically what? If someone wants to test crash something or—

**Mr Atkinson:** Ms Legg administers it.

**Ms Legg:** I didn't bring all of my papers, but I do have a short description. You mentioned black spots and bridges renewal. The Heavy Vehicles Safety and Productivity Program is another one of those small targeted road programs. The funding that Mr Caruso was referring to was an extension of funding for that program.

**Senator STERLE:** I'm not setting you up for a trap. I actually don't know what the program delivers.

**Ms Legg:** I've printed a very short summary of what it is and now of course I can't find it.

**Senator STERLE:** If it's easier—

**Mr Atkinson:** Can we give you on notice the description of the program—objective and guidelines?

**Senator STERLE:** Absolutely.

**Ms Legg:** I've found it.

**Senator STERLE:** Brilliant. It saves you going back to the office and doing it.

**Ms Legg:** The Heavy Vehicle Safety and Productivity Program provides funding to state, territory and local government entities for projects that improve the productivity and safety outcomes of heavy vehicle operations across Australia.

**Senator STERLE:** Could you take on notice an example of every single cent that has gone for whatever projects and—

**Ms Legg:** I believe the projects are available on the internet. So we can provide you with a list of everything that has been funded to date.

**Senator STERLE:** That would be great. Thanks very much. While we are on the same couple of pages, Mr Atkinson and co, there's the JobMaker plans. I can talk about WA but I cannot talk about other states. In that bucket of money—funding, I should say—for the projects, are there any heavy vehicle rest areas as part of that spend? If so, where are they? What's the size of them? Do they have toilets? Is there sealed bitumen? Are there showers and all that sort of stuff? Are trucks separated from oncoming traffic when the truckies are in their bunks at night? For all of those—only because I don't know the geography of the states.

**Mr P Smith:** We will take that on notice for all of that.

**Senator STERLE:** Yes, take it on notice, please. I can tell you about WA, I am very keen to see what the Newman to Katherine corridor upgrade will deliver. There is the Broome to Kununurra. I don't know if that is to upgrade the road Broome to Kununurra. There's the \$56 million Karratha to Tom Price corridor upgrade—where I would assume there would be some heavy vehicle only rest areas. There's also the Port Augusta to Perth corridor and the Coolgardie-Esperance Highway at Emu Rocks.

On the West Australian one, on page 138, what is the Freight Vehicle Productivity Improvements Program? I'm happy for you to take it on notice and, once again, break it all up and tell me what it does. I am keen for you to tell me now.

**Mr Atkinson:** We're trying.

**Senator STERLE:** That is great.

**Ms Rosengren:** This is a series of programs—small little projects like putting in rest areas, as you have mentioned, overtaking lanes and raising powerlines, predominantly in the southern portion of Western Australia.

**Senator STERLE:** That's great. So you will be able to come back and give me an example of everything that is being done under that?

**Ms Rosengren:** Yes. We still don't have all the specific details of the individual projects—like which powerlines they are raising—but we can come back and give you some information.

**Senator STERLE:** That's very important and I want to know that, but I am more concerned about whether there are rest areas. The state government has been doing a fair bit of work on this.

**Ms Rosengren:** It will come back if there are any specific truck rest areas being built under that.

**Senator STERLE:** That's great. Before I let you run away, I want to ask a couple of questions around the Heavy Vehicle Safety Initiative program. Who is that?

**Mr Atkinson:** Sorry; which document are you referencing?

**Senator STERLE:** I have a breakup. I saw this on the Internet. There was announcement just recently. I think Minister Buccholz may have put it out. I think it was Minister Buccholz—he was tweeting about it. That is where I first got a copy of it. It reads:

The Heavy Vehicle Safety Initiative (HVSI) program funds initiatives that will deliver safety benefits for the heavy vehicle industry and other road users. It is administered by the NHVR on behalf of the Commonwealth Government and has provided \$22.8 million for 89 HVSI grants over the past five years.

This is the latest one to be announced.

