

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates October 2012

Infrastructure and Transport

Question no.: 55

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Toowoomba range crossing

Proof Hansard Page/s: 15 (16/10/12)

Senator JOYCE asked:

Senator JOYCE: Do you know how much the Toowoomba range crossing would cost now?

Mr Deegan: I will get you a figure. It is some billions of dollars.

Answer:

The Queensland Government's 2012 submission to Infrastructure Australia states the cost of the Toowoomba Range Crossing is between \$1.6 billion and \$2.0 billion (nominal).

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Question no.: 56

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Cooroy to Curra

Proof Hansard Page/s: 15 (16/10/12)

Senator JOYCE asked:

Senator JOYCE: And Toowoomba range is a couple of billion?

Mr Deegan: That is right.

Senator JOYCE: And Cooroy to Curra?

Mr Deegan: Again, I will get the exact figure that is being asked of us, but it is a significant project, as well.

Answer:

The High Level Strategic Costs for the Cooroy to Curra upgrade are estimated as:

- Section A \$790 million
- Sections C and D \$2.6 billion

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Question no.: 57

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Benchmarking report

Proof Hansard Page/s: 25 (16/10/12)

Senator BACK asked:

Senator BACK: Have we got examples in Australia where that in fact is happening and which could actually be used to benchmark others to try and minimise this cost?

Mr Deegan: In the report we have released about benchmarking infrastructure procurement there are a range of examples where things worked very well and some other examples of another nature. We think that report, which has been widely welcomed by both industry and governments, hopefully will be another starting point in those relationships.

Senator BACK: So that is publicly available?

Mr Deegan: It is, Senator, and we will get you a copy.

Answer:

A copy of the report can be found at <http://www.infrastructureaustralia.gov.au/publications/>.

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Question no.: 58

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Discussions with Mr Tony Abbott

Proof Hansard Page/s: 26-27 (16/10/12)

CHAIR asked:

CHAIR: Mr Deegan, I have a couple of quotes here; I would like to put them to you. This one was put to the 56th federal council of the Liberal Party meeting or conference on 30 June 2012 by Mr Abbott:

After discussions with Infrastructure Australia and state governments, I—

Mr Abbott—

can announce that the Coalition will commit \$1.5 billion to the East-West Link road tunnel in Melbourne, \$1.5 billion to the M4 East in Sydney, and \$1 billion to the Gateway Motorway upgrade in Brisbane.

Are you aware of that announcement, Mr Deegan?

Mr Deegan: I am aware of the announcement.

CHAIR: And did Mr Abbott actually have discussions with Infrastructure Australia about those projects?

Mr Deegan: While my office has not had discussions with Mr Abbott, it is possible that he may have had discussions with individual council members.

CHAIR: And you do not know who that could have been?

Mr Deegan: No.

CHAIR: In that case, could you take that on notice and get back to us and let us know who may have had that conversation with Mr Abbott? What is the normal procedure if someone is going to have that discussion—say, the leader of a party or an opposition? Do they ring you up and say, 'Michael, do you want to get together for a cuppa and a chat?'

Answer:

Infrastructure Australia Council members have been approached in relation to this matter. While the majority have indicated that they have not engaged in such discussions the Chairman, Sir Rod Eddington has responded in the following manner:

“I am regularly approached on an informal basis by elected representatives of the Federal (including on one or two occasions by the leader of the Federal Opposition), State and Local governments on Infrastructure Australia matters. All formal requests are directed to the Infrastructure Australia office in Sydney.

“Queries range from issues around Infrastructure Australia’s modus operandi, processes and the status of individual projects. I am usually happy to discuss but always along the lines of information that is available on the Infrastructure Australia website.

“The status of individual projects is published annually by Infrastructure Australia and is available for all to see. There is a constant stream of projects (some on some off the Infrastructure Australia lists) championed by these representatives and I don’t comment on their choices.”

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Question no.: 59

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: WestConnex proposal

Proof Hansard Page/s: 29 (16/10/12)

Senator RHIANNON asked:

Senator RHIANNON: Would you outline the process that will now occur with the WestConnex proposal that comes before you.

Mr Deegan: Certainly. Indeed, in public comments earlier this year I provided a report to the federal government on a range of issues associated with the M5 in particular and the potential upgrade. We have a couple of key interests in that discussion, but certainly the major one is the effectiveness of moving freight to and from Port Botany. I am not sure that necessarily all in the community in Sydney understand that we are moving from a relatively moderate sized port of two million containers to potentially eight million containers, which is the size of Hamburg, which is a very, very large port. So the freight issues associated with these developments are quite important.

As we look at the Infrastructure NSW report and the long-term transport master plan provided by New South Wales, our particular initial interest will be in understanding how those freight movements will be made effective, whether by road or rail or a combination, and then deal with a host of passenger transport issues that come under that.

CHAIR: I will get you to ask your last question and then we will put the rest on notice and move on.

Senator RHIANNON: Could you take on notice the actual process: when you give feedback on New South Wales and when you will be making decisions on aspects of freight and the other details we have put before you.

Mr Deegan: Certainly, but, in short, we receive the proposal, do an assessment, the draft goes to Infrastructure Australia council, they consider that and once that consideration is taken we give our draft assessment back to the New South Wales government—or the relative government in most cases—and then take our process forward from there.

Answer:

Infrastructure Australia assesses submissions against its Reform and Investment Framework, assessing whether;

- proposals outline clear goals that contribute to nationally significant productivity outcomes;
- proposals address problems that restrict progress towards these goals; and
- a comprehensive set of reform and investment options have been considered.

