

Rural & Regional Affairs and Transport Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Budget Estimates 2015 - 2016
Infrastructure and Regional Development

Question no.: 65

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Population in Northern Australian communities with fewer than 3,000 persons

Proof Hansard Page: 109 (27 May 2015)

Senator Bullock, Joe asked:

Senator BULLOCK: Can I confirm that the audit did not look at smaller communities with populations of fewer than 3,000 residents.

Mr Alchin: That is correct.

Senator BULLOCK: Does Infrastructure Australia have a figure for the number of people residing in communities with fewer than 3,000 residents?

Mr Alchin: I would have to take the question of that number on notice. What I recall from the audit is that in the base year there was something of the order of 1.23 million people in northern Australia. There were approximately 45 cities and towns and communities that met that threshold of 3,000 people, but obviously some of those are large communities—Cairns and Darwin and the like—and there are others that are just above. But if you wish, I will take that on notice.

CHAIR: If you leave the coast and Cape York Peninsula, which is the size of Victoria and twice the size of Bangladesh, there are 14,000 people. They have got \$160 million.

Mr Alchin: As I say, I will take the question on notice and will happily come back to the committee.

Answer:

At the 2011 Census, the total number of people living in Northern Australian communities with a population less than 3,000 persons was estimated to be 397,370 persons. This figure has been arrived at by taking the total population of the area defined as being part of Northern Australia at the 2011 Census (1,234,059 persons) and subtracting from that the total population of the communities with a population greater than 3,000 persons (836,689 persons). Details of the centres with a population greater than 3,000 persons at the 2011 Census are shown in Table 3 on p.51 of the Audit report.

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Infrastructure and Regional Development

Question no.: 66

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Impact of closing remote Aboriginal communities

Proof Hansard Page: 109 (27 May 2015)

Senator Bullock, Joe asked:

...

Senator BULLOCK: Has the impact of closing remote Aboriginal communities been factored into the audit?

Mr Alchin: I will take that on notice, but as I recall—

Senator BULLOCK: You do not know that?

Mr Alchin: the decisions from the announcements by the Western Australian government were acknowledged in the audit report. I cannot recall the precise details.

Senator STERLE: Does anyone else who is at the table know? Or anyone who is behind or in next room—just to save you taking the question on notice. I am not being a smarty, but we create so much work for the department. We have a tendency in this committee where, if it is just a case of it being easier to say, 'I will take it on notice'—which I am not suggesting for one minute is what you are doing—we would rather give you the opportunity to find out if someone is there. Then Senator Bullock can get on with his questioning.

Mr Alchin: Indeed, Senator. I do not want to mislead the committee; I just need to take it on notice.

Answer:

The Northern Australian Infrastructure Audit focussed on addressing gaps in critical infrastructure in Northern Australia. The Audit report indicated that, “the essential needs of the many smaller remote Indigenous communities fall outside the scope of the audit. These matters are addressed in the concurrent Northern Territory Regional Infrastructure Study and in a Council of Australian Governments Remote and Regional Transport Infrastructure Study, being led by the Northern Territory Government.”

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Question no.: 67

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Longitude of quick and slow water recharge

Proof Hansard Page: 111-112 (27 May 2015)

Senator Heffernan, Bill asked:

Mr Alchin: It said that in relation to irrigated water and the like, there are opportunities up there. However, the level of pricing for water in northern Australia is lower-bound pricing in general terms and there is a need to address the pricing of the water, and the infrastructure associated with that, to be able to be confident that it can be sustained in the longer term. If I remember correctly, it also spoke of the challenge of providing water of a reasonable drinking quality in a number of these smaller towns.

CHAIR: So it was not the industrial use of the water?

Mr Alchin: There was mention of the irrigated water supply for agricultural projects and projects of that nature, yes.

CHAIR: Did it go to the longitude of the quick recharge versus the longitude of the slower recharge?

Mr Alchin: I would have to take that on notice.

CHAIR: You would not have any idea. Okay.

Senator Cash: I think he said he would take it on notice, to be fair.

