

Thank you for the opportunity to provide an opening statement. The Department welcomes the ANAO audit report on the Administration of Commuter Car Park projects within the Urban Congestion Fund.

The Department has agreed with the recommendations of the Auditor-General, but disagrees with some findings.

The government's urban congestion fund and, within it, the commuter carpark fund, are programs established under the federal financial relations framework through the national partnership agreement (NPA) on infrastructure.

The programs are not grant programs, and are not subject to the provisions of the commonwealth grant rules and guidelines.

Decisions on projects to be included in the NPA are decisions of government, subject to agreement by implementing partners, relevant states and territories, and provisions in the terms of the NPA.

These arrangements are longstanding, having their genesis in the establishment of NPA models with consolidated appropriations management through respective Treasuries over ten years ago.

The Department's advice on program design and project identification on these programs is subject to cabinet confidentiality as deliberative advice informing cabinet deliberative processes. The audit report identifies excerpts of departmental advice to government to which the Department will refer.

While the Department agrees with the recommendations in the audit report, the report includes findings with which we disagree. These findings relate to program design, project identification and selection, eligibility of projects, and delivery.

As is usual practice in cabinet processes, the Department provided policy advice on both the program design and project selection. The audit report provides excerpts of that advice and further describes parts of the advice from the Department.

In the context of the NPA, once the government's decisions were taken the Department's role has been to work with implementation partners – namely states, territories, and local governments – to identify feasible project locations, scope development options and consider whether the project is within the scope of the agreed policy, and/or to provide further advice into cabinet decision making processes.

We have been undertaking this role, and will continue to do so. What makes this different to implementation of most projects under the NPA for the Department is that the projects were identified by the Commonwealth, and not by the state or territory partner.

Final assessment of value for money is relevantly undertaken once the Department has reasonably accurate information on the scope, costs and benefits of a project.

As the report notes, the Department has both estimates of benchmark comparisons for carpark costs, and a tool to assess benefit cost ratios of the projects.

These are two useful, but not exhaustive sources of information on which to base a value for money assessment. Importantly, benchmark costs are limited in their use for assessing value for money as no consideration is given to the benefits attached to the potential expenditure.

The Department has worked closely with Ministers and provided advice into Cabinet deliberations relating to the commuter car park fund in various forms over the past six to twelve months.

The government has taken further decisions through cabinet processes on a range of projects.

In relation to eligibility, the report has identified instances where the advice of officials to the relevant Minister indicated the project was eligible under a part of the National Land Transport Act that relates to roads, instead of the part that relates to intermodal facilities under which they are eligible.

This is an error in administrative practice that the Department has taken steps to remedy.

Separately, the audit report identifies 10 projects that are not attached to train stations. For a commuter car park to be eligible, it must be reasonably within the vicinity of the station.

While we are still finalising scoping of some projects, of those projects for which we have confidence on potential locations, on current estimates:

- 7 are at the train station
- 20 are under 200 metres to walk (80 metres to 200 metres)
- 6 are between distances of 200 metres to 300 metres

- 5 are between 300 metres to 650 metres

In a separate instance, the report finds a project to be ineligible under the provisions of the National Land Transport Act. However, the Department has progressed work to scope the project, and once scoped will provide further guidance to Ministers on options for delivery.

Payments for the project to date have been made to Victoria pursuant to the Federal Financial Relations legislative regime and associated agreements between Ministers and were authorised by that legislation. We are examining whether any adjustments to the arrangements may be appropriate and will provide advice to Ministers on any adjustments that may be required.

I note that Senators Sterle and Rice requested the following documents be tabled by the Department at this hearing.

- A: spreadsheets that form part of the process of selecting projects under the Urban Congestion Fund
- B: legal advice obtained by the Department in relation to commuter car parks and the *National Land Transport Act 2014*
- C: a benefit cost calculation tool developed by the Department, and
- D: information on commuter car park projects contained within the Infrastructure Management System

We have provided information to assist with requests C and D. As a calculation model, we do not think the tool for benefit cost analysis is conducive to tabling as a document but we have tabled the guidelines that accompany the tool.

The Department has tabled project information for the commuter car park projects, as has become consistent practice at each Estimates hearings of this Committee. This information reflects key data held about major projects within the Infrastructure Investment Program, including budget forecasts as indications of construction schedule and likely payments against milestones expected to be achieved by delivery partners.

We cannot table either the legal advice or the policy advice referred to in the remaining elements.

Thank you.