

Submission 3 - Supplementary Submission 1

**Public Accounts and Audit**

Inquiry into Commonwealth investments based on Auditor-General Report No. 47 (2020–21) Administration of  
Commuter Car Park Projects within the Urban Congestion Fund

ANSWER TO WRITTEN QUESTION ON NOTICE

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

IQ21-000151

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Program planning

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- The audit noted that the Department did not develop a program-specific implementation plan, performance indicators or evaluation plan for the UCF. Why not?
- The audit noted that the Department did not have a plan for implementing the governance arrangements, or applying the UCF principles, to the funding of commuter car park projects. Why not?

**Answer:**

In response to the audit recommendations, the Department agreed that when implementing new program streams the Department will develop implementation plans, performance indicators and/or evaluation strategies specific to the new program where existing tools and practices are not appropriate. The Department will consider when establishing the management of new funding programs.

The Department notes the mechanisms and governance requirements established under the *National Land Transport Act 2014* (NLT Act) and the broader framework of the Infrastructure Investment Program (IIP) provide robust governance for the delivery of projects.

Chapter Two of the Audit report outlines the steps taken by the Department to propose a selection process for the projects, including the consideration of projects through a non-competitive submission arrangement.

Once the Government selected the projects and committed funding, it is the Department's role to work with delivery partners on implementation in a manner consistent with the required legislation and business practices. As project proposals and planning work is finalised, the Department provides advice to the Minister regarding authority, eligibility under the NLT Act and considerations outlined by the *Public Governance, Performance and Accountability Act 2013* that includes value for money assessments. This did not include the development of post hoc implementation plans or performance indicators as the Department considered the most appropriate implementation model at that stage would be through the controls under the NLT Act and National Partnership Agreements with relevant jurisdictions.

The Department continues to undertake work to develop and strengthen implementation and delivery functions for programs delivered under the IIP. When implementing new program streams the Department will develop implementation plans, performance indicators and/or evaluation strategies specific to the new program where existing tools and practices are not appropriate.

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

IQ21-000152

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Project selection - decision making

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- Your submission states that ‘projects funded under the broader IIP, and its precursor programs under previous Governments, are decisions of Government’. What precisely does this mean?
  - o What accountability is there for these decisions of Government?
- The audit notes that for most of the commuter car park sites ‘the government’s decision was effected through the written agreement of the Prime Minister to written requests from, or in consultation with, the Minister for Finance, the Treasurer, the Deputy Prime Minister and the Minister for Urban Infrastructure’. If this is the case, who is ultimately responsible for these decisions?

**Answer:**

Projects funded under the broader Infrastructure Investment Program are agreed by the Cabinet, except for certain programs such as the Bridges Renewal Program, Heavy Vehicle Safety and Productivity Program, Black Spot Program and Roads To Recovery funding where alternative governance arrangements have been agreed by the Cabinet. The selection of broader IIP projects includes projects agreed by correspondence with the Prime Minister which are then subject to the processes of Cabinet.

There are multiple levels of accountability for decisions made by Government including:

- Publicly available information from Government including through Budget documents
- The legislative frameworks in place that may apply, including for infrastructure projects the *National Land Transport Act 2014* (NLT Act) and the *Public Governance, Performance and Accountability Act 2013*
- Public reporting on projects through the schedules to the National Partnership Agreement on Land Transport Infrastructure
- Parliamentary processes including departmental reporting to the Parliament
- Following a commitment to a project by the Government, assessment by the Department of the project details and implementation arrangements, including an evaluation of benefits, costs and value for money. This assessment is provided by the Department to the Minister for consideration when making a decision to approve the project and release funds under the NLT Act.

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

IQ21-000153

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Project selection - selection process

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- Was the selection process used for identifying projects under the UCF between November 2018 and April 2019 typical of the way infrastructure projects are selected?
- o What lessons regarding the management of the selection process for the Commuter Car Park project has the Department learned?

**Answer:**

Refer to response to IQ21-000156.

In addition, projects funded under the broader Infrastructure Investment Program are agreed by the Cabinet, except for certain programs such as the Bridges Renewal Program, Black Spot Program and Roads To Recovery funding where alternative governance arrangements have been agreed by the Cabinet. The selection of broader IIP projects includes projects agreed by correspondence with the Prime Minister which are then subject to the processes of Cabinet.

