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

**Secretary
Jim Betts**

EC22-001045

Mr Julian Hill MP,
Chair
Joint Committee of Public Accounts and Audit

via: email to jcpaa@aph.gov.au

Dear Mr ^{Julian}Hill

Re: Inquiry into Commonwealth grants administration

Thank you for the opportunity to make a submission into the above-mentioned Joint Committee on Public Accounts and Audit inquiry, which includes the consideration of two Auditor General Reports of programs delivered by my department:

- No. 47 (2020-21) Administration of Commuter Car Park Projects within the Urban Congestion Fund
- No. 1 (2022-23) Award of Funding under the Building Better Regions Fund

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) submission into the inquiry is at Attachment A. The submission provides further details on the work being undertaken to implement the recommendations from the ANAO reports and also provides information on the Urban Congestion Fund and the Regional Growth Fund in line with the terms of reference.

Yours sincerely


Jim Betts

3 November 2022

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Department of Infrastructure, Transport,
Regional Development, Communications and the Arts

Submission to the Joint Committee of Public Accounts and Audit Inquiry into Commonwealth grants administration

November 2022

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) is pleased to provide this submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into Commonwealth grants administration.

Due to its diverse remit, the department is responsible for the administration and management of a significant number of government funded grant programs. These programs cover areas including the arts, community development, aviation, road safety and regional broadcasting.

Data from GrantConnect shows that between 1 July 2019 to 30 June 2022, the department awarded 12,582 grants collectively worth \$9.2 billion. Approximately 60 per cent of the department's grants are managed via the Department of Industry, Science and Resources Business Grants Hub. The remaining 40 per cent of grants are administered internally by the department.

The department is also responsible for the administration of a number of National Partnership Agreements (NPA) which govern Commonwealth funding provided for projects funded under the *National Land Transport Act 2014* (NLT Act). Department programs, like the Infrastructure Investment Program (IIP), are administered through NPAs which set out how the Australian Government and states will work together to deliver projects for the benefit and wellbeing of Australians.

The National Partnership Agreement on Land Transport Infrastructure Projects (2019-2024), includes all IIP projects, including projects funded through the Commuter Car Park (CCP) fund and the Urban Congestion Fund (UCF). Each state has a separately agreed schedule to the NPA which indicates the level of funding the Australian Government intends to provide for land transport infrastructure investments.

Between 1 July 2019 to 30 June 2022, the department paid over \$21.5 billion towards projects funded through the IIP. Of this, \$193.7 million was paid toward CCP projects under the UCF, or just under 1 per cent. As the UCF does not meet the definition of a grant program under the Commonwealth Grants Rules, UCF projects are not listed on GrantConnect.

The department notes the Inquiry's terms of reference, including the inquiry having regard to matters contained in, or connected with, the following Australian National Audit Office (ANAO) performance audit reports within the department's remit:

- No. 47 (2020-21) Administration of Commuter Car Park Projects within the Urban Congestion Fund
- No.1 (2022-23) Award of Funding under the Building Better Regions Fund

In June 2021, the department provided a response to ANAO performance audit report No. 47 (2020-21) Administration of Commuter Car Park Projects within the Urban Congestion Fund. The department's response, as contained in the ANAO report, agreed to all six recommendations, while disagreeing with a number of conclusions and findings in relation to the initial design, project selection and eligibility. A number of improvements have been put in place to strengthen administration arrangements under the IIP. Four recommendations have been implemented and work to implement the final two recommendations continues. [Appendix A](#) has more information on this work.

In July 2022 the department provided a response to ANAO audit performance report No. 1 (2022-23) Award of Funding under the Building Better Regions Fund. The department's response, as contained in the ANAO report, agreed with the single recommendation directed to the department. The department is currently undertaking work against this recommendation. Between 1 July 2019 to 30 June 2022, the Building Better Regions Fund represented 497 grants across the department, worth \$568 million. This amounts to 4 per cent of the total volume of grants awarded and 6 per cent of the total value of grants awarded over the three-year period analysed. Please see [Appendix B](#) for further information.

In addition to implementing the recommendations from the above mentioned ANAO audits, the department has undertaken several large pieces of work to ensure continuous improvement in relation to assurance, integrity, risk and governance:

- Launching the departmental values which encapsulate the behaviours and professional capability needed for our success and which were embedded across the department through the Living our Values Action Plan.
- Developing an Integrity Strategy which brings together all the elements of integrity that currently exist across the department into one place, with an overarching narrative on the department's integrity posture which reflects the position and expectations of staff in relation to integrity.
- Releasing the Risk Culture and Awareness Strategy which articulates the department's target risk culture and outlines the change initiatives required to achieve the target risk culture.
- Updating Probity arrangements, including updating the Probity Accountable Authority Instruction (AAI) and supporting guidance and communicating the changes with all staff.
- Uplifting capability around assessing value for money, through guidance material and dedicated Value for Money training, which was undertaken by SES employees in early 2022.
- Reviewing Conflict of Interest arrangements to ensure effective controls are in place for identifying and managing conflict of interest. This has included the development of a conflict of interest quick guide and guidance on meeting and communicating with interested parties.