Answer:

The Northern Australia Infrastructure Audit report identified managed recharging of aquifers as one of several options to address the water needs of the agriculture and mining sectors in Northern Australia. The report noted the importance of assessing water supply options on a case by case basis. It is likely that any variations in recharge rates at different locations would be assessed as part of case by case evaluations.

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Question no.: 68

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Consultation on tourism issues during Northern Australia Infrastructure Audit

Proof Hansard Page: 117 (27 May 2015)

Senator Heffernan, Bill asked:

CHAIR: In the development of the Northern Australia Audit, what input did you have from the tourism industry?

Mr Alchin: The tourist industry was consulted with, as I recall—

CHAIR: Who did you consult?

Mr Alchin: Sorry?

CHAIR: Who did you consult—people who sip wine, or people who do it?

Mr Alchin: The organisations that were consulted are listed in the back of the report.

CHAIR: While you are looking that up, I can assure you from my previous experience—and I see Mr Philip Davies had something to do with the feasibility of the eastern seaboard fast train; that was after it should have been built, I take it—that unless you combine the potential of tourism with downstream value-adding to the mining industry, along with agriculture, it is not going to work. So who were the tourism people?

Mr Alchin: They were Tourism Queensland, Tourism NT, Tourism Western Australia—

CHAIR: Could you table for the committee the papers that they supplied to produce this document?

Mr Alchin: If they provided submissions to our consultants?

CHAIR: If you consulted them, surely they did.

Mr Alchin: Any notes that consultants took of the discussions—yes, we could table those.

Answer:

Tourism Queensland, Tourism NT and Tourism Western Australia were consulted as part of the development of the Northern Australia Audit.

Tourism Queensland provided input on the issues of transport, roads, airports, water, electricity and telecommunications. Tourism NT provided input on roads and ports. Tourism Western Australia provided input on the issues of airports, roads and ports.

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Question no.: 69

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Methodology for cost benefit analysis

Proof Hansard Page: 118 (27 May 2015)

Senator McLucas, Jan asked:

Senator McLUCAS: Regarding the comment you made earlier about the change in the methodology for cost-benefit analysis, rather than use the time of the committee now could you provide to the committee a fulsome answer as to what the drivers are behind that change in methodology, and how you think that will result in different outcomes for projects that may not have had such a positive cost-benefit ration result under the former methodology? Also, what are you expecting will change as a result of the methodology? That is a fairly long piece of work, but I think it is important that we understand where we are going to head, because the former methodology of IA was agreed, and if there is going to be a change we need to understand it.

Mr Davies: As I mentioned earlier, we are working through looking at that from both a strategic and cost-benefit perspective. Once that has been consulted and worked through, we will be making that available.

Answer:

Note: Infrastructure Australia has received advice from the Senate Committee to answer this question by stating whether this is a long-term project or if information will be available at a certain date.

The Infrastructure Australia Assessment Framework is being reviewed as part of the Australian Infrastructure Plan. The Australian Infrastructure Plan will be completed late in 2015.

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Question no.: 70

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Urban transport Direct Economic Contribution

Proof Hansard Page: 127 (27 May 2015)

Senator Rice, Janet asked:

Senator RICE: Okay. Moving on to looking at some of the state-by-state analysis, you have all of the direct economic contributions of each state and each city. You have got for the subsectors, particularly the transport—urban roads, urban public transport, national highways et cetera, and the direct economic contribution in 2011 and the direct economic contribution in 2031. You have separated out urban roads and urban public transport but the direct economic contribution of them are amalgamated. I am wondering why you have not got the direct economic contribution separated out—so having roads separate from the public transport.

Mr Alchin: They are separate modes. The data there presents our overview on where the economic contribution comes from transport. I can take that on notice and identify from our audit reports and the associated data if there is any further information that could be made available to the Senate.

...

Senator RICE: But you have a transport system that has roads and has public transport at the moment. Do you have the disaggregated figures so that we can see the contribution from roads and from public transport, and if so are you able to provide them to us.

Mr Alchin: I will make an enquiry on some of the detailed data that underpins this and come back to you, if I may.

...

