



Australian Government

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

Submission to the Senate Standing Committee on Finance and Public Administration

September 2021

Introduction

The Department of Infrastructure, Transport, Regional Development and Communications is pleased to provide this submission to the Senate Standing Committee on Finance and Public Administration. The Department would be happy to provide further information on any aspect the Committee requests.

In June 2021, Simon Atkinson, Secretary of the Department provided a response to the Australian National Audit Office's (ANAO) proposed performance audit report on the administration of Commuter Car Park (CCP) projects within the Urban Congestion Fund (UCF). The ANAO made a number of recommendations that will strengthen the Department's administration of projects and management of the UCF. The Department has already put a number of improvements into place. The response outlined that although sound recommendations were made in the report, the Department disagreed with a number of conclusions within the report; in particular conclusions made in regard to the initial design, project selection and eligibility. The response outlines that the report did not provide balanced analysis of the Department's involvement in the selection process, or the fact that many commuter car park projects were election commitments made as part of an election campaign.

The Department's response to the report further outlined that the Department disagrees with the finding that the Department's administration was not effective.

This submission provides a high level summary of the framework and function of the Department in administering the Infrastructure Investment Program, the history of the UCF and the CCP Fund.

The Infrastructure Investment Program

The Department has many functions that support the Australian Government's role in delivering important infrastructure projects, including the delivery of the Infrastructure Investment Program (IIP). The IIP is a \$110 billion rolling investment program designed to address current infrastructure requirements while also planning to ensure that future transport needs are met. The overall strategy seeks to manage growth in cities, invest in regions and build safe and connected communities while supporting the economy.

The pipeline approach recognises that major infrastructure projects take many years to plan, design and deliver. The Department works with states and territories, as well as undertakes research and analysis to identify and deliver projects that align with Commonwealth priorities and take account of all inter-related factors impacting infrastructure needs. Investment decisions consider population growth, geographic density changes, growth and dispersion of employment, existing transport networks as well as existing and historical investments.

Infrastructure investment in Australia is a response to a series of complex inter-related challenges that consider the immediate infrastructure requirements of the nation while also planning to ensure that future transport needs are met. Investment decisions necessarily occur in the context of local and regional population growth and changes in geographic density, growth and geographic dispersion of employment opportunities, levels of service for existing transport networks, as well as existing and historical investments of the Commonwealth but more relevantly legacy spends of state and local governments.

An efficient land transport network underpins the Australian Government's key pillars set out in Planning for Australia's Future Population that tackles the impact of increasing populations in congested cities and backing smaller cities and regions that are looking to grow.

Projects selected for investment under the IIP are governed by the *National Land Transport Act 2014* (the Act), the National Partnership Agreement (NPA) and Notes on Administration (NOA).

For the broader IIP, the Government makes decisions regarding project selection and how it wants to invest in land transport infrastructure projects. Transport infrastructure projects are a negotiated outcome made between the Australian and State/Territory Governments under the NPA.

Governance

The NPA, the Act and the NOA sets out the framework for effective delivery of Infrastructure Investment projects.

The Act is the legislative guideline for this delivery framework. Amongst other matters the Act provides definition for eligible projects under sections 10 and 11 and the Minister's Authority to approve projects under section 15.

The current NPA was entered into on 1 July 2019 by the Australian Government and State and Territory Governments to support the delivery of infrastructure projects. The NPA sets out how the Governments will work together to deliver projects administered under the Act.

Each state and territory has agreed to an individual schedule to the NPA which indicates Australian Government funding levels for land transport investments.

The NOA provides administrative guidance for managing projects with an Australian Government commitment, to be funded under the NPA such as:

- the process for consideration of approving design and delivery steps for committed Projects;
- administrative requirements relating to funding recipients;
- administrative requirements for project completion; and
- administrative requirements for public recognition, media and signage.

Further, the establishment of the Governance, Assurance, Performance and Reporting (GAPR) Committee in December 2020 strengthens the Infrastructure Investment Divisions (IID) oversight and management of the IIP.

The committee aims to increase performance and accountability in managing the IIP, improve transparency on policy, procedures, guidance and support for staff members and ensure greater consistency in the way the IID approaches project delivery. This includes development and implementation of a staff Induction and Training

Package to ensure all staff involved in the management of funding under the IIP are fully aware of their obligations under the NPA and NOA.

