



Alannah MacTiernan

Federal Member for Perth



Mr Mark Simpson 8/9/15
Ashfield

Mr Boyd Bassendean

For Response Pcs. Bayswater

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 707
Canberra ACT 2600

Bedford

Beechboro

Dianella

East Perth

Eden Hill

7 September 2015

Embleton

Highgate

Dear Mr Hehir,

Inglewood

Kiara

I request that you conduct a general performance audit under Part 4 of the *Auditor-General Act 1997* into the following matter:

Lockridge

The actions of the Commonwealth Government in approving allocation of \$925 million in Commonwealth taxpayer funds for the Perth Freight Link project in Western Australia.

Maylands

Morley

This \$1.76 billion project involves the construction of Roe Highway Stage 8 at a cost of about \$827 million for 5km of road (Perth Freight Link Section 1), and a series of road expansions costing about \$933 million to a point 1.5km south of the Rous Head container terminal in North Fremantle (Perth Freight Link Section 2).

Mt Lawley

Noranda

There is a clear difference between the level of commitment of the State and Federal Governments to the bulk of this project.

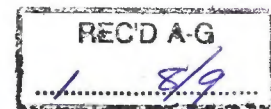
North Perth

Northbridge

Perth

The Premier of Western Australia, Mr Colin Barnett, has said repeatedly that the State Government only has a commitment to Section 1 of the project and that no decision had yet been made on the nature of the scope of Section 2.

West Perth



At a public meeting in North Fremantle on 25 August, 2015, Mr Barnett made the following statement on Stage 2 of the Perth Freight Link:

“[We] haven’t even selected a route. Haven’t decided if it’s going to be above ground or in a tunnel – and tunnels are incredibly expensive. Haven’t decided yet what will be done at various interchanges. Haven’t designed it. Haven’t done the engineering work. Haven’t done the environmental work. Haven’t done the planning work. So that connection is still a long, long way away... I wish I could stand here and say I’ve got all the answers. I don’t, and I guess the only excuse I can make is Roe 8 is ready to go. We’re yet to do the work that is required on the connection to the port.”

The commitment of Commonwealth funding for this project was in direct contradiction to stated Commonwealth Government policy, which:

- required “all Commonwealth infrastructure expenditure exceeding \$100 million to be subject to analysis by Infrastructure Australia to test cost-effectiveness and financial viability”;
- prioritised “projects based on a proper cost-benefit analysis”, and
- committed the government to “better infrastructure planning” and “improving infrastructure coordination with the States and Territories”.¹

Freedom of Information documents show that Commonwealth-State planning for the Perth Freight Link began only in March 2014, two months before the Federal Budget in which funding was committed. Infrastructure Australia’s assessment was not completed until a year later.

The report is highly qualified. It finds:

- that the multi-criteria assessment used had “significant weaknesses”, would “bias assessment against low cost options and in favour of higher cost options” and “had limited reliance on objective quantitative evidence”;
- there were eleven other shortlisted options which the State Government failed to subject to a benefit-cost ratio (BCR) assessment to determine which gave the greatest net benefit;
- these options did not include the Outer Harbour in Cockburn Sound, even though the location of Fremantle inner harbour was identified as “root cause” of the congestion and delay issues in Perth;
- there were significant risks around estimated costs on the project;

¹ Coalition Election Policy to “Deliver the Infrastructure for the 21st Century”, September 2013

- while the State Government's Perth Freight Link Business case talks about state priorities, the project is not mentioned in any of the eight relevant state plans.

Further, now that we have clear evidence of the absence of any definition of Section 2 of the project, it is impossible to have any credible cost-benefit analysis as the costs are unable to be determined.

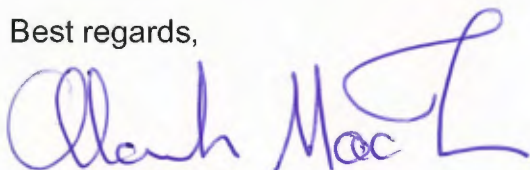
The project also fails to deal with a September 2012 draft submission to Infrastructure Australia, from which it can be inferred that the current bridge into Fremantle would not be capable of sustaining the port traffic volumes projected in the Main Roads WA 'business case executive summary' for the Perth Freight Link.

Involved in elements of this transaction on the Commonwealth side are likely to include the following persons or agencies:

- The Prime Minister and his office;
- The Treasurer and his office;
- The Deputy Prime Minister and his office;
- The Assistant Minister for Infrastructure & Regional Development and his office;
- The Minister for Finance and his office;
- The Department of Prime Minister and Cabinet;
- The Treasury;
- The Department of Infrastructure & Regional Development; and,
- Infrastructure Australia.

Given that \$925 million in Commonwealth taxpayer funds were allocated without due process it is clearly in the public interest that you conduct an inquiry.

Best regards,



Alannah MacTiernan MP
Federal Member for Perth