Work to improve the department's record keeping practices is also underway. This includes the implementation of the new Records Workspace system, which is due to be finalised by the end of June 2023, and an ongoing education and change management processes.

This department-wide work has been done to ensure all of the department's systems, processes and approaches are fit for purpose and support all staff in doing their jobs professionally.

The department also notes the inquiry will have regard to equity, decision-making and matters relating to the allocation of funding of grant programs, particularly the UCF and the Regional Growth Fund, which fall within the department's remit.

In discharging its grant administration responsibilities across its range of diverse programs, the department complies with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Commonwealth Grants Rules and Guidelines* (CGRGs), whilst operating within the context of the design of each program and the policy objectives the Australian Government is seeking to achieve.

In relation to the UCF, the fund was a program that sat within the IIP and was governed by the same legislative and administrative arrangements as other IIP programs. The UCF 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.

In the lead up to the October 2022-23 Budget, the Government reviewed projects delivered under the UCF, including CCP, as part of the broader review of all IIP commitments. This was undertaken in consultation with state and territory governments, and considered the level of support of the project, the impact of any cancellation, and whether there were willing investment and delivery partners.

This process identified some projects that represented expenditure that was poorly targeted, and was unlikely to deliver value for money. A number of these projects were identified in the UCF, with projects across 24 sites cancelled. At the October 2022-23 Budget, the Australian Government announced it would abolish the UCF. There are 107 former UCF projects, including 22 CCP project sites, which will continue to be funded and delivered under the IIP.

The Regional Growth Fund (RGF) was established by the former Government in 2017-18, with a program appropriation of \$272.2 million to support major transformational projects that support long-term economic growth and create jobs in regions, including those undergoing structural adjustment. The department works directly with grantees to administer the RGF. Further information on the RGF can be found at [Appendix C](#).

The department would be happy to provide further information to support the committee's inquiry.

Appendix A – ANAO Report No. 47 (2020-21) Administration of Commuter Car Park Projects within the Urban Congestion Fund

On 28 June 2021 the Australian National Audit Office (ANAO) released the findings of its audit on the Administration of Commuter Car Park (CCP) Projects within the Urban Congestion Fund (UCF), which identified opportunities to improve the administration of the UCF program and any future programs that provide funding to proponents under the *National Land Transport Act 2014* (NLT Act).

The Audit provided six recommendations, which broadly related to:

- the design and governance arrangements supporting funding programs,
- the processes involved in project identification and selection,
- the procedures where proposed projects were assessed against legislative requirements, and
- the controls in place to ensure effective delivery of projects once agreed.

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) agreed to all six recommendations from the Audit, but disagreed with a number of the conclusions drawn within the Audit, including the assessment of the department's role in the project selection process. For additional information supporting the department's response to the Audit, please refer to Submission 17 to the Senate Standing Committee on Finance and Public Administration Inquiry into the Administration and Expenditure of funding under the UCF at [Appendix D](#).

While disagreeing that the department's administration of the UCF was not effective, the department noted that the ANAO recommendations provide opportunities to strengthen its administration of projects in the Infrastructure Investment Program (IIP) and build on a number of improvements to program management made prior to the release of the Audit.

Following the Audit, the department has developed a range of new guidance materials to support departmental staff in complying with legislative and policy requirements, and ensure consistent and best-practice administration of the IIP. These materials support a standardised approach to assessments of project eligibility under the NLT Act and the application of policy and/or legal advice.

As at October 2022, the department's Audit and Risk Committee, which monitors the implementation of the department's audit recommendation, has endorsed the closure of four of the six recommendations from the Audit. The closure of recommendations has been supported by the development and implementation of guidance materials, which focus on applying assessment procedures evaluating the eligibility and value for money of proposed projects, providing advice to Ministers, and the payment of milestones.

The department also supports staff to ensure they use the relevant guidance materials to inform their decision making and advice to the Senior Executive Service and relevant Ministers. The quality and consistency of funding recommendations is supported by ongoing monitoring through departmental governance committees and training programs.