The GAPR Committee also undertakes oversight of training and compliance for all staff in relation to records managements, and compliance with records management protocols. This includes mandatory records management training for all existing and new staff to the Division, as well as refresher training where a need is identified through the performance management cycle, or by the Committee where there may be areas of concern emerging across the Division. IID has already undertaken records management training and a number of other steps have been implemented to ensure compliance with the Departments record keeping policy.

The Urban Congestion Fund

The Urban Congestion Fund (UCF) is a program that sits within the IIP and is governed by the same legislative and administrative arrangements as the broader IIP.

These are well established and provide states and the Commonwealth with robust mechanisms to ensure the efficient administration of the program. As part of these governing frameworks, the Department provides necessary advice to the Minister as part of the Project assessment and approval process. Advice provided to the Minister is consistent with the Act and with authority provided by the Cabinet. Providing advice to the Minister on their authority to approval the project, eligibility of the project under section 10 and 11 of the Act and assessment of the proper use of funds under the *Public Governance, Performance and Accountability Act 2013* is a necessary part of the Departments approvals process.

The UCF is a \$4.8 billion program focused on reducing congestion in urban areas by delivering reductions to travel times and vehicle operating costs, addressing bottlenecks and delivering a more reliable road network. The CCP fund was established under the UCF to invest in car park upgrades to encourage greater use of public and active transport.

At the 2018-19 Budget, the UCF was established with an initial funding of \$1 billion. Funding for the program has been increased at subsequent Budgets as projects have been announced, including a number of project commitments made during the 2019 election. At the 2019-20 Budget, funding was increased by \$3 billion, bringing the Government's total investment to \$4 billion. At the 2019-20 Mid-Year Economic and Fiscal Outlook, the UCF was increased to \$4.8 billion through the addition of \$210 million committed through the 2019 election as well as the consolidation of certain projects in Melbourne and Perth being administratively rolled into the UCF.

At the 2019-20 Budget, the CCP was established with \$500 million of funding under the UCF. The Australian Government has increased the commitment to the CCP over time through the addition of projects and additional funding for existing projects. As of the 2021-22 Budget, \$711.1 million of the \$4.8 billion UCF had been committed to the CCP. Of this commitment, \$118.4 million has been spent on CCP projects.

In summary:

- As at the 2021-22 Budget total funding for the UCF is \$4.8 billion. This includes:
 - \$1 billion on establishment in the 2018-19 Budget
 - \$3 billion added in the 2019-20 Budget
 - \$210 million committed in the 2019 election (captured in 2019-20 MYEFO)
 - \$640 million from the administrative roll-in (in the 2019-20 MYEFO) of 18 projects announced and funded earlier that also targeted urban congestion
- Of the above, there is currently \$890 million remaining in unallocated funding.
- As at the 2021-22 Budget, total funding for the CCP is \$711.1 million.

The UCF and CCP as part of the IIP

The development and delivery of the UCF and CCP is part of the Government's broad response to congestion and infrastructure challenges as a result of growth in Australia's major cities. The UCF is just one program aimed at improving the lives of Australians and in tackling congestion. As such, it is important that investments are considered in the context of the broader 10 year rolling pipeline through the IIP.

The UCF and CCP is just one component of the broader IIP strategy to:

- Manage growth in our cities – ensuring population growth supports liveability through new infrastructure and better services
- Provide a strong and prosperous Australia – keeping the economy strong to improve the lives of Australians
- Invest in our regions – better connecting regional Australia with opportunities for growth; and
- Provide well-functioning communities – building safe and connected communities.

In relation to urban congestion, individual cities face different circumstances across each of those areas. Within a city, regions will have diverse pressure points across different modes of transport, requiring different solutions and levels of investment. It is difficult to meaningfully compare the circumstances of different regions or cities, without understanding the legacy infrastructure, mode and history.

If projects within the UCF and CCP are reviewed in isolation, other road and rail investments, state and territory investments and possible future investments are ignored and fails to provide a fulsome picture of the investment pipeline.