**Mr Atkinson:** Yes, that's the National Heavy Vehicle Regulator.

**Senator STERLE:** Can I ask questions about that? Would be able to answers on that? It's your department—

**Mr Atkinson:** I can arrange for our surface transport policy people to have answers for you tomorrow.

**Senator STERLE:** That's fine. I will give you a heads up too. I am all for road safety. Everyone knows my commitment to the heavy vehicle industry. I have two queries. First, I don't know how big or what the size of the grant is, but it is to the South Australian Wine Industry Association and it is to develop a wine industry code of

practice and promote via a national educational program, and develop a registered industry code of practice for the Australian wine industry and deliver training on the code to stakeholders across the country. I'd be very interested in how that ties in with the heavy vehicle safety initiative. It's probably a wonderful thing but I have no idea. The other one is to the Tasmanian Farmers and Graziers Association for implementing resources, training and education for the Tasmanian agriculture and horticulture industry code of practice.

**Mr Atkinson:** Senator, can I just ask a couple of questions on that so that people might have a better chance of finding the answer?

**Senator STERLE:** Yes.

**Mr Atkinson:** The first thing you talked about—

**Senator STERLE:** I'll give it to you. I'll give a copy to Mr Atkinson. There's nothing to hide.

**Mr Atkinson:** I'm just trying to get references as to where they might be.

**Senator STERLE:** Yes. I'd be very keen to hear. This is my last question for this department. I was talking earlier on about being very keen for the committee to get information about the much-lauded infrastructure projects that have been announced in the budget and whether they appear in any state list or were the subject of discussion with states as new projects for stimulus, or whether they are mostly funding cost overruns owing to poor project development. Take that one on notice please. Also I ask for a breakdown by project of the original cost of all projects announced by the government since May 2019, the current contribution required by the Commonwealth and how many are pending funding blow-outs. It's a lot of work. I'm just putting it on notice for you.

**Mr Atkinson:** That is a vast amount of work.

**Senator STERLE:** That's why I'm putting it on notice. I don't expect you to come running back tomorrow, Mr Atkinson. I think it's imperative that we do get to see that. I've finished, Chair.

**CHAIR:** Congratulations. That is terrific.

**Senator STERLE:** I told you I would steam through. It's just all the other senators asking questions and interrupting.

**CHAIR:** I know. Senator Sterle, you are a marvel. We'll move to Infrastructure Australia.

### Infrastructure Australia

[21:23]

**CHAIR:** I now call representatives of Infrastructure Australia. Do you wish to make an opening statement?

**Ms Madew:** Yes, please, just a short one. Like all of you in the room today, the evolving impacts of COVID-19 have been front of mind at Infrastructure Australia this year. This is a unique period of uncertainty for the sector. We are facing border delays, supply chain vulnerability, reduced private sector expenditure, reduced site access, reduced access to overseas manufactured goods and limited staff availability due to illness or quarantine. At the same time COVID-19 has accelerated changes in the way we use infrastructure, impacting work practices, settlement patterns, activity in our CBDs, and public and active transport use as we shift even further towards digitisation and remote service delivery. The depth and longevity of these impacts on the infrastructure sector are still largely unknown. What we do know is that maintaining a pipeline of nationally significant infrastructure investments is a crucial first step in managing and recovering from the social and economic impacts of COVID-19. To support the efficient but best-practice assessment and approval of projects for stimulus, Infrastructure Australia has been working closely with our department and our cross-jurisdictional colleagues over the last six to 12 months to minimise duplication of policies, processes and projects. This streamlining focus is creating a national approach to information sharing, utilising best-practice procedures to encourage growth and development in our city, rural, regional and remote areas.

However, it is not just about projects; it is also about policy reform. For that reason, we have been pleased to see in the recent Commonwealth budget that Infrastructure Australia has been provided with further funding for policy research that will support the critical need we have for quality infrastructure decision-making and reform of the next 15 years. This funding will resource us to expand the 2021 Australian Infrastructure Plan to respond to COVID-19. The plan is a policy reform document that aims to guide Australia's long-term recovery response and provide a blueprint for lasting reform.

Secondly, the funding will lead to ongoing research, at the request of the first ministers at COVID in March, on the market capacity of the infrastructure sector to deliver the investment pipeline. This research will bring together Commonwealth, state and territory and industry data to provide an annual snapshot of market capacity to

support targeted investment and reform. This work will be critical to decision-makers to understand the capability of the sector to respond to the investment signals from government and the private sector.