Answer:

ACIL Allen and Veitch Lister's Consulting provided modelling on the Direct Economic Contribution (DEC) attributable to urban transport for the six conurbations studied in the Australian Infrastructure Audit. It is set out in the tables below, by conurbation and by transport mode, for 2011 (estimated) and 2031 (projected).

The estimates of DEC for urban transport for Hobart and Darwin included in the Audit Report are top-down estimates based on national accounts rather than transport modelling, and cannot be broken down into different modes.

In the tables below, "LCV" is light commercial vehicles, and "HCV" is heavy commercial vehicles.

Further information is available in the *Urban Transport Infrastructure* report by ACIL Allen Consulting, accessible on the Infrastructure Australia website.

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Direct Economic Contribution by conurbation and by transport mode

DEC by conurbation and mode (2011) - \$m

	Car	LCV	HCV	Rail	Bus	Ferry	Light rail	Total
Sydney	20,530	854	2,825	1,950	1,329	4	12	27,504
Melbourne	15,537	641	779	1,744	985		322	20,008
Brisbane	11,429	528	516	190	398	14		13,075
Perth	7,647	400	448	290	350			9,135
Adelaide	5,830	194	383	42	254		1	6,704
Canberra	1,502	51	175		95			1,823

DEC by conurbation and mode (2031) - \$m

	Car	LCV	HCV	Rail	Bus	Ferry	Light rail	Total
Sydney	39,487	1,740	5,489	4,073	2,649	45	152	53,635
Melbourne	30,605	792	1,418	4,891	1,964		1,126	40,796
Brisbane	27,686	658	1,078	795	805	67	13	31,102
Perth	28,699	1,489	1,599	1,007	826			33,620
Adelaide	10,763	345	722	118	418		7	12,373
Canberra	2,956	101	308		212			3,577

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Question no.: 71

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Australian Infrastructure Audit: projected mode shift in urban transport

Proof Hansard Page: 128 (27 May 2015)

Senator Rice, Janet asked:

Senator RICE: Going back to the issue of mode shift and your modelling of the congested corridors and the most congested corridors, how did that cope with mode shift? What was the mode shift that was implied in each road corridor for 2031, because obviously if you manage to shift a lot of your trips onto a rail system it is a much more efficient way of shifting people than having them all in single-driver cars?

Mr Alchin: The modelling was undertaken by a firm that has done a lot of transport modelling around the country.

Senator RICE: I know Veitch Lister, and their methodology is not public, so you cannot investigate it.

Mr Alchin: They have a large body of experience. Like transport modelling does, it takes account of travel time, delays and the capacity of different networks to arrive at a projection. It is a starting point for discussion of the demands on different parts of networks in different cities.

Senator RICE: Could you get back to me then about what the mode shift implied in each of those congested corridors is?

Mr Alchin: Yes.

...

Answer:

The modelling prepared by Veitch Lister Consulting and referred to in the Audit provided projections of mode shift on a network wide basis for each of the six metropolitan areas studied. It did not provide data on individual corridors.

These projections are based on the current network for each metropolitan areas, including projects currently under construction and initiatives for which a firm funding commitment has been made.

Projected mode shift for each conurbation studied, and each transport mode.

Mode Shift 2011-2031 by conurbation and transport mode

	Road (excluding bus)	Rail	Bus	Ferry	Light rail	Public transport total
Sydney	-2.04%	1.98%	-0.11%	0.03%	0.13%	2.04%
Melbourne	-3.93%	3.61%	-0.11%	0.00%	0.43%	3.93%
Brisbane	-1.12%	1.28%	-0.23%	0.04%	0.03%	1.12%
Perth	-1.85%	2.18%	-0.33%	0.00%	0.00%	1.85%
Adelaide	-0.41%	0.56%	-0.16%	0.00%	0.01%	0.41%
Canberra	-0.86%	0.00%	0.86%	0.00%	0.00%	0.86%

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Question no.: 72

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Coal price and volume assumptions in Northern Australia Infrastructure Audit

Proof Hansard Page: 129 (27 May 2015)

Senator Rice, Janet asked:

...

Senator RICE: Who set the assumptions underlying your scenario 1, of \$150 billion in energy exports of coal and LNG?