The recommendations that have been endorsed for closure (and the guidance materials supporting their closure) are:

- Recommendation 3 requires the department to document and apply assessment procedures that require it to undertake sufficient inquiries to demonstrate that candidates for funding under the NLT Act are eligible for approval before it makes a funding recommendation to the Minister.
 - An Explanatory Memorandum on project eligibility and a Practice Direction on assessing project proposals have been put in place.

- Recommendation 4 requires the department to propose for Ministerial consideration merit criteria that will be used to assess whether projects represent an efficient, effective, economical and ethical use of public money.
 - Practice Directions on assessing project proposals and cost estimate validation and benchmarking processes have been put in place.
- Recommendation 5 requires the department to identify relevant benchmarks against which to assess whether the proposal represents value for money and is appropriate for approval under the NLT Act.
 - Practice Directions on assessing project proposals and cost estimate validation and benchmarking processes have been put in place.
- Recommendation 6 requires the department to strengthen its controls over the establishment of delivery and payment milestones, including by setting out in the Ministerial approval briefing the department's proposed milestones or the parameters for negotiating those milestones.
 - Practice Directions supporting factsheets on setting milestones and assessing milestone evidence have been put in place.

There are two outstanding recommendations from the Audit:

- Recommendation 1 requires the department to develop an implementation plan, performance indicators and an evaluation strategy for use when establishing funding programs.
 - Work is well progressed against this recommendation, with new funding programs within the IIP being established with clear guidelines and governance frameworks in line with the ANAO recommendation. This work is expected to be completed by the end of 2022.
- Recommendation 2 requires the department to improve its record-keeping systems and processes.
 - As part of the department-wide work underway to improve the department's record keeping practices, the division responsible for the administration of the IIP has been fully onboarded to the new Records Workplace system. Staff within the division are being provided with training on how to properly use the system and are also receiving ongoing support from the records team.
 - The division responsible for the IIP is also establishing more consistent business rules and administration guidelines in relation to record keeping. This includes rolling-out RM Workspace and transition to a new Records Workspace system. This recommendation is expected to be fully implemented by June 2023 to allow a sufficient period to undertake assurance processes confirming the successful application of new record keeping systems and processes.

Appendix B – ANAO Report No. 1 (2022-23) Award of Funding under the Building Better Regions Fund

On 28 July 2022 the Australian National Audit Office (ANAO) released the findings of its audit on the awarding of funding under the Building Better Regions Fund (BBRF). The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) has acknowledged the overall conclusions set out in the report, and agreed with the single recommendation directed to the department.

The report acknowledged that the BBRF was well designed in many respects and that it applied lessons learnt from earlier rounds and other regional programs. The governance arrangements for the BBRF were consistent with the Commonwealth Grant Rules and Guidelines (CGRG) principle of Governance and Accountability and included:

- Consulting with relevant central agencies, other Government departments and non-government stakeholders in developing the program guidelines.
- Clearly defined the roles and responsibilities of the department (policy owner) and the Department of Industry, Science and Resources (delivery partner).
- Conflict of interest declaration and management processes, including an annual declaration for all SES and identified non-SES officials, an internal reporting function for perceived or actual conflicts as well as other integrity concerns and a process for conducting background and due diligence checks on potential staff and contractors.
- Implementing a probity plan for the BBRF program to ensure the monitoring actions taken throughout the process.

In relation to the specific recommendation directed at the department:

- Recommendation no. 4 requires the department to:
 - Put appropriate processes in place to ensure that where more than one minister, such as a ministerial panel, performs the role of grants decision-maker its written advice on the merits of proposed grants is provided to all panel members prior to funding decisions being taken; and
 - Improve record-keeping practices so that the basis for decisions is clear, including in circumstances where the decision-maker has not agreed with the assessment of candidates undertaken by officials.

The department will recommend the provision of secretariat services by the relevant grants hub (under the Streamlining Government Grants Administration program), or by the department itself, where more than one minister (such as a ministerial panel) performs the role of grants decision-maker. This will include options for transmitting electronic or hard copies of the department's full briefing materials to all panel members prior to their panel meetings. The provision of these secretariat services should lead to written records that clearly set out the basis for the panel's decisions and comply with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), CGRGs and the Department of Finance's Australian Government Grants – Briefing, Reporting, Evaluating and Election Commitments: Resource Management Guide No 412.