And the third tranche of funding in the budget funding was to conduct an 18-month comprehensive reset of the Infrastructure Australia Assessment Framework, which sets the criteria for which we include on the *Infrastructure priority list*. We are committed to working as partners with industry and government as we map out the infrastructure reforms needed for recovery, deliver a clear view of the sector's capacity issues and streamline the process for assessing infrastructure proposals.

**CHAIR:** Thank you very much. Senator Sterle.

**Senator STERLE:** Thank you, Chair. That sounds like a positive coming from the government after a few years of being out in the wilderness with Infrastructure Australia. That's good. How many projects under the government's \$110 billion Infrastructure Investment Program have had business cases assessed, and passed, through IA's assessment process to date?

**Ms Madew:** I might have to take that one on notice. As you said, the package has increased to \$110 billion. We would have to take that on notice.

**Senator STERLE:** Mr Jackson wouldn't have any idea of how many cases? We're not talking about thousands.

**Ms Madew:** We have been seeing business cases for all projects that are over \$110 million. I couldn't give you the different projects. We could give it to you on notice. I can tell you the projects we have reviewed over the last year or the year before.

**Senator STERLE:** Go on then.

**Ms Madew:** We've done 10 projects this year and we did 14 projects last year.

**Senator STERLE:** That's good. Can you tell us how many projects were negatively assessed?

**Ms Madew:** Of the 10 that we've assessed this year, three were not recommended. Of the 14 that we assessed in 2019, two were not recommended. In 2018, of the 11 that we assessed, one was not recommended.

**Senator STERLE:** Can you tell us which projects announced as part of the 2020 budget IA has reviewed?

**Ms Madew:** The 2020-21 budget?

**Senator STERLE:** Yes.

**Ms Madew:** There were 130 projects announced in the package. Of those, 30 were over \$100 million. Of the 30, we have reviewed 17. I think five of them have done a full business case and the remaining ones were done with a stage 1, which means they are on the *Infrastructure priority list*. I hope I am getting my numbers right.

**Senator STERLE:** So they are not knocked out yet.

**Ms Madew:** Yep. And then there are 13 that we have not currently seen.

**Senator STERLE:** Still on their way—on top of the 17?

**Ms Madew:** Yep.

**Senator STERLE:** That's great; thank you. Can you tell us the average amount of time it takes to assess a business case?

**Ms Madew:** I will refer to Robin Jackson, our chief of infrastructure prioritisation.

**Mr Jackson:** The time to assess a business case is dependent on the quality of information presented to us and the amount of time that we may need to verify any information within that business case. It is dependent on the proponents, the state or territory governments, responding to our questions. On average we have been completing business case assessments in four to six months, but they do vary depending on the complexity of the project as well.

**Senator STERLE:** I am a supporter of Infrastructure Australia; why wouldn't I be? Mr Albanese set it up with all the right intentions 10 years ago—probably longer now.

**Ms Madew:** Twelve.

**Senator STERLE:** There you go—12 years ago. Can you tell us how much IA spent on assessing business cases in the past financial year?

**Ms Madew:** Just one moment. Do you mind if I let staff look for that number and come back to you on that?

**Senator STERLE:** That's not a problem, Ms Madew—saves you having to go back to the office and dig it all up tomorrow.

**Ms Madew:** We will come back to you on that one.

**Senator STERLE:** Thank you; that's fine. Can you tell us how many business cases have been assessed without the assistance of consultants?

**Ms Madew:** This year, of the 10 we have assessed, we are starting to look at different models. We have had one business case that was assessed internally.

**Senator STERLE:** One internally?

**Ms Madew:** Of the 10 this year.

**Senator STERLE:** Is that a funding reason?

**Ms Madew:** No; it is part of the evolution of the work we are doing on business cases. We are getting a large number of business cases coming through; for instance, we have 10 active and another 33 expected in the next six months. So we're looking at the ways that we are evaluating business cases and at our efficiency program in assessing business cases. Mr Jackson and his team have been working hard in finding efficiencies, while remaining robust and accountable, in how we review business cases.