Mr Alchin: That was taken from the 2030 Vision document. We took it as a starting point for our analysis.

Senator RICE: Do you know what coal price that scenario assumes?

Mr Alchin: I would have to take that on notice and check back with the consultants on the details of the analysis.

Senator RICE: And what coal export volumes?

Mr Alchin: Likewise.

...

Answer:

The purpose of the two economic scenarios examined in the Audit report (scenarios 1 and 2) was to explore the potential infrastructure implications should the *2030 Vision* targets be realised, not to analyse underlying assumptions and likelihoods. The volumes of coal and gas throughput under both scenarios are shown in Table 53 on p. 205 of the Audit report.

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Question no.: 73

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Private submissions received by Infrastructure Australia

Proof Hansard Page: 130 (27 May 2015)

Senator Rice, Janet asked:

...

Senator RICE: Would it be usual for Infrastructure Australia to hear from a private proponent like Transurban, if they had a proposal like this?

Mr Davies: I believe that in the past we have received direct approaches from the private sector. Paul can probably speak more authoritatively on that.

Mr Roe: Infrastructure's priority was to invite submissions from governments as well as the private sector, and we have received a number of private sector submissions in the past.

Senator RICE: Can you take on notice what private submissions you have received in the past?

Mr Roe: Yes—and provide you a list.

...

Answer:

Infrastructure Australia has previously received private submissions, including from the following proponents:

- Adani Mining Pty Ltd;
- Kansas (IPL) Holding Pty Ltd;
- Plains Water Ltd;
- Integrated Food and Energy Developments Pty Ltd (IFED);
- Port of Brisbane Pty Ltd;
- National Trunk Rail Pty Ltd;
- East West Line Parks Limited (EWLP);
- ATEC Rail Group Limited (ARG);
- North West Iron Ore Alliance;
- Hancock Prospecting;
- Worley Parsons Group;
- Centrex;
- Australasian Railways Association; and
- Harvest Power Pty Limited.

In addition, Infrastructure Australia received around 600 submissions largely from private sector organisations in response to the call for submissions in 2008.

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Question no.: 74

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Australian Infrastructure Audit: urban transport Direct Economic Contribution by city and transport mode

Proof Hansard Page: 130 (27 May 2015)

Senator Ludlam, Scott asked:

Senator LUDLAM: I just want to do quick follow-up from where Senator Rice left off on your audit, particularly the reasons why you have basically fudged the numbers of urban road and urban rail together rather than disaggregating them. Can I just be clear that you have committed to provide disaggregated figures which, presumably, must exist in a spreadsheet somewhere?

Mr Alchin: That is correct. I will go back and check our datasets, and if the data is available we can provide it to the Senate.

Senator LUDLAM: I guess it would have to be, or you would not have been able to come up with that amalgamated number. Does that seem like a reasonable hypothesis?

Mr Alchin: I just need to double check the numbers, that is all.

Answer:

See answer to Question on Notice number 70.

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Question no.: 75

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Cost benefit methodology

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. What are the current shortcomings of the existing IA cost-benefit method?
2. What is included that shouldn't be?
3. What is excluded that shouldn't be?
4. Isn't it the case that the method was reviewed last year?
5. Why is it being changed again so quickly?

Answer:

1. The cost benefit analysis method used has been in place since 2008 and is in line with industry standards. We are currently reviewing the process, framework and guidelines to ensure that they remain current and reflect best practice.
2. We are not aware of anything that is included in the analysis that shouldn't be included.
3. The draft assessment framework aims to provide proponents with guidance material to include the broader benefits of infrastructure.
4. The review was started in 2014. It is ongoing and we are now consulting with the states and territories on the proposed changes.
5. N/A.

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Question no.: 76

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Administrative costs

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. Please indicate how much IA spent from its allocated budget on the following items, for these two separate periods (i) 2013-4 financial year: and (ii) 2014-5 financial year (noting ten months as a corporation)?
 - a. Governance including Board costs, accounts and record-keeping;
 - b. Other back office functions.
2. What additional administrative staff have been added to IA since September 1, 2014?