A good example of this is that all states and territories have major projects funded by the AG outside of the UCF that tackle congestion, for example the \$1.1 billion for Suburban Roads Upgrades Project in Victoria, the \$4.5 billion North South Corridor in South Australia, \$1.5 billion for the WestConnex project in New South Wales, \$681.6 million for the Bunbury Outer Ring Road in Western Australia, the \$115.25 million Monaro Highway Upgrade in the Australian Capital Territory and over \$1 billion for the M1 Pacific Motorway projects in Queensland. Further, the Australian Government's pipeline also includes substantial investment in mass passenger movement projects through rail projects such as the \$5 billion Melbourne Airport Rail Link, \$2.7 billion METRONET project and the \$5.25 billion Sydney Metro – Western Sydney Airport project.

The UCF represents a small percentage of the broader IIP, being \$4.8 billion (4.3 per cent) of the \$110 billion IIP pipeline. Further, across the broader IIP the investment in states currently represents the broad proportion of the state and territory population.

Project Selection

Projects funded under the broader IIP, and its precursor programs under previous Governments, are decisions of Government. They are typically negotiated outcomes between the Australian Government and state and territory governments and are not subject to competitive funding rounds.

The Department notes that Chapter Two of the performance audit report outlines the initial steps taken by the Department to design a process for the selection of projects. The Department has previously adopted non-competitive processes, in combination with transport modelling and stakeholder consultation, as a means of project identification, with the prospectus for National Faster Rail being an example.

In October 2018, the Australian Government agreed to governance arrangements for the UCF which included project identification by the Minister for Urban Infrastructure. The Australian Government, as outlined in the audit report, then identified and selected all the projects.

The Government agreed to projects under the UCF as follows:

- 39 projects in January 2019 (11 CCP announced);
- 44 projects on 10 April 2019 (27 CCP); and
- 7 CCP projects were announced during 2019 Election campaign.

Of the approved funding, \$625 million was allocated to CCP projects and \$3.12 billion was for non CCP UCF projects.

Caretaker conventions

On 11 April 2019 the Government went into the caretaker period. The Australian Government, as outlined in the audit report, committed investment to 27 commuter carpark sites the day before the caretaker period commenced and announced during the election campaign. Investment in these projects was included in the Pre-election Economic and Fiscal Outlook.

An additional 7 CCP projects were also announced as part of the election campaign that had not been a decision previously as the Government. The audit report notes that authority to progress these projects was confirmed by the Prime Minister following the election with funding included in the 2019-20 Mid-Year Economic and Fiscal Outlook.

The Department at all times adhered to the caretaker conventions.

Post caretaker, the Department engaged with states and councils on implementing the Government's program and projects as is normal course of business. This included extensive and ongoing engagement with the states to ensure projects were included in their delivery schedules.

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Project Delivery Update

Following project announcement, post-election, the Department undertook extensive engagement with states and councils on implementing the Government's program and projects. This included extensive and ongoing engagements with all states to ensure projects were included in their project delivery schedules. Once agreed, states and councils would undertake the necessary planning, design and preparatory work to deliver the projects. This engagement continues in order to continue to progress the UCF and CCP.

It is important to note that all projects need to progress through the necessary design, planning approval and environmental processes before construction is able to commence. The work required prior to construction can create long lead times between Government commitment and construction commencement. However, the design and planning works required for projects is essentially to ensuring that the best possible option is delivered.

Urban Congestion Fund

Since 2019-20, \$697.7 million of the committed funding has been spent, with \$774.9 million forecast to be spent in 2021-22. There are currently 182 separately identifiable packages of works being progressed under the UCF, with estimated construction schedule as follows:

Total UCF packages of works	Complete	Underway	To commence in 2021	To commence in 2022	To commence in 2023 or TBD
182	35	38	30	40	39

In total, 40 per cent of packages are complete or underway. By 2022, we expect around 90 per cent of packages to be complete or underway.

Commuter Car Parks

The CCP Fund was designed to bust congestion in major cities, providing more opportunities for commuters to park and ride on public transport. CCP's are a critical enabler for people to access and utilise public transport. There are currently 48 commuter car parks being progressed, with the estimated construction schedule as follows:

Total CCP packages of works	Complete	Underway	To commence in 2021	To commence in 2022	To commence in 2023 or TBD
48	4	5	8	14	17

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