



## Andrew Giles MP

Federal Member for Scullin

Mr Grant Hehir  
Auditor-General  
Australian National Audit Office  
Urgent via email: [grant.hehir@anao.gov.au](mailto:grant.hehir@anao.gov.au)

4 February 2020

Dear Mr Hehir

I am writing to ask the ANAO to urgently undertake a performance audit into the Department of Infrastructure and Regional Development (the department) Urban Congestion Fund (UCF).

The Australian Government's Infrastructure Investment Program (IIP) is aimed at improving the productivity of Australia's land transport networks. Initiatives under the IIP that target specific policy issues include the Urban Congestion Fund (UCF). The Urban Congestion Fund provides a \$4 billion Australian Government contribution towards projects that target congestion.

I have strong concerns about the criteria, merit-based assessment and selection of UCF projects. There are no published criteria or process from which the department can make a merit assessment to support the Minister's decisions that selected projects represent value for money. In Victoria, the overwhelming majority of UCF projects were allocated to Melbourne's south east, coincidentally in marginal electorates.

From evidence given to the Senate Estimates committee, the statements made by officials do not give confidence that proper due diligence as to how individual projects within the UCF funds were prioritised and allocated.

In Supplementary Budget Estimates of 21 October 2019<sup>1</sup>:

***Senator WATT:** I know we've got some details of these projects, but I'm after a further level of detail for you to take on notice, please. Could you please provide the committee with a full list of all projects funded under the Urban Congestion Fund as of today's date, including when construction is expected to commence, when each project will be finalised, who will be delivering the project, how it was identified for inclusion in the list and any co-funding requirements.*

***Mr Yeaman:** I would be happy to do those. As I said, it will be easier on a program by program basis for us. In terms of how the projects were identified, I think we've previously provided evidence to the committee about the selection process for projects in the Urban Congestion Fund, which were part of essentially either a cabinet process and a budget process. We described, I think to Senator Rice previously, that we've provided **broad advice on urban congestion pinch points**. Government took this and other information and took a decision. That will apply to all*

<sup>1</sup> Rural & Regional Affairs and Transport Legislation Committee, Supplementary Budget Estimates 2019 – 2020

projects. Some were election commitments, which obviously are a matter for government. On that one, I think we've probably provided that information to the committee previously.

**Ms Dacey:** I will add a bit more. We'll do what we can on start dates because certainly we have some. But until we get the project proposal reports, I suspect you may well still see some to be confirmed in there.

**Senator WATT:** Okay. What value for money assessments are undertaken for each of the projects committed under the program?

**Mr Yeaman:** There is a process. As with all of our projects, once the project is identified and scoped, as Ms Dacey said, we receive a project proposal report which provides us with evidence around the project. It often includes a PPR calculation. It includes job numbers. It includes the procurement model. We have a team which then assesses that project to ensure that it is consistent with the funding commitment and our broader guidelines around infrastructure spending. We do that for all projects.

The Project Proposal Report (PPR) provides the department guidance to the merits of a proposal<sup>2</sup>. It appears from the evidence in Supplementary Budget Estimates the department is still awaiting PPR's. Given the lack of published criteria, there is no evidence to suggest that a comparative cost benefit analysis has determined the value of UCF projects in relative terms. Further, in response to Question on Notice SQ19-000243<sup>3</sup> several project proposals have not determined basic information such as the likely delivery agency, again suggesting a haphazard process.

As part of any audit, I would request the following items be examined:

- the design of the Urban Congestion Fund in meeting its stated objectives;
- assess the recommendations to make a financial commitment to projects was informed by appropriate advice which assessed the merits of relieving congestion;
- assess whether project recommendations were consistent and categorised on merit;
- assess the proportion of projects not selected on department advice; and
- assess whether the projects represent value for money.

I look forward to your response.

Yours sincerely



**Andrew Giles MP**  
**Shadow Minister for Cities and Urban Infrastructure**

<sup>2</sup> [https://investment.infrastructure.gov.au/about/resources/notes\\_on\\_administration.aspx](https://investment.infrastructure.gov.au/about/resources/notes_on_administration.aspx)

<sup>3</sup> Rural & Regional Affairs and Transport Legislation Committee, ANSWERS TO QUESTIONS ON NOTICE Supplementary Budget Estimates 2019 – 2020, Infrastructure, Transport, Cities and Regional Development, Departmental Question Number: SQ19-000243