**Senator STERLE:** Are you finding it more efficient to use consultants than to do it in-house?

**Ms Madew:** It depends on the complexity of the business case. For those that are quite complex, we don't have those skills internally and we are reliant on consultants for those skills, depending on the complexity. If we have the skills in-house, then we use them.

**Senator STERLE:** Can you tell us the last time Infrastructure Australia completed a business case assessment and added a project to its *Infrastructure priority list* before federal funding was committed?

**Ms Madew:** We would have to take that one on notice.

**Senator STERLE:** No worries. Now, I understand that Infrastructure Australia has been assessing the Sydney Metro-Western Sydney Airport business case since February; is that correct?

**Ms Madew:** We received it in February, yes.

**Senator STERLE:** When did Infrastructure Australia first receive project documents from Sydney Metro?

**Ms Madew:** Sorry; we'll just have a moment, and Mr Jackson will look that up.

**Senator STERLE:** That's alright; we're nearly finished, so another minute's not going to hurt.

**Ms Madew:** I just want to check on that other question. On the question you asked around how much we had spent: it was \$600,000 approximately.

**Senator STERLE:** Thank you very much. And when you first received project documents from Sydney Metro—are you still looking for that?

**Mr Jackson:** I will have to take that on notice. It's quite common to receive some information before we accept a business case for evaluation. It was accepted for evaluation in February, so we would have received the business case before that. We do a checking process to check that it contains everything we need to assess it.

**Senator STERLE:** You might have that answer before you go. How much has Infrastructure Australia spent on consulting fees to assess the Sydney Metro project?

**Ms Madew:** I'd say we would have to take that on notice.

**Senator STERLE:** Did the federal or New South Wales government consult you before committing a further \$3.5 billion to the project in June?

**Ms Madew:** Funding decisions are a matter for the government.

**Senator STERLE:** I understand that. They didn't consult you at all—they just made the announcement? Did they actually come and talk to you before they committed the extra \$3.5 billion? That's all I am asking. It's either yes or no.

**Ms Madew:** Our role is to provide advice to the government on business cases. We're not involved in funding decisions, so it's not information that was shared with us.

**Senator STERLE:** Ms Madew, that's fine. You're not getting lined up against the wall or anything. That's no worries. Are you aware that the project is already under procurement—Sydney Metro?

**Ms Madew:** Yes.

**Senator STERLE:** I understand that Infrastructure Australia requested a revised business case for the Townsville Ring Road stage 5 in June 2020. Is that correct?

**Ms Madew:** We finalised our evaluation on that project.



**Senator STERLE:** But did you request a revised business case?

**Ms Madew:** We requested additional information, yes.

**Senator STERLE:** That's not the same terminology as a revised business case, is it?

**Ms Madew:** That's part of the whole assessment framework—process. If we believe that additional information is required, we will ask for additional information of a business case.

**Senator STERLE:** That's just extra information. It's not, 'Take it away and start again'?

**Ms Madew:** No, it's not start again; it's just part of the process.

**Senator STERLE:** I'm led to believe that this project was fully funded by the federal and Queensland governments in May of last year. Is that right, to the best of your knowledge?

**Ms Madew:** As I said, funding is a matter for government, so we'd have to—

**Senator STERLE:** Sorry, but it was fully funded. You're not aware if things are fully funded?

**Ms Madew:** Sorry, we are, yes.

**Senator STERLE:** That's was by both governments—Queensland and federal?

**Ms Madew:** That's right.

**Senator STERLE:** I understand that the procurement closed in December of last year, 2019, and that the contract was awarded in August 2020. Ms Madew, what's the purpose of requesting a revised business case?

**Ms Madew:** If you could just give me a moment—

**Senator STERLE:** While you're looking, did I tell you, Senator McDonald, that I reckon Mr Albanese was the best infrastructure and transport minister this nation has ever seen?

**CHAIR:** No, Senator Sterle, you've not told me that before, no. But it was a long time ago, wasn't it? Perhaps something more modern and contemporary would be—

**Senator STERLE:** He set up Infrastructure Australia—

**Ms Madew:** Mr Jackson will answer this question.

**Mr Jackson:** At the end of each of our evaluations, we typically note our observations on the business case. If it's a project that we've not recommended for the priority list then it's a standard practice for us to welcome a revised business case to be put forward to us, but it's not required to come back to us.