Answer:

1. a. (i) \$503,995 was expended in 2013-14 financial year on governance related costs including record keeping, accounts, information technology, legal fees and sitting fees for each meeting held of the IA Council. During this period not all council members received a sitting fee due to this being waived or the member being employed by a State or the Federal Government.
 - a. (ii) Following the establishment of an independent (12 member) board of Infrastructure Australia (IA) and establishment of IA as a Corporate Commonwealth entity, \$1,016,000 has been expended on governance related costs as of 30 April 2015, including record keeping, accounts, information technology, legal fees and Board costs. All Board remuneration is in accordance with the Remuneration Tribunal Determination 2014/08: Remuneration and Allowances for Holders of Part-Time Public Office.
 - b. (i) The costs paid to the Department of Infrastructure and Regional Development to support back office functions of Infrastructure Australia are included in the costs listed at (a)(i).
 - b. (ii) The costs paid to the Department of Infrastructure and Regional Development to support back office functions of Infrastructure Australia are included in the costs listed at (a)(ii). There has also been \$90,000 in other costs related to back office as of 30 April 2015.
2. One, assistant to the CEO.

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Question no.: 77

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Project assessments

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

I refer to written answer 81 from last Estimates, IA said it had only published two cost-benefit analyses since the Abbott Government was elected. That's two analyses in 18 months. Do you expect that IA will publish more in the next 18 months? If yes, how many are expected?

Answer:

Yes, we expect there will be multiple assessments published in the next 18 months.

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Question no.: 78

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Northern Australia Infrastructure Audit

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. What date was the Northern Australia Audit complete?
 - a. What date was it provided to Government?
 - b. What date was it released publically?
 - c. Why the delay in releasing the Audit?
 - d. Were there any changes made to the original audit provided to Government?
2. How much did the Audit cost?
3. How many staff positions were used to carry out the audit?
4. What was the process of conducting the Audit?
5. Was the team conducting the Audit involved in the development of the Northern Australia White Paper?
6. Did the Audit team receive any representations or correspondence from the Northern Australia White Paper Taskforce or the Northern Australia Advisory Group?
 - a. If yes, why were these not listed in Appendix E of the Audit?
 - b. If no, given the significant focus the Prime Minister has placed on the still to be released White Paper why wasn't there any consultation between these two bodies?
 - c. Were any of the following bodies consulted in the Audit process:
 - i. Advance Cairns
 - ii. Broome Future Ltd
 - iii. Northern Territory Chamber of Commerce
7. Have the Western Australian, Queensland and the Northern Territory Governments endorsed the Audit?
8. The Minister's press release indicated that "This work will assist in allocating funding to infrastructure projects that return the highest benefits to communities for a stronger and more prosperous northern Australia" – can you please explain how it will assist in allocating funding?
9. The Budget papers say that \$3.7 million will be spent to develop a Northern Australia infrastructure pipeline "in consultation with northern jurisdictions with information on potential roads, rail, water, electricity, ports, airports and communications projects" - will the Audit feed into that work and if so, how?

Answer:

1.
 - a. The report was sent to the Australian Government on 5 January 2015.
 - b. The report was released on 8 May 2015.
 - c. It is the decision of the Australian Government when to release the report.
 - d. No.
2. The Audit cost \$1.28 million.
3. The number of staff working on the Audit varied across the life of the project. The average was around one to two.
4. The Audit involved: original and desktop research; consultations with state/territory governments; consultations on a regional basis; and consultation with relevant Australia Government agencies, as well as preparation of a draft and final report.

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5. No.
6. In the course of consultations with Australian Government agencies, some emails were exchanged between Infrastructure Australia and Taskforce staff in the Department of the Prime Minister and Cabinet. No correspondence was received from the Northern Australia Advisory Group.
 - a. Appendix E of the Audit report was aimed at identifying state/territory agencies, local government and other stakeholder organisations consulted during the Audit.
 - b. Infrastructure Australia consulted with the Taskforce.
 - c. As noted in Appendix E of the Audit report, the Northern Territory Chamber of Commerce was consulted during the Audit.
7. Infrastructure Australia is working constructively with each of the governments to build upon the Audit, particularly in the development of a 15 year Australian infrastructure plan.
8. The Audit report provides a useful and comprehensive strategic review of infrastructure needs across Northern Australia.
9. As the funding in question has been allocated to the Department of Infrastructure and Regional Development, this is a question best answered by the Department.

