

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

10 – 11 February 2010

**Question: aet 82**

**Topic: National Broadband Network**

**Hansard Page: E21 – E22 (10/02/2010)**

**Senator EGGLESTON asked:**

**Senator EGGLESTON**—I noticed that in the *Australian* of 30 October last year you said the government is failing in meeting its own standards, in particular, has not universally applied its own promise to subject all major infrastructure spending to detailed and transparent cost-benefit analysis. You referred in that article specifically to the National Broadband Network and several projects in the \$22 billion nation building infrastructure plan. I wonder if you would like to comment on what you were driving at in those remarks.

**Mr Banks**—That would be a reference in the *Australian* to a paragraph from the commission's annual report, the first chapter, which was looking at a range of issues to do with raising productivity. It talked in general terms about the importance of cost-benefit analysis and made the observation based on information that was generally available documenting that report about the extent to which the cost-benefit analysis approach had been able to be put into effect.

**Senator EGGLESTON**—Are you saying that the government is not actually applying principles to these projects?

**Mr Banks**—I beg your pardon?

**Senator EGGLESTON**—Are you saying that the government is failing to apply cost-benefit analysis principles to evaluating these projects? Is that your view?

**Mr Banks**—We did not say that. What we did say was that on the evidence available there were some projects where public cost-benefit analysis had not been available. In some cases cost-benefit analysis may well have been conducted, but had not been publicly available.

**Senator EGGLESTON**—Are you able to say which ones that might apply to?

**Mr Banks**—I do not have the report before me, but I think it indicated that there were some areas. There has been, as you know, ongoing public discussion about the National Broadband Network and the extent to which a cost-benefit analysis in a public sense has been available.

**Senator EGGLESTON**—So what you are saying with specific reference to the NBN is that it may not have been fully subject to a cost-benefit analysis? Is that what you are implying?

**Mr Banks**—That implication is in the commission's annual report, yes.

**Senator EGGLESTON**—And the other nation building infrastructure projects—are there any of them that you perhaps want to draw our attention to?

**Mr Banks**—I would not go beyond what we have said. Clearly, in the context of the global financial crisis and the need to move with some speed in a number of areas, processes that might have been followed in more normal times may not have been followed. That was an observation that was made there.

**Senator EGGLESTON**—Do you think that the government will rectify that and review some of these projects, applying a cost-benefit analysis.

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

Additional Estimates

10 – 11 February 2010

**Senator Sherry**—That is a matter for government. We will take it on notice.

#### **Answer:**

The consideration of infrastructure projects announced in the 2009-10 Budget and funded from the Government's Nation Building Funds was subject to the governance arrangements and investment criteria in place for each of the Funds.

For example, the Government's *Nation Building for the Future* infrastructure package included \$8.5 billion for nationally significant 'priority' and 'pipeline' economic infrastructure projects identified by Infrastructure Australia. These included the following: the Hunter Expressway in New South Wales; the Pacific Highway - Kempsey Bypass in New South Wales; the Ipswich Motorway (Additional Works) in Queensland; the Regional Rail Express in Victoria; the Gawler Rail Line Modernisation in South Australia; the Noarlunga to Seaford Rail Extension in South Australia; the Gold Coast Light Rail in Queensland; the East-West Rail Tunnel (Preconstruction Work) in Victoria; the Bruce Highway - Cooroy to Curra (Section B) Duplication in Queensland; the Northbridge Rail Link (the Hub) in Western Australia; the Brisbane Inner City Rail Feasibility Study; the Oakajee Port Common User Facilities in Western Australian; and the Darwin Port Expansion.

Details on Infrastructure Australia's framework and methodology for developing advice on the nation's infrastructure priorities, and recommendations on specific infrastructure projects, have been published by Infrastructure Australia and are readily available on its website.

In relation to the National Broadband Network (NBN), the Government has now released the NBN Implementation Study. This comprehensive report was prepared by McKinsey & Company and KPMG and examines in detail the technology, financing, ownership, policy framework, and market structure of this nation building infrastructure project. The Implementation Study confirms that high-speed broadband for all Australians is achievable, and can be built on a financially viable basis with affordable prices for consumers.