

Stravens, Helen

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**From:** Dechert, Lauren  
**Sent:** Tuesday, 1 March 2011 10:13 AM  
**To:** Dias, Carl  
**Cc:** Gill, Tony; Kennedy, Floyd  
**Subject:** FW: IA Feedback Teleconference Action Items 11 February 2011.doc  
**Attachments:** IA Feedback Teleconference Action Items 11 February 2011.doc

Hi Carl,

At this stage we have received the following action items for supplementary info required to be sent to IA:

- Project Risk Register
- Procurement Options Analysis

Remaining items not yet received include (see attachment):

- Base case details
- Demand modelling options data
- Costs – assumptions in detailing these, potentially costs and benefits underestimated
- List of complementary work previously undertaken
- CBA – maintenance costing

If you could let me know when these items will be through to us that would be great.

Thanks Carl,

Lauren

**From:** Dechert, Lauren  
**Sent:** Thursday, 17 February 2011 3:45 PM  
**To:** Elliott, Tom; Gill, Tony; Dias, Carl; Wotton, Katrina; Kugathas, Kuga  
**Cc:** Kennedy, Floyd; Guthrie, Marsha  
**Subject:** IA Feedback Teleconference Action Items 11 February 2011.doc

Hi All,

Please see attachment including discussion points and action items required through to IA as a result of the Teleconference last Friday.

Please note that the timeframe for delivery of additional information to IA is by **25 February 2011** (date of IA Council meeting), including EY procurement strategy report depending on progress. **All additional information must** be provided to IA by early March for inclusion in the June Report.

It would be much appreciated if Treasury was copied in to all emails/correspondence delivering the additional information to IA.

Any questions, please contact me.

Marsha Guthrie

# Feedback Session on the ACT Submission for the 2011 Infrastructure Pipeline

## Teleconference

Friday 11 February 2011  
Macarthur House

## Attendees

ACT: Tom Elliott, Kuga Kugathas, Tony Gill, Katrina Wotton, Carl Dias, Marsha Guthrie, Floyd Kennedy, Lauren Dechert, 3 Representatives SMEC (the project engineering adviser).

Infrastructure Australia (IA): Paul Roe, Rory Brennan

## Purpose

IA requested a teleconference with relevant ACT representatives to provide feedback and seek additional information regarding the ACT 2011 Submission to the National Infrastructure Pipeline.

## Majura Parkway – Discussion Points

- IA requested additional detail in relation to consideration of using the existing Majura Road alignment.
  - ACT response – The option had been considered in some detail in information previously provided to IA (including the most recent submission). Table 3.3.8 in the Environmental Impact Statement assessed 8 options including use of the Majura Road alignment. GHD work began in 1999 – in that analysis the outcome found that the existing Majura Road had sub-optimal geometry and also held implications for the future Fast Rail corridor.
- IA requested for more detail regarding the following:
  - the Base Case used in the economic modelling – what does it include. What is the rationale and basis for the base case – ‘do nothing’ rather than ‘do minimum’.
    - : ACT response – the Base Case includes conducting normal maintenance on the existing Majura Road. Further information would be provided on a ‘Do minimum’ option, which might include some upgrades, and why this option is not feasible
  - Demand Modelling Outputs and underlying data – pg 73 of the 2011 ACT Submission. IA would like to review the data underpinning the modelling. ACT agreed to provide more information.
- IA requested a more detailed risk plan that included probabilistic costing, inherent risks and contingent risks.

- ACT response – a detailed risk plan was provided in an earlier submission, TAMS will provide to IA again..
- Additionally, the ACT pointed out that the contribution sought from the Commonwealth was fixed, therefore, any financial risks would rest with the Territory.
- o The ACT updated IA on the work being undertaken on delivery/procurement strategy and noted that a draft report by Ernst and Young and advised that this would be available by the end of February / early March.
- o IA asked what was the status of negotiations with Defence.
  - ACT response – Agree in Principle.
  - No further work will be undertaken to progress until funding support is confirmed and project approval is gained. At that time the final design report will be provided to Defence for sign-off
- o IA required further advice on Governance Arrangements:
  - ACT Response – Governance Committee will be established once the project is approved (not earlier), this will include Industry Peer Review of the project and permanent representation of independent parties and the Commonwealth and ACT Government's
- o IA requested more information regarding the Cost Benefit Analysis:
  - Maintenance cost estimates – 0.5 per cent of construction costs.
  - Residual value – 40 year economic life – additional details required.