**Senator STERLE:** Sorry, you're just a bit hard to hear, Mr Jackson.

**Mr Jackson:** I will speak up. At the end of each of the evaluations, we note in the evaluation summary, which we publish on our website, any of the observations we found on that business case and where it could potentially be strengthened. It's standard practice for us to then welcome the opportunity to review a revised business case, if one is prepared or if those adjustments that we recommended in the evaluation summary are made to the investment case, but it's not mandatory for it to come back to us.

**Senator STERLE:** Would it be normal, if you've requested a revised business case or additional information in June, with the procurement closing in December, for the contract to be awarded in August? Is it normally that quick—that you can ask for a review and then the next month it's ready to roll?

**Mr Jackson:** That's a matter for the proponent, the state or territory government. If they want to take on board the advice that we published then they can strengthen the investment case for the project.

**Senator STERLE:** Is the committee able to see what questions you asked of the proponents?

**Mr Jackson:** In the evaluation summary we summarise the observations of how the business case could be strengthened.

**Senator STERLE:** And we can get access—

**Ms Madew:** All our evaluation summaries are online—on our website.

**Senator STERLE:** Okay. Is the time line for the proponents to come back to you with the information you've required available as well?

**Ms Madew:** Can we take that on notice today?

**Senator STERLE:** Of course.

**Mr Jackson:** On our website we do publish whether the business case is with us or whether it's awaiting information.

**Senator STERLE:** Sure. I'll tell you what, Chair, you will probably be happy that I'm done. Thank you.

**CHAIR:** Thank you.

**Senator STERLE:** Oh no, she's back!

**Ms Madew:** Sorry, we just have a response to—

**Mr Jackson:** Your question about when we received the documentation for Sydney Metro.

**Senator STERLE:** Yes.

**Mr Jackson:** That was in December 2019.

**Senator STERLE:** Thank you very much.

**CHAIR:** I want to ask you about an Infrastructure Australia report that I read last year. I think it was written during that year. It was with regard to the population growth in the major cities of Australia. It said that 77 per cent of the expected population growth is expected to occur in the major cities, leading to an increase in congestion and an increase in necessary spend. What I'm interested in is, following COVID, if Infrastructure Australia has done any work on converting that city-based spend to regional spend?

**Ms Madew:** Thank you for the question. In looking at that report, I think you are talking about the report *Urban transport crowding and congestion*.

**CHAIR:** That sounds about right.

**Ms Madew:** It was an addendum to last year's audit. That's possibly the report you're mentioning. Looking at population growth—I'll come back to you on the regional question—as I said, to begin with, we're still collaborating with industry, community and government to understand the impacts that COVID has had on population numbers. However, at the beginning we did, very early on in COVID, develop a 10-point plan for COVID with the other independent infrastructure bodies. A number of principles in there talked about the importance of regional maintenance and small projects. It very much talked about how infrastructure stimulus could be spent on both urban and remote work. I just want to ask my colleague Peter Colacino to talk about the population—

**CHAIR:** I'm less interested in the population piece as the regional spend. I think we get greater impact for spending in regions, particularly if we spend it on roads and infrastructure. In the cities it's necessary but it doesn't necessarily lead to obvious productivity increases the way that it does regionally.

**Ms Madew:** Are you asking about the work that we did or are currently doing or some of the budget funding, because there was a lot in the budget funding for regional and rural as well? To remind you, on the work that we do, we take a geographic lens. We look at four geographies. We did that in the audit and we're doing that with the plan that we're delivering next year. We're looking at fast-growing cities, which is what you're talking about, but then we break it down into smaller cities and regional centres, small towns, rural areas and remote Australia. So for all of the work we do, everything we do, we take a geographic lens to it. We don't just focus on the urban conurbations; we look at all areas around Australia.

**CHAIR:** Terrific. I will look forward to following that work with interest. Senator Rice, you are the last questioner for the evening. Don't make everybody sad, will you? Be concise and to the point; we're on the homeward stretch!

**Senator RICE:** I will do my very best. It's very exciting that we're finishing up early. Thank you, Infrastructure Australia. Earlier on this evening or this afternoon I was asking questions of the Infrastructure Investment division and referring to some of the reflections in your infrastructure audit last year. I want to ask a pretty general question to begin with: what is the purpose of your infrastructure audit?

**Ms Madew:** The one we released last year?

**Senator RICE:** Yes.

**Ms Madew:** That's the second infrastructure audit we've done. Really, it's looking at the opportunities and challenges. Last year we identified 180 challenges and opportunities over both economic and social infrastructure, using that geographic lens that I just mentioned. We also take a social lens, so we look at access quality and cost.

As I said, the whole reason for the audit is to look at the opportunities and the challenges that are being faced around Australia. Then, as you will probably remember, we're doing the plan, which is looking at the reform and the investments. We then used that audit for a couple of things. One is we used it as input into the *Infrastructure priority list* at the beginning of the year, which took a really strong resilience lens, and that had fed out from the audit last year. It also, as I said, is feeding into the plan next year. It's a crucially important document. The feedback we have from all stakeholders is that we are able to capture a lot of the feedback from community,

industry and government. We're able to capture it in the audit in one document. I know it's a very large document, but you have one document in Australia that captures all of this information.

**Senator RICE:** Thank you. I have had a thorough read, particularly of the transport passenger chapter. Do you have an expectation that your findings and your reflections will influence government policy and processes and which projects get funded?

**Ms Madew:** You've just got to look at the recent budget. When you consider the *Infrastructure priority list* in a number of tranches of stimulus money that have happened over the last year a high percentage of the projects that're seeking more than \$100 million are on the priority list. The government uses the priority list as a way of identifying projects in the pipeline. Coming to policy and reform, there's a lot of work that we've done. I'll give you one example: coastal inundation. In the *Infrastructure priority list* this year we included coastal inundation. The feedback we have been receiving from the jurisdictions to enhance the discussion around coastal inundation has been really important. Another one is the freight and supply chain. That was an item we included in the *Infrastructure priority list* a number of years ago. There has been a very successful jurisdictional working group from that. So in answer to your question, yes, I believe that the government take on board the advice that Infrastructure Australia provides when it comes to reform and investment. But to remind you, our role is to provide advice. It's up to the government and governments whether they want to take all of our advice on, but our role is to provide advice.

**Senator RICE:** I'm particularly interested in—not so much the priority investment projects, the big projects—the advice and the very interesting reflections that you made in the audit, particularly on a policy basis, and that that should influence and advise on smaller projects, ones that don't have big business cases that take a long time developed for them. Your reflections about transparency in which projects get funded seem to me to be a pretty strong thread through the audit. I was asking questions about that earlier on. Could you talk to me about transparency and how that think it should be being reflected in government decision-making, if your advice was being taken on board?

**Ms Madew:** Just on the question on the transparency that was in the audit, Peter Colacino, chief of policy and research who oversaw the audit, would like to make a point on your question on that.

**Mr Colacino:** The audit observed many challenges linked to transparency, principally around cost—the cost of infrastructure both in terms of capital and maintenance, and the level of transparency around what those costs are and the time over which they're likely to occur without intervention. Additionally, the benefits that are offered by infrastructure and associated services, especially where economic benefits are from freight or logistics, or the major contributor could be benefits linked to sustainability, quality of life or environmental benefits, but also limited understanding about who funds and pays for infrastructure and the source of those funds. The audit's observations around transparency are linked to costs, to benefits, to funding, and indeed to who bears that cost. Many of those considerations are, of course, considerations for state and territory jurisdictions as well as local government, the principal owners of those assets.

**Senator RICE:** I'm interested in the comments on page 296 and 299, where you say:

The growth in transport capital expenditure in recent years means that transparency in decision-making around the allocation of funds is critical to levels of public confidence in our networks' long-term sustainability—  
and—

The lack of transparency regarding road funding in Australia, combined with the inconsistency of asset management and financial planning standards and practices across local governments, is particularly problematic in regional and remote areas.

They're some fairly strong observations on problems with transparency. Have you seen, in the most recent budget process—your audit came out in August—any increase in improvements in transparency in decision-making by the federal government?