Chapter Two of the Audit Report outlines the steps taken by the Department to propose a selection process for the project, including the consideration of projects through a non-competitive submission arrangement.

Once a project has received a commitment from Government, the Department works with delivery partners on the implementation of the project. At the stage where a Minister makes a decision to approve a project and release funding under the *National Land Transport Act 2014*, the advice from the Department is an assessment of the project proposal, including an evaluation of the benefits, costs and value for money having regard to the *Public Governance, Performance and Accountability Act 2013*.

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ANSWER TO WRITTEN QUESTION ON NOTICE

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

IQ21-000154

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Performance measure for the UCF and Commuter Car Park program

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- The audit noted that the Department did not develop specific performance measures for the UCF and Commuter Car Park program. Why didn't the department employ specific performance measures for the UCF and CCP?
- The audit recommended that the Department 'develop an implementation plan, performance indicators and an evaluation strategy specific to the funding program' when establishing funding programs for inclusion in the IIP. What has the Department done to implement that recommendation?

**Answer:**

Refer to response to IQ21-000151.

In addition, paragraphs 2.37-2.38 of the Audit Report outline that evaluation of the Urban Congestion Fund is incorporated into the broader Infrastructure Investment Program Monitoring and Evaluation Framework and discuss relevant success measures that apply.

The Department continues to undertake work to develop and strengthen implementation and delivery functions for programs delivered under the IIP. When implementing new program streams the Department will develop implementation plans, performance indicators and/or evaluation strategies specific to the new program where existing tools and practices are not appropriate. The Department will consider when establishing the management of new funding programs.

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IQ21-000155

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Election commitments

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- Legally, what makes a project an election commitment?
- o What are the implications of this for how a project is funded and implemented?
- o Are election commitments required to conform to the National Land Transport Act and the Public Governance, Performance and Accountability Act?

**Answer:**

The Department of the Prime Minister and Cabinet considers an election commitment is a public commitment made by a political party or candidate in the lead up to an election that, if elected, they will do (or not do) something, for example:

- o implement particular schemes or projects, often involving expenditure;
- o change existing settings, such as increasing or decreasing taxes;
- o introduce or support legislation or regulation for a particular purpose;
- o establish or change parts of the machinery of government (departments, agencies etc).

Following an election, the Prime Minister will confirm policy authority for infrastructure projects where no previous authority from Government exists, with any financial impacts to be reflected in the next budgetary process.

The Department works with delivery partners on the implementation of all infrastructure projects selected by Government, regardless of the selection method. This includes ensuring project proposals are eligible under the *National Land Transport Act 2014* and that advice to Ministers considers the requirements of the *Public Governance, Performance and Accountability Act 2013*.

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

IQ21-000156

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Stakeholder engagement

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- Given that infrastructure project proposals and implementation are the responsibility of state agencies and local councils, what is the usual practice in engaging state and local governments in infrastructure programs?
- At what stage did the Department engage with the States and local councils to identify projects for the Commuter Car Park Program?
  - o What was the nature of that engagement?
  - o How were project proposals negotiated with state and local governments under the CCP?

**Answer:**

Projects are identified for consideration in a number of ways including from correspondence from states, territories and local governments, industry, community consultations, members of parliament and from departments.

As part of a project identification process, there is often engagement with state, territory and local government counterparts on project proposals.

The ANAO's Audit Report outlined the process of selection for commuter car park projects. Following the identification of projects and agreement by Government, the Department undertook extensive engagement with delivery partners on the implementation of projects. This was highlighted in Chapter 3 and the basis of analysis in Chapters 4 and 5 of the Audit Report. This included negotiating with jurisdictions about inclusion of the projects on state schedules consistent with the National Partnership Agreement.

The Department continues to engage with delivery partners to progress projects within the Urban Congestion Fund, including engagement on necessary planning, design and preparatory work in the lead up to, and during project delivery.