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Question no.: 79

Program: n/a

Division/Agency: Infrastructure Australia

Topic: WestConnex

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. I refer to your answer to question 60 when IA said “The tolling strategies have been factored into the NSW Government’s business case and taken into account in IA’s analysis of the project”. Can you indicate how much will be raised by the new toll to be imposed on M4 Widening (Stage 1A) of WestConnex?
2. Given Stage 1A is scheduled to open in early 2017 – what toll income is generated in the part year of operation in 2016-7? In the first full year 2017-18?
3. What time savings for commuters are assumed for Stage 1A immediately after it opens?

Answer:

1. Infrastructure Australia has always received such information from the States on a confidential basis. The provision of the requested information at this time would not be in the public interest as their disclosure would damage good working relations between Infrastructure Australia and the States and compromise the ability to ensure optimum value for public expenditure on infrastructure projects.
2. See answer to question 1.
3. Travel time savings are estimated using the output of transport models and are not explicitly assumed as part of the modelling inputs. The travel time savings for Stage 1A of the project have not been separately identified in information provided to Infrastructure Australia, because the Infrastructure Australia assessment is for all three stages of the project.

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Question no.: 80

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Publications and website

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. In an answer from the last Estimates (written question 64), IA indicated that it had posted only three research reports over the past 12 months. In fact most of these were posted almost 18 months ago. Since then the two audits have been recently posted. With a new CEO, can we expect more research work to be developed and published over the next year?
2. Can we expect more project assessments to be published this year?
3. Recently IA updated its website. Are you familiar with that? Can I ask – are all the reports that were on the old IA website transferred across to the new website? Were any not re-published? Was a decision made not to publish certain material that was previously on the website?

Answer:

1. Yes.
2. Yes.
3. All reports that were on the old website should be available on the new website.

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Question no.: 81

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Infrastructure Australia Board

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. Is it the case the IA Board is now meeting monthly?
2. Is there a Board delegation policy to the CEO? Is this codified or in the Board minutes? If there is one, what is it, or can it be made available?

Answer:

1. The Board meets as required. There have been 11 meetings of the Board in 2014-15.
2. Delegations to the CEO are reflected in minuted decisions of the Board. In addition, the Board issues written instructions to the CEO and staff through Accountability Authority Instructions such as in relation to the commitment and management of relevant monies and other matters related to the *Public Governance, Performance and Accountability Act*.

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Question no.: 82

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Active transport

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. How is Infrastructure Australia ensuring projects recommended to the Commonwealth include active transport?
2. Are projects on the Infrastructure Priority List given consideration for all transport modes?
3. With congestion set to cost Australia \$53 billion by 2031 - how does Infrastructure Australia see cycling and active transport contributing to solving this issue?

Answer:

1. The Infrastructure Priority List includes submissions for all modes including active transport.
2. Yes.
3. Infrastructure Australia assessment methodology includes the full range of potential transport solutions when addressing Australia's infrastructure challenges.

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Question no.: 83

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Projects

Proof Hansard Page: Written

Senator Sterle, Glenn asked:

1. What is Project Coolibah about? (Estimates written answer 86).
2. What is Droughtmaster about? (Estimates written answer 86).