**Mr Colacino:** As I mentioned in my earlier response, many of the considerations relate to the planning around the timing of investment and the funds associated with that investment. As to many of those questions, they are the role of state and territory jurisdictions and local governments, as the asset owners. But, particularly with regard to funding, we've not seen changes in that area.

**Senator RICE:** No, and particularly with regard to transparency in decision-making. I was asking questions as to what transparency there was in any of the decisions as to what was being funded—particularly for the smaller projects, not the bigger ones—and basically there was zero. The decisions, we're told, were made as part of budget processes and exchanges of letters between state and federal governments. For us as the community, that means zero transparency.

**Mr Colacino:** We don't have visibility of those funding decisions, nor are they normally an area in which Infrastructure Australia would be consulted. Harking back to the audit, the broader observations were about planning and funding decisions as well as transparency around the benefits offered from investment.

**Senator RICE:** But you specifically said, 'Transparency in decision-making around the allocation of funds is critical to levels of public confidence in our networks' long-term sustainability.' To me, that goes to exactly what happens in deciding which projects are to be funded. Are you doing any more work with the government to further advise how they could improve the transparency of decision-making around the allocation of funds?

**Mr Colacino:** The type of reform advice responding to the challenges in the audit, including those questions around transparency around decision-making, will be covered in the *Australian infrastructure plan*.

**Senator RICE:** Thank you. The other point that I was interested in was your reflections both on public transport and on passenger transport sustainability—active transport, sorry. You said, 'An integrated transport network has active transport at its core.' [Inaudible] and, basically, the problems with investing in active transport at the moment. Have you made any further recommendations to the government as to how you could have active transport at the core of an integrated transport network? It's on page 277.

**Ms Madew:** The *Infrastructure priority list* includes active transport. We actually had an initiative this year, specifically from Melbourne, around active transport. That will also be considered as part of the 2020-21 infrastructure plan.

**Senator RICE:** Yes, but, again going to the decisions that were being made in this year's budget, it doesn't seem to me that there's been any uptake by government of a recommendation, or a reflection, that integrated transport networks should active transport at their core.

**Ms Madew:** As Mr Colacino said, we are not involved in the budget process, so we're not involved in those decisions.

**Senator RICE:** Are you involved in giving any further advice to government as to how an integrated transport network could have active transport at its core?

**Mr Colacino:** Senator, it's very important to keep in mind that our advice through the audit and plan and the breadth of our policy work is not directed solely at the Australian government. In keeping with our mandate, it's provided for all levels of government: local, state, territory and the Australian government. Responsibility around the funding of active transport principally sits with local government and state and territory governments, as the owners of both the road estate and other transport assets, so it's very important to be mindful that our advice in that area is intended to be directed at the owners of those assets. We intend to speak further about active transport through the *Australian infrastructure plan*. As you have mentioned, we do see active transport as being a critical part of the transport network. All journeys involve some level of active transport—whether it's very brief, just to a garage—but increasingly it's to a bus stop or to a rail station, and that very important link in the transport network shouldn't be forgotten.

**Senator RICE:** Just taking you to your point—and this will be my final point—in terms of your advice going to state and local governments: that's not quite the same for local roads, which the federal government takes a big role in funding. There's no reason, is there, why the federal government could not take an active, focused role in funding active transport?

**Mr Colacino:** It is true to say that those local roads that are funded for use by cars are also generally used for active transport. I'm very mindful to be conscious that there is that dual benefit, including the benefit for public transport as well.

**Senator RICE:** Yes, but a lot of those local roads provide very dangerous cycling and walking conditions. As your report points out, the barrier has particularly been that 'pedestrians and cyclists are especially vulnerable to road crashes'. I will leave it there. I know the chair wants to wrap up. Thank you very much.

**CHAIR:** Thank you, Senator Rice. That concludes today's proceedings. The committee is due to recommence its examination of the budget estimates on Tuesday 20 October. I thank Ministers Ruston and Duniam, officers of the Department of Infrastructure, Transport, Regional Development and Communications and all witnesses who have given evidence to the committee today. Thank you most particularly to Hansard, to Broadcasting and to the secretariat.

**Committee adjourned at 21:56**