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

IQ21-000157

**Division/Agency:** DIV - Infrastructure Investment

**Topic:** Merit selection

**Proof Hansard Page:** Written (09 December 2021)

**Mr Julian Hill asked:**

- The audit found that ‘neither the department’s advice nor the recorded reasons for selection outlined each project’s merits against the investment principles or how each project would contribute to achieving the policy objective of the UCF Question’. How was the merit of each Commuter Car Park project determined at the selection and funding stages?
  - o Why didn’t the Department use clear and accountable merit criteria for the selection and funding of the Commuter Car Park program?
  - o What action has the Department taken in response to the audit recommendation to propose ‘merit criteria that will be used to assess whether projects represent an efficient, effective, economical and ethical use of public money’?
- What are the Department’s concerns about benchmarking in the selection and funding of UCF projects?
  - o What action has the Department taken in response to the audit recommendation to ‘identify relevant benchmarks against which to assess whether the proposal represents value for money and is appropriate for approval’?
- The audit questioned the eligibility for funding under the National Land Transport Act of many of the Commuter Car Park projects. How would you respond to that?
  - o What has the Department done to make this process more rigorous?
  - o What action has the Department taken in response to the audit recommendation to ‘document and apply assessment procedures that require it to undertake sufficient inquiries to demonstrate that candidates for funding under the National Land Transport Act 2014 are eligible for approval before it makes a funding recommendation to the Minister’?

**Answer:**

The ANAO Audit report outlined the process by Government to identify and select commuter car park projects within the Urban Congestion Fund and the Department’s role in this process including advice provided to Government.

- o Once a project has received a commitment from Government, the Department works with delivery partners on the implementation of the project. At the stage where a Minister makes a decision to approve a project and release funding under the *National Land Transport Act 2014*, the advice from the Department is an assessment of the project proposal, including an evaluation of the benefits, costs and value for money having regard to the *Public Governance, Performance and Accountability Act 2013*.
- o The Department agreed to the recommendation in relation to agreeing merit criteria with the Minister for any future funding programs under the Infrastructure Investment Program, where existing mechanisms and governance arrangements are not sufficient to effectively manage the program.

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The Department supports the use of benchmarks in the assessment of project proposals, as one consideration that forms advice to the Minister.

- Paragraph 4.46 of the Audit Report outlines engagement of Turner and Townsend by the Department to develop benchmark cost ranges and average costs per space for three typical scenarios.
- Paragraph 4.56 of the Audit Report outlines how that benchmarking work has been incorporated into departmental practice including in briefings to Ministers. The Department notes that the use of industry benchmarks do not consider many of the site-specific and environmental factors that contribute to the complexity of the project and overall cost, but do help to identify these issues to support the Minister in making a decision.
- Noting the Audit Report findings in relation to project selection for the existing commuter car park projects, the Department supports the use of cost benchmarks and will incorporate into any advice provided to Government.

The Department has established processes in place to assess project eligibility under the NLT Act or to provide policy and/or seek legal advice in more complex scenarios. The Department has a sound understanding, informed by legal advice, of the eligibility of commuter car park projects. In relation to findings in the Audit Report concerning eligibility:

- the Department agrees with the finding in the Audit Report that at the time of approval one commuter car park project wasn't eligible under the *National Land Transport Act 2014* and is working to resolve this matter.
- It is unclear to the Department why delivery partners may have thought that section 10(c) of the Act is relevant to a commuter car park project. As inter-modal facilities, the projects are eligible under section 10(e) and were proposed to the Minister.
- Inclusion in advice to Ministers that projects may be eligible under section 10(a) were an oversight by relevant officers of the Department and do not in any way reflect the Department's understanding of the eligibility of commuter car park projects.
- Legal advice clearly indicates that if the main, or at least a substantial, use of the facility is to enable or facilitate the transfer of cargo or passengers from one mode of transport to another, then it is reasonable that the facility can be considered inter-modal. Noting that scoping and feasibility studies are still being undertaken in some cases, the majority of car parks under the Urban Congestion Fund are expected to be within 300 metres of the train station.

The Department continues to undertake work to develop and strengthen implementation and delivery functions for programs delivered under the IIP. This includes development of practice directions and explanatory memoranda to provide guidance to all staff in undertaking their duties managing projects within the IIP.