



STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM
JEREMY HANSON MLA (CHAIR), DEEPAK-RAJ GUPTA MLA, MICHAEL PETTERSSON MLA

Inquiry into referred 2018–19 Annual and Financial Reports
ANSWER TO QUESTION ON NOTICE

Asked by Alistair Coe MLA -

Ref: CMTEDD Annual Report, Output 8.1, Infrastructure, Finance and Capital Works

In relation to: New Infrastructure Plan

1. Most of the projects within the New Infrastructure Plan are being 'Considered over the next five years' or are 'Longer term'. Why haven't these projects been committed to outright?
 - a. Has every infrastructure project from previous infrastructure strategies been delivered with the indicative time frames?
2. What is the current contingency estimation and management for the New Infrastructure Plan?
 - a. How have the projects been performing?
 - b. What were the results for the (a) Light Rail and (b) Courts project?
 - c. What is the anticipated contingency for SPIRE?
3. Why has there been a transition from 'funds appropriated' to 'project value'?
 - a. What is included under 'project value'?
 - b. If 'project value' includes intangibles, why is it reporting being moved away from quantifiable and evidenced based reporting?

Yvette Berry MLA: The answer to the Member's question is as follows:—

1. The Infrastructure Plan is a plan, not a budget – and will be updated each year. The Infrastructure Plan outlines \$14 billion of proposed new and upgraded infrastructure expected to support economic growth and provide the services Canberrans will need in the years to come.

The Government has already committed \$3 billion of this investment plan in the 2019-20 Budget for infrastructure spending over the next four years. These projects are already underway.

The pipeline projects to be considered over the next five years and in the longer term provide an indication of what we expect Canberra will need going forward. Consideration of these projects is expected to occur in successive budgets and will be guided by population levels, economic growth, community views and priorities, asset age, budget capacity, the availability of appropriate delivery partners and competing service delivery needs.



LEGISLATIVE ASSEMBLY

FOR THE AUSTRALIAN CAPITAL TERRITORY

QON No. 14

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- a. Information on the financial and delivery performance of the capital works program is provided in the Treasurer's quarterly reports to the Assembly – and in the annual update to the Infrastructure Plan published each year on the Treasury website.
2. Contingency estimation and management is applied to each individual approved project consistent with the process outlined in The Capital Framework. The Infrastructure Plan includes two main categories of projects.
 - a. Refer to 1. a. above for how to access information on how projects have been performing.
 - b.
 - (a) At the time of signing the contract with Canberra Metro in May 2016, the Territory retained a construction-phase contingency of \$117 million. Contingency usage as at 14 November 2019 is approximately \$85 million, or \$32 million less than budgeted at contract close.
 - (b) At contract commencement a JACSD appropriation of \$7.9 million was approved to fund retained risks and construction phase management. This was increased to \$11.4 million in March 2018 to cover the additional internal costs relating to delays experienced on that project, which was offset by the savings generated from not paying the Monthly Service Payment which would have been payable had completion of Stage 1 of the project been achieved in line with the contract dates. Stage 1 completion was achieved on 8 October 2018 and Stage 2 is currently in its commissioning period with only minimal works outstanding and is expected to be complete by the end of this year or very early in 2020.
 - c. The contingency estimate for the SPIRE project is commercial in confidence given the project is currently under procurement.
3. There has not been a change from funds appropriated to project value. The Government will always report against funds appropriated.
 - a. 'Project value' is the latest estimate of projects costs at any particular time in the delivery of the project.
 - b. 'Project value' would not include any intangibles. Reporting is not being 'moved away from quantifiable and evidence-based reporting'.

Approved for circulation to the Standing Committee on Economic Development and Tourism

Signature:

A handwritten signature in black ink, consisting of a large, stylized 'Y' and 'B' intertwined.

Date: 25/11/19.

By the Acting Treasurer, Yvette Berry MLA