Draft assessments are made by the Office of the Infrastructure Coordinator and final recommendations are made by the Infrastructure Australia Council. The draft assessment on WestConnex will be provided to the Council on 23 November 2012.

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Question no.: 60

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Perth light rail project

Proof Hansard Page/s: 38 (16/10/12)

Senator LUDLAM asked:

Senator LUDLAM: That is great—much appreciated. On that Perth light rail project, we heard some welcome news from Mr Deegan a short while ago that the WA government has actually submitted a project of some form to Infrastructure Australia. Do you have any visibility of that or are you just engaged at the moment on the feasibility study?

Mr Mrdak: We are certainly aware of the project proposal. Some states have sent us copies of their project proposals. I think we are still in the early stages of looking at that.

Senator LUDLAM: Are you able to table that proposal for the committee?

Ms O'Connell: We would have to check that the Western Australia government was comfortable in making these proposals public, but we can certainly take it on notice and check.

Answer:

Infrastructure Australia received a submission from the Western Australian Government on the Perth Rapid Transit System in August 2012. The Western Australian Government does not consent to this submission being made public at this time.

Further information on the Perth Rapid Transit proposal is available at:

<http://getthebiggerpicture.wa.gov.au/light-rail/>

<http://www.transport.wa.gov.au/aboutus/25633.asp>

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Question no.: 61

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Verification of Benefit cost ratios

Proof Hansard Page/s: Written

Senator NASH asked:

1. Does Infrastructure Australia verify benefit cost ratios provided in submissions to Infrastructure Australia? If so, what does this verification process involve? If not, why not?
2. (a) Were all projects on the 2012 priority list subjected to this verification process?
(b) If not, why not?
(c) If not, which projects were not subject to the verification process?
(d) If so, for projects on the priority list were any discrepancies found between the analysis provided in submissions and the assessment undertaken by Infrastructure Australia?
(e) If so, for which projects were discrepancies found?
(f) If so, for each project that discrepancies were identified, what were these discrepancies?
3. Does Infrastructure Australia gather data and perform its own calculation of the benefit cost ratios for projects prior to a determination of their inclusion on the priority list? If so, for which projects on the 2012 priority list was this undertaken? If not, why not?

Answer:

Projects at Threshold and Ready to Proceed on the infrastructure priority list require a detailed cost benefit analysis to be provided.

Infrastructure Australia assesses the cost benefit analysis to determine whether they are likely to be over or under stated. Economic analyses include a number of assumptions made over a broad range of measures, including methodology, value of benefits, demand forecasts. Infrastructure Australia assesses the robustness of these assumptions to determine the overall robustness of the benefit cost ratio.

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Question no.: 62

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Publication of Infrastructure Australia project appraisals

Proof Hansard Page/s: Written

Senator NASH asked:

I refer to page 20 of Hansard from RRAT Estimates in relation to the publication of Infrastructure Australia Project Appraisals:

1. Why has Infrastructure Australia failed to publish the project appraisals of all projects on the Priority List if they meet the eligibility criteria?
2. (a) Have all projects that meet the eligibility criteria been published?
(b) If not, please detail for each project that meets the criteria, why the project appraisal has not been published?
(c) If so, please detail the projects on the Priority List that do not meet the eligibility criteria?
(d) For each of those projects, detail why each project does not meet the eligibility criteria.
3. What decision making process is undertaken to determine which project appraisals will be published?
4. Ultimately who makes the decision whether or not to publish the project appraisal on the website?

Answer:

Projects included at Threshold or Ready to Proceed on the infrastructure priority list are available for construction funding under the Building Australia Fund and the Regional Infrastructure Fund. Projects at earlier stages (Early Stage and Real Potential) show significant promise but more project development is needed before they can be assessed as Threshold or Ready to Proceed.

Appraisals for projects at Threshold and Ready to Proceed are published each year when the updated priority list is publicly released. The Infrastructure Australia Council is the decision maker.

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Question no.: 63

Program: n/a

Division/Agency: (IA) Infrastructure Australia

Topic: Regional Roads Productivity package for Northern Territory

Proof Hansard Page/s: Written

Senator NASH asked:

Has Infrastructure Australia assessed the following projects to be funded under the Regional Roads Productivity Package for the Northern Territory:

- Roper Highway
- Port Keats Road
- Santa Teresa Way
- Central Arnhem Road
- Buntine Highway
- Arnhem Link Road

- (a) If so, what was Infrastructure Australia's assessment of each of the projects outlined in (a)?
- (b) What was the nature and date of this assessment?
- (c) Was this assessment undertaken at the request of the Minister's office? If not, had a submission been put to Infrastructure Australia to fund any of the projects outlined in (a)? If so, please provide the date and submitter of the submission.
- (d) Has Infrastructure Australia calculated benefit cost ratios for each of the projects outlined in (a)? If so, please provide the relevant BCR for each project?

Answer:

Infrastructure Australia received a submission from the Northern Territory Government in 2009 titled *Infrastructure Development in Remote Indigenous Communities*. The submission sought \$1.655 billion to improve roads to support 22 remote communities. It included proposals for upgrades of the following roads:

- Roper Highway
- Port Keats Road
- Central Arnhem Road
- Buntine Highway
- Arnhem Link Road

Santa Teresa Way was not part of the *Infrastructure Development in Remote Indigenous Communities* proposal.

The proposal was assessed against Infrastructure Australia's Reform and Investment Framework (see Question 59) and was not included on the infrastructure priority list. Infrastructure Australia has not calculated benefit cost ratios for the projects (see Question 62).

See Question 61 not included on the Priority List Update which is available at http://www.infrastructureaustralia.gov.au/publications/files/Report_to_COAG_2010.pdf