### ACTION ITEMS

- o Expansion of Base case details, and further advice on a 'Do Minimum' option
- o Demand modelling options data
- o Risk register
- o Ernst and Young Report on the Procurement Options
- o Costs – details assumptions underpinning the cost estimates, (Tony Gill noted that there is potential that the costs and benefits have underestimated).
- o List of complementary work previously undertaken.
- o CBA – maintenance costing.

### IA Timeframes:

- The IA Council is meeting on 25 February 2011;
- All additional information will need to be submitted with IA in early March for inclusion in the June Report
- The Final Report will be released in June – which will provide an update to the priority listing.

**Stravens, Helen**

**From:** Dias, Carl  
**Sent:** Tuesday, 1 March 2011 11:25 AM  
**To:** Dechert, Lauren  
**Cc:** Gill, Tony; Kennedy, Floyd  
**Subject:** RE: IA Feedback Teleconference Action Items 11 February 2011.doc

Hi Lauren

Roads ACT will provide the following items by the end of the week including:

- 1. Base Case Details
- 2. Demand Modelling Options Data
- 3. CBA Maintenance Costing

With regards to the other items – Roads ACT is currently in the process of undertaking an independent review of the cost estimates. Once completed this and a revised Benefit Cost will be provided as part of a cost estimate associated package.

Hope this helps. Happy to discuss.

Regards

Carl

**From:** Dechert, Lauren  
**Sent:** Tuesday, 1 March 2011 10:13 AM  
**To:** Dias, Carl  
**Cc:** Gill, Tony; Kennedy, Floyd  
**Subject:** FW: IA Feedback Teleconference Action Items 11 February 2011.doc

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Lauren

**From:** Dechert, Lauren  
**Sent:** Thursday, 17 February 2011 3:45 PM  
**To:** Elliott, Tom; Gill, Tony; Dias, Carl; Wotton, Katrina; Kugathas, Kuga  
**Cc:** Kennedy, Floyd; Guthrie, Marsha  
**Subject:** IA Feedback Teleconference Action Items 11 February 2011.doc

Hi All,

Please see attachment including discussion points and action items required through to IA as a result of the Teleconference last Friday.

Please note that the timeframe for delivery of additional information to IA is by **25 February 2011** (date of IA Council meeting), including EY procurement strategy report depending on progress. **All** additional information **must** be provided to IA by early March for inclusion in the June Report.

It would be much appreciated if Treasury was copied in to all emails/correspondence delivering the additional information to IA.

Any questions, please contact me.

Marsha Guthrie

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**Stravens, Helen**

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**From:** Gill, Tony  
**Sent:** Monday, 28 February 2011 8:53 AM  
**To:** Foulds Alex  
**Cc:** Jagers Andrew; Qian Yin; Dias, Carl  
**Subject:** RE: Majura Parkway - Independent Cost Estimation [SEC=UNCLASSIFIED]

Yes

this is our intention - I will keep you informed on the progress of this

regards

Tony Gill

---

**From:** Foulds Alex [<mailto:Alex.Foulds@infrastructure.gov.au>]  
**Sent:** Friday, 25 February 2011 4:34 PM  
**To:** Gill, Tony  
**Cc:** Jagers Andrew; Qian Yin  
**Subject:** Majura Parkway - Independent Cost Estimation [SEC=UNCLASSIFIED]

Hi Tony,

I understand that the ACT Government is considering, on Infrastructure Australia's advice, engaging an independent cost estimator to review the proposed \$288m (\$2013) Majura Parkway project. I would like to say that this Department fully supports this proposal as it will provide additional rigor on the proposed project cost.

I would be grateful if you could keep this Department involved as you go through this process and in addition, we would appreciate it if you were able to provide a copy of any additional estimation undertaken.

We assume that any estimation will be based on the cost estimation standard outlined in the Nation Building Notes on Administration.

I am very happy to discuss further.

Regards

Alex

Alex Foulds  
General Manager, South East Roads  
Nation Building-Infrastructure Investment Division  
Department of Infrastructure and Transport,  
GPO Box 594  
CANBERRA ACT 2601

Telephone: 02 6274 8222(W)  
0422 221 363(M)

Thanks

Alex

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and delete all copies of this transmission together with any attachