



**The Hon Anthony Albanese MP**  
FEDERAL MEMBER FOR GRAYNDLER



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

Dear Mr Hehir

*Grant*

I write to request an audit of the Commonwealth's infrastructure program as a consequence of the East West Link fiasco, the collapse of the Perth Freight Link in the courts and the massive blowout on WestConnex from \$10 billion to \$16.8 billion.

It is clear that there has been a systematic failure in the Government's infrastructure program that was announced in the 2014 budget. It also appears to be the case that what all these projects have in common is a break down in proper analysis and a move away from the evidence based policy approach that was established under Infrastructure Australia to ensure the most appropriate allocation of Commonwealth resources.

The decisions of the Federal Government have impacted the Commonwealth's budget papers where, as outlined in the Australian National Audit Office's report into the East West Link:

*The Commonwealth's payment to the Victorian Government of \$1 billion in 2013–14 for stage two of the East West Link project resulted in the estimated fiscal balance deficit for 2013–14 being \$1 billion higher than would otherwise have been the case had payments been linked to the expected cash flow needs of the project (ANAO 2015, p.33).*

Further, this payment was made despite the lack of evidence that this would assist to accelerate work on stage 2. As a consequence the ANAO report concluded the following points:

*Due to the lack of detailed information that was available when the funding commitments were made, the project approval instruments signed in June 2014 to allow the advance payments to be made inadequately set out the scope of both stage one and stage two of the East West Link project (ANAO 2015, p.37).*

*real solutions*

*The brevity of the project scope included in each instrument reflected that considerable work was still required by the Victorian Government before construction work on either stage would be ready to proceed. In the context of the considerable advance payments that were made, this lack of detail, and the absence of any prescription in the approval instruments of the purposes for which funding could not be used, exposed the Commonwealth to heightened risk (ANAO 2015, p.38).*

In light of these conclusions from the ANAO report as well as the problems emerging from other projects in receipt of Commonwealth funding, I believe it is necessary to conduct a wider audit into the Government's infrastructure program.

This report should particularly examine the cost increase of WestConnex where advance payments have been made similar to the East West Link project.

With reference to the Perth Freight Link, I note the response of WA Government's Parliamentary Secretary for Transport, Jim Chown, who, in June 2014 one month after the budget announcement, told a parliamentary committee:

*...at this stage we have not actually got plans that a worthy of public scrutiny.*

It is also particularly concerning to see that the Federal Government plans to spend \$18 million promoting its infrastructure projects, instead of investing these scarce resources in actual infrastructure.

This advertising contradicts Government policy in that it is not designed to serve public benefit, merely to promote the Government's political interests in an election year.

I believe you should also examine the consequences of the diversion of infrastructure funding to advertising, as outlined in MYEFO.

Thank you in advance for your consideration of this request and I look forward to your response.

Yours sincerely



**Anthony Albanese MP**  
**Federal Member for Grayndler**  
**Shadow Minister for Infrastructure and Transport**  
**Shadow Minister for Cities**

6 January 2015