Answer:

1. Urban passenger rail in Sydney.
2. Water and waste-water infrastructure in the northern Riverina region of NSW.

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Question no.: 84

Program: n/a

Division/Agency: Infrastructure Australia

Topic: WestConnex

Proof Hansard Page: Written

Senator Rhiannon, Lee asked:

1. What is the reason for the two and a half month delay between Infrastructure Australia concluding its assessment of the WestConnex business case and that assessment being published on the infrastructure website?
NOTE: Assessment concluded 10 December 2014, uploaded on 23 February 2015.
2. Was it just a coincidence that the assessment was uploaded with no notification, the night before budget estimates hearings were set to begin?
3. Who gave the instruction for the assessment to be uploaded at that time?
4. Was it an attempt to limit scrutiny in the lead up to a state election where the WestConnex was a major political issue?
5. What is the average turnaround time for similar business case assessments, between the assessment being completed and being publicly available?
6. Was the business case assessment undertaken by IA shown to the NSW government, either in the relevant department or Minister's office, or to the federal Minister for Infrastructure, prior to being published?
7. Can it be confirmed that the business case assessed by Infrastructure Australia for the WestConnex does not include the two extensions – one in the south linking it towards Sutherland Shire and one in the North linking it towards the Anzac bridge?
 - a. If not then what merit does the IA assessment have?
 - b. Isn't the WestConnex now a substantially different project to the one assessed?
8. Has Infrastructure Australia received an updated business case for the revised WestConnex?
 - a. If not, what is the delay given the project was revised nearly 12 months ago?
9. How many projects has Infrastructure Australia assessed, that have gone on to receive federal funding in some form, estimated capital costs at P50?
10. Can it be confirmed that the department has not undertaken its own analysis of the BCR of the WestConnex project – that the NSW government is being taken at face value?
11. What is the agency's own estimated BCR for the project, for both stage 1 and stage 2?
12. Has Infrastructure Australia requested the project proponent estimate its BCR at p90? If not, why not?
13. Why does the business case assessment conducted by IA reference "time constraints for the estimation of costs" (page 5). Were time constraints placed by the Department on the proponent? Are you aware of anyone who did?
14. How many projects assessed by Infrastructure Australia in the past three years have not included induced trips in their business cases? How many of these have received federal funding?
15. Can you quantify the material negative impact on the BCR for the East-West Link when induced trips were taken into account? What impact did it have on the BCR? (page 5 of assessment brief).
16. Do you believe the impact on the WestConnex business case would be material as well? Surely it would if it impacted the East-West Link business case enough for the IA assessment to mention it?
17. Did the business case of the WestConnex assessed by IA include estimations of revenue eg. Tolls? What were those projections – either annually, or per unit (eg. Car, truck). Are they comparable to existing tolls?

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ANSWERS TO QUESTIONS ON NOTICE

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Answer:

1. The Infrastructure Australia Act requires that as soon as practicable after the end of each quarter, Infrastructure Australia (IA) must make a summary of each proposal evaluated during the quarter available on its website.
Infrastructure Australia takes the time necessary to consult with proponents regarding the factual accuracy and appropriate treatment of any commercial-in-confidence information contained in assessment briefs.
2. See answer to question 1.
3. Infrastructure Australia Senior Management.
4. No.
5. See answer to question 1.
6. The assessment brief was provided by Infrastructure Australia to the WestConnex Delivery Authority and Infrastructure NSW for a factual and commercial-in-confidence check prior to being published.
7. Yes.
 - a. Infrastructure Australia's assessments are based on the best available information at the time of the assessment.
 - b. The NSW Government has undertaken to provide Infrastructure Australia with an updated business case which will include any changes in scope from the time of the previous Infrastructure Australia assessment.
8. No.
 - a. The NSW Government has undertaken to provide Infrastructure Australia with an updated business case which will include any changes in scope from the time of the previous Infrastructure Australia assessment.
9. Infrastructure Australia does not make decisions on funding.
10. No. As previously stated in Question on Notice 76 from the 2014-15 Additional Estimates, Infrastructure Australia evaluates the Cost Benefit Analysis prepared by proponents.
11. Infrastructure Australia evaluates the Cost Benefit Analysis developed by proponents. These evaluations do not involve Infrastructure Australia preparing its own estimates of the Benefit Cost Ratios of the projects.
12. Yes.
13. The project submission material from the NSW Government referred to time constraints in preparing the cost estimate. The details of the constraints were not stated.
14. A number of projects evaluated by Infrastructure Australia have not included induced trips because accurate measurement of the impact of induced trips on project benefits is a relatively recent development in transport modelling in Australia. Modelling induced trips is also commensurate with the size of the project.
15. The proponent quantified the impact of induced demand on the BCR. Induced trips reduced the East West Link Stage 1 BCR by 0.4:1.
16. Infrastructure Australia will evaluate the updated Cost Benefit Analysis which is expected to include the impact of induced trips.
17. Yes. Infrastructure Australia has always received such information from the States on a confidential basis. The provision of the requested information at this time would not be in the public interest as their disclosure would damage good working relations between Infrastructure Australia and the States and compromise the ability to ensure optimum value for public expenditure on infrastructure projects.