The department is committed to ensuring the effective, transparent and accountable administration of Commonwealth grant programs that achieve the Government's objectives and deliver positive outcomes for Australians. This includes meeting our obligations under the CGRGs and embracing better practice elements of the CGRGs that are most applicable to the individual programs we administer on behalf of the Government. Better practice elements implemented for the BBRF included:

- Consultation with relevant external and Government stakeholders on the development of the program guidelines;

- Expanding upon the conflict of interest requirements for applicants;
- Ranking each and every eligible application by merit score, starting with those assessed as demonstrating value with relevant money; and
- Targeting program rounds to priority issues (such as drought and tourism infrastructure) to improve efficiency in program delivery and reduce program duplication.

As part of the department-wide work underway to improve the department's record keeping practices, the division responsible for the administration of the BBRF is currently implementing the new Records Workplace System. Staff within the division are being provided with training on how to properly use the system and are also receiving ongoing support from the records team.

At the October 2022-23 Budget, the Australian Government announced that the BBRF will be discontinued. The decision not to proceed with the BBRF program includes Round 6 applications. BBRF Round 6 applicants will be able to apply for the new Growing Regions Program. Contracted BBRF projects funded in Rounds 1 to 5 will continue to be completed in line with the terms of their grant agreement and grant opportunity guidelines.

Appendix C – Regional Growth Fund

The Regional Growth Fund (RGF) Guidelines were released on 2 March 2018 and established that the RGF would be conducted as an open, competitive grants program. The selection and approval of successful grant applications was undertaken through a two staged process, as follows:

Application process – Stage One

Stage one of the application process opened on 2 March 2018 and closed on 27 April 2018, and allowed eligible applicants to submit their projects for consideration, without requiring them to commit significant resources to develop a full business case in support of their application.

Applicants were required to address three merit criteria:

- Create jobs
- Drive economic growth
- Build stronger regional communities.

The department received 337 applications, which were assessed against eligibility and merit criteria:

- 26 applicants were identified as being ineligible and their applications were not merit assessed; and
- 311 eligible applications sought a total of \$5.9 billion Australian Government funding, for a total combined project cost of \$17.9 billion. Two of these applications were subsequently withdrawn, resulting in 309 applications being merit assessed. Of these:
 - 148 applications were assessed as meeting all three merit criteria; and
 - 161 applications did not meet all three merit criteria.

The department provided advice and recommendations to a Ministerial Panel, who selected projects to proceed to Stage Two of the application process in consultation with Cabinet.

The Ministerial Panel comprised of:

- The Hon Michael McCormack MP, the former Deputy Prime Minister and Chair of the Ministerial Panel
- Senator the Hon Bridget McKenzie, the former Minister for Regional Services, Sport, Local Government and Decentralisation
- The Hon Kelly O'Dwyer, the former Minister for Jobs, Industrial Relations and Women
- The Hon Alan Tudge MP, the former Minister for Cities, Urban Infrastructure and Population
- Senator the Hon Matthew Canavan, the former Minister for Resources and Northern Australia
- The Hon Sussan Ley MP, the former Assistant Minister for Regional Development and Territories
- The Hon Andrew Broad, the former Assistant Minister to the Deputy Prime Minister
- The Hon Steve Irons, the former Assistant Minister to the Prime Minister

Application Process – Stage Two

From the initial 337 applications, 16 applicants were invited to submit a Full Business Case during stage two of the application process for a value with relevant money assessment. This considered project viability and sustainability, and eligible applicant viability. Of these 16 applications:

- 14 were successful;
- One did not meet the requirements; and
- One application was withdrawn.

Under the published RGF program guidelines, where a project that had been invited to submit a full business case under stage two of the application process was not successful at the end of the value with relevant

money assessment, the Ministerial Panel was able to reconsider unsuccessful initial applications and invite them to submit a full business case at a later stage. With this in mind, applicants for three replacement projects were invited to submit a Full Business Case for assessment, and all three of these projects were subsequently approved for funding by the former Minister for Regional Development, Territories and Local Government.

In total, 17 projects worth \$794.6 million were approved to receive \$272.2 million Australian Government funding under the RGF program.

Current status of program

While the RGF program was originally intended to cease on 30 June 2022, this was subsequently extended by 12 months to 30 June 2023, as most projects have been affected by supply chain issues and other impacts arising from COVID-19. The department has been working closely with all grantees to manage these impacts, including providing additional time to complete projects, and restructuring project milestones and payments to allow work to continue on those elements of the project that are still able to proceed.

As at 13 October 2022, 2 projects have been mutually terminated and the remaining 15 projects are in progress. A full list of contracted projects is available on the department's website <https://www.infrastructure.gov.au/territories-regions-cities/regional-australia/regional-and-community-programs/regional-growth-fund>.

Appendix D — Submission 17 to the Senate Standing Committee on Finance and Public Administration Inquiry into the Administration and Expenditure of funding under the UCF



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 talking 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.

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.

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

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.