

Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Estimates October 2010

Infrastructure and Transport

Question No.: IA 01

Division/Agency: Infrastructure Australia

Topic: Cost benefit Analysis and Oil Prices

Hansard Page/s: 24 (21/10/10)

Senator Ludlam asked:

Senator LUDLAM—When you are doing a benefit-cost analysis, as BITRE does, for example, when it is calculating future freight movements and then we are using those assumptions to design our freight network, they just feed into what ABARE think the long run world oil price will be. Are you forced into a position where you are doing that as well, or can you look at some of the more high-risk scenarios?

Mr Deegan—Do you mind if I take that on notice and come back to you with a more detailed response?

Senator LUDLAM—I have asked you a variant on this question for 2½ years.

Mr Deegan—No. You have asked for a lot more detail this time—

Senator LUDLAM—That is true.

Mr Deegan—about the BITRE and ABARE processes, so I will come back to you on that.

Answer:

The Infrastructure Australia Cost Benefit Analysis guidelines ask proponents to follow industry accepted guidelines and to provide sensitivity testing for key parameters, including changes in global oil prices.

Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Estimates October 2010

Infrastructure and Transport

Question No.: IA 02

Division/Agency: Infrastructure Australia

Topic: Publication of Cost Benefit Analysis Information

Hansard Page/s: Written Question

Senator Heffernan asked:

The projects assessed and recommended by Infrastructure Australia in its June 2010 infrastructure priorities report are expensive and involve the expenditure of the Commonwealth taxpayers' money potentially in the tens of billions.

- 1) Given that these projects are so dependent on the taxpayer, when will Infrastructure Australia release its modelling and analysis so the people of Australia can see for themselves why these projects have been selected and not others?
- 2) Can you please explain why "commercial-in-confidence" is an acceptable answer to the taxpayer?
- 3) Why cannot the Infrastructure Australia release this data, when if a private company was to embark on a large-scale infrastructure project it would most certainly release its justification to its shareholders. Why is the taxpayer different?
- 4) The Government has also claimed that a purpose of Infrastructure Australia was to provide a transparent and open process of selecting priority infrastructure projects. Does Infrastructure Australia believe this claim is justified given it will not release its modelling and analysis?
- 5) What advice did Infrastructure Australia provide to the Prime Minister on Australia's infrastructure priorities?

Answer:

Infrastructure Australia provides the benefit cost ratios estimated by proponents for projects deemed "ready to proceed" in its annual report to the Council of Australian Governments.

Infrastructure Australia's assessment methodology is available on the website.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Estimates October 2010

Infrastructure and Transport

Question No.: IA 03

Division/Agency: Infrastructure Australia

Topic: Infrastructure Australia Cost Benefit Analysis

Hansard Page/s: Written Question

Senator Heffernan asked:

Cost-Benefit Analysis

- 1) What cost-benefit analysis has Infrastructure Australia conducted to assess the infrastructure priorities of Australia?
- 2) Can Infrastructure Australia outline the budget costs of this cost-benefit analysis and the number of personnel involved?
- 3) Has Infrastructure Australia relied on external consultants to conduct this cost-benefit analysis?
- 4) Is Infrastructure Australia capable of conducting a complex cost-benefit analysis of Australia's infrastructure priorities? If yes, then can Infrastructure Australia confirm that it would be entirely possible and desirable for a cost-benefit analysis to be conducted of the NBN?
- 5) If NO, then can Infrastructure Australia explain how it has assessed Australia's infrastructure priorities?
- 6) Is Infrastructure Australia aware of any industry concerns about the process by which Infrastructure Australia selected its recommended infrastructure priorities in either of its infrastructure priority reports?
- 7) What is the nature of these concerns?
- 8) Has Infrastructure Australia received any industry advice or comment regarding the transparency of its decision making processes and infrastructure recommendations?

Answer:

Infrastructure Australia has undertaken assessments of over 700 major projects. In many cases, where warranted and sufficient information has been provided, a complex cost benefit analysis has been part of the assessment. On occasion external recourses are engaged to assist. To date Infrastructure Australia has spent around \$500,000 on assessing the economic benefits of proposed projects. This amount is for external advice and services; it does not include staff costs within Infrastructure Australia.

Infrastructure Australia is not aware of industry concerns regarding the process by which it selected its recommended infrastructure priorities.

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ANSWERS TO QUESTIONS ON NOTICE

Supplementary Estimates October 2010

Infrastructure and Transport

Question No.: IA 04

Division/Agency: Infrastructure Australia

Topic: National Broadband Network

Hansard Page/s: Written Question

Senator Heffernan asked:

- 1) Can the Department outline the current status of the National Broadband Network?
 - a. How much has been expended to date by the Commonwealth on the network?
- 2) What cost-benefit analysis has the Department conducted on the National Broadband Network?
 - a. Can the Department make this analysis available?
 - b. If no analysis has been conducted, then how has the Department assessed the commercial viability of the network and its value to tax payers?
- 3) What involvement does the Department and Minister have with regard to the National Broadband Network?

Answer:

This is a matter for the Minister for Broadband, Communications and the Digital Economy.