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Question no.: 85

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Infrastructure and Climate Change

Proof Hansard Page: Written

Senator Waters, Larissa asked:

The NA Infrastructure Audit Page 63 – 67 explores Infrastructure and Climate Change.

Under the ‘Social and sustainability considerations’ chapter one of the key points is:

“Climate change is likely to have considerable impacts on infrastructure assets as the frequency of extreme weather events increases. It is important that infrastructure in Australia is resilient in order to minimise the economic and social impacts of climate change.” P. 56 (Volume 1).

1. What evidence and from which agencies did you use to come to this conclusion?
2. Is there specific infrastructure that IA thinks will be more susceptible to climate change than other types?
3. Has IA mapped Australia’s infrastructure to work out where the vulnerabilities are? – Does IA have resources to carry out this type of work?
4. Does IA have any idea about the quantum of investment that will be required into existing infrastructure to enhance its resilience under different climate warming scenarios?
5. The audit refers to the fact that infrastructure related emissions account for approximately half of Australia’s total greenhouse gas inventory mostly electricity and transport. – When IA conducts cost benefit analysis on projects does it take into account the cost of greenhouse emissions?
6. Does IA take into account the future impact of climate change on the location of a piece of infrastructure? (eg is the infrastructure located in an area likely to be impacted by rising sea levels or a stronger cyclone?)

Answer:

1. In forming this conclusion, Infrastructure Australia had regard to a range of studies. Infrastructure Australia had particular regard to the *State of the Climate 2014* report by the CSIRO and Bureau of Meteorology and the *Building our nation’s resilience to natural disasters* report by Deloitte Access Economics for the Australian Business Roundtable for Disaster Resilience & Safer Communities.
2. Rather than identifying specific infrastructure that is susceptible to climate change, Infrastructure Australia’s recent Audit identifies climate change as an issue that requires attention from all parties involved in the infrastructure sector.
3. Mapping of infrastructure vulnerabilities has not been undertaken to date.
4. Modelling of specific warming scenarios, and their associated investment requirements, has not been undertaken to date.
5. Infrastructure Australia does not undertake its own cost benefit analysis of projects. Rather, it reviews cost benefit analyses undertaken by project proponents. Infrastructure Australia’s project assessment framework includes provision for the assessment of greenhouse emissions.
6. Climate change is considered as part of Infrastructure Australia’s project assessment process.

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ANSWERS TO QUESTIONS ON NOTICE
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Infrastructure and Regional Development

Question no.: 86

Program: n/a

Division/Agency: Infrastructure Australia

Topic: Assessment of environmental services and natural infrastructure

Proof Hansard Page: Written

Senator Waters, Larissa asked:

The audit fails to explore eco-system services.

1. Did IA consider expanding the audit to environmental infrastructure such as assessing the value of native vegetation in preventing salinity or the role of forests and wetlands in water catchments?
2. If not why not?
3. Does IA recognise there is a financial value to natural infrastructure in relation to ecosystem services?
4. Does IA recognise the interconnectedness of natural and man-made infrastructure in contributing to Australia's wellbeing?
5. Does IA have a matrix for measuring the economic value of natural infrastructure?

Answer:

1. Infrastructure Australia is required under s.5a of the *Infrastructure Australia Act* to conduct audits of transport, energy, water and telecommunications infrastructure.
2. See answer to question 1.
3. Infrastructure Australia recognises the importance of environmental outcomes in its assessment of Australia's infrastructure.
4. The Audit identified the importance of infrastructure in contributing to Australians' quality of life and well-being.
5. Not at this time.