

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates 2016 - 2017

Infrastructure and Regional Development

Committee Question Number: 02

Departmental Question Number: SQ17-000001

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Use of external contractors

Proof Hansard Page: 6 (27 February 2017)

Senator Sterle, Glenn asked:

Senator STERLE: Sorry. Maybe I should go a few questions back. You have had to cut, which we are well aware of. We do not want to see any of these projects compromised and neither do you, I take it. That is a given. But how big an external use of contractors was there? I just can't get it in my head. I do not believe that you had a room full of people with empty desks with nothing to do.

Mr Davies: Absolutely not, Senator.

Senator STERLE: So why don't you paint a picture for us of how big an outsourcing that was.

Mr Davies: We have the in-house team up to 26 now.

Senator STERLE: From what?

Mr Davies: That is a good question. I would have to check that out and take it on notice.

Answer:

Infrastructure Australia's staff numbers have increased from 11 as at FY2014-15 to 24.9 on 24 March 2017. This reflects Infrastructure Australia's reduced reliance on external consultants and increased internal expertise.

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Additional Estimates 2016 - 2017

Infrastructure and Regional Development

Committee Question Number: 03

Departmental Question Number: SQ17-000003

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Expenditure on externals since 2013

Proof Hansard Page: 8 (27 February 2017)

Senator Sterle, Glenn asked:

Senator STERLE: Are you saying that with a 15 year plan we will not have to do much work because there is not a lot of infrastructure planned. Is that what you're trying to say?

Mr Davies: We are required to maintain the 15 year plan has a rolling plan. But it is more maintenance of the plan than actually starting from scratch. So the reliance on large external pieces of work is reduced. Now we are advancing smaller discrete pieces of work. We will control those pieces of work within the budget that we have. That is what we are doing right now.

Senator STERLE: How much have we spent since 2013 on externals?

Mr Davies: I do not have that figure.

Senator STERLE: Surely! You have files as thick as a wine carton there. Does no one have it? You are all looking pretty blank. You are allowed to nod your heads.

Mr Davies: I will have to take that on notice.

Answer:

Infrastructure Australia expenditure on external resourcing (including contracted services, contracted staff and consultants) since 2013:

Financial year	External resourcing cost
2013-14	\$5,391,004
2014-15	\$7,426,918
2015-16	\$5,050,529
2016- February 2017 (8 months)	\$1,709,502

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Infrastructure and Regional Development

Committee Question Number: 04

Departmental Question Number: SQ17-000004

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Value of 22 business cases

Proof Hansard Page: 8 (27 February 2017)

Senator Gallacher, Alex asked:

Senator GALLACHER: How many of the 23 business cases from last year actually got up?

Mr Davies: It was 22.

Senator GALLACHER: What was the value of those?

Mr Davies: I would have to take that on notice. I know the value of the business cases on the priority list today is around \$60 billion.

Answer:

The estimated cost of the 22 projects added to the Infrastructure Priority List in the 12 months prior to 27 February 2017 is \$59.4 billion (undiscounted). This figure is based on the undiscounted capital cost estimates presented in each business case.

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Infrastructure and Regional Development

Committee Question Number: 05

Departmental Question Number: SQ17-000005

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Preliminary Estimate of Roe 9 tunnel

Proof Hansard Page: 16 (27 February 2017)

Senator Sterle, Glenn asked:

Senator STERLE: Nothing has been presented to Infrastructure Australia as a preliminary estimate?

Mr Parkinson: We have seen a preliminary estimate but, as Mr Davies says, that is an early draft. We have been back to the Western Australian government with a number of questions around that and we are awaiting a response. We do not have any details.

Senator STERLE: Can you share what that cost is with the committee? It is taxpayers dollars; it shouldn't be a secret.

Mr Parkinson: We would have to check with the Western Australian government whether that figure is in the public domain.

Senator STERLE: Why? It has been out in the newspapers at about \$5.9 billion to \$8 billion or something. I missed the second reading on that one. Can you deny that it is not somewhere between 5.9 billion to \$8 billion? Is it top-secret?

Mr Davies: We would have to check that number. As I said, it is an earlier draft. It is now 12 months old.

Answer:

The most recent cost estimate for the proposed tunnel for Section 2 of the Perth Freight Link is \$903 million. This cost estimate was made public by the then Western Australian Government in January 2017.

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Infrastructure and Regional Development

Committee Question Number: 06

Departmental Question Number: SQ17-000006

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Benefit cost ratio for Perth Freight Link 1

Proof Hansard Page: 19 (27 February 2017)

Senator Ludlam, Scott asked:

Senator LUDLAM: Can you confirm the current benefit cost ratio for the Perth Freight Link and when that number was established?

Mr Pittar: I might have to take the benefit cost information on notice. That was part of the business case that was assessed by Infrastructure Australia and is part of that assessment report from IA.

Answer:

The proponent's stated benefit-cost ratio for the Perth Freight Link project, as set out in the business case evaluated by Infrastructure Australia in May 2015, was 2.5.

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Committee Question Number: 07

Departmental Question Number: SQ17-000007

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Benefit cost ratio of the Perth Freight Link 2

Proof Hansard Page: 19 (27 February 2017)

Senator Ludlam, Scott asked:

Senator LUDLAM: Well then, colour me confused, because it was done in the business case before there was a commitment to do stage 2 underground. I feel like we had better iron this out now. Back when it was done, it was a service road and the number added up to whatever it was. We will try during the morning to nail down whatever it was. Originally it was 5.2 to 1. Do you have any updates on that? Since then, there has been a commitment by the state government, after a bit of confusion and back and forth, to drive this second leg underground from Stock Road. That is at a significantly higher cost than keeping the route on the surface. Surely that must change the benefit-cost ratio, or at least would change the cost side of it.

Mr Pittar: I might need to take that on notice as well.

Answer:

In April 2016 the Western Australian Government estimated the benefit-cost ratio for a revised Perth Freight Link project, including a tunnel in Section 2, at 2.6. This estimate was based on a total project cost estimate of \$1,901 million, including an earlier tunnel cost estimate which was higher than the more recent tunnel cost estimate of \$903 million.

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Committee Question Number: 08

Departmental Question Number: SQ17-000008

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Value figures from business case

Proof Hansard Page: 22 (27 February 2017)

Senator Ludlam, Scott asked:

Senator LUDLAM: Mr Davies, this question is maybe for you since you brought it up before. What dollar figure did you place on the environmental costs and benefits when your original assessment was being done? How do you value something like clean air, clean water, biodiversity or endangered species? How do you put a dollar figure on those?

Mr Davies: Those are things that are examined as part of developing the business case in terms of the mitigation of the impact. I do not have those figures at hand for this particular project.

Senator LUDLAM: Could you provide that for us, please?

Mr Davies: We can see what is in the—

Senator LUDLAM: I would appreciate it. For example, one of the benefits that the state government has expressed is that free-flowing traffic rather than stuff that is doing stop-start is lower atmospheric conditions. I have certainly heard that claim before. I have also heard that the project will wipe out half of the endangered Carnaby's black cockatoo and red-tailed cockatoo in that area of the Swan coastal plain. I am just wondering how you balance those up. If they all end up as a \$2.5 to \$1 figure, how have you relatively weighed those things up? Is that something you could provide for us?

Mr Davies: Again, that would be part of the detail of the business case that we look up.

Senator LUDLAM: That was a yes, though—that you would undertake to provide the breakdown?

Mr Davies: We will see what is in the business case, Senator.

Answer:

The business case for the Perth Freight Link project, as evaluated by Infrastructure Australia in May 2015, quantifies environmental costs and benefits including environmental externalities (greenhouse gas emissions, air pollution, noise pollution, water pollution) and the cost of environmental offsets required for environmental approvals.

These costs and benefits are included in the project benefit-cost ratio of 2.5.

The discounted present value of environmental externality benefits is \$70 million, using a 7% real social discount rate. The business case reports that unit rates for each externality were primarily derived from the *Austrroads Guide to Project Evaluation* (2012).

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Committee Question Number: 09

Departmental Question Number: SQ17-000147

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Assessment for projects in regards to trends in car and road use

Proof Hansard Page: Written (14 March 2017)

Senator Rice, Janet asked:

How does the transport modelling that underpins assessment for projects take account of trends in car and road use in Australia including:

- Downward trend in young people driving
- Increasing use of share cars
- Driverless cars
- Increasing cycling rates

Answer:

The transport models used in the development of business cases are developed by project proponents, usually states and territories. Infrastructure Australia expects these models to accurately reflect current trends in car and road use such as reduced vehicle kilometres travelled per capita, reduced vehicle kilometres travelled by younger people, increased use of share cars, and increased rates of cycling.

With respect to driverless cars, Infrastructure Australia is not aware of any evidence showing the impact on car and road use, for example whether driverless cars will lead to increases or decreases in total vehicle kilometres travelled. Some state transport agencies are undertaking research on this question at present. Infrastructure Australia expects that transport models will take account of evidence about the impact of driverless cars as it becomes available.

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Committee Question Number: 10

Departmental Question Number: SQ17-000154

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Prior analysis of Perth Freight Link

Proof Hansard Page: 15 (27 February 2017)

Senator Sterle, Glenn asked:

Senator STERLE: Had you carried out an analysis of the Perth Freight Link prior to the Abbott government allocating the funds for the project in the 2014 budget?

Mr Davies: I am not aware of the timing of that.

Senator STERLE: Would someone be able to find that before you leave today, if that is possible?

Mr Davies: Yes.

Answer:

Infrastructure Australia concluded its evaluation of the Perth Freight Link business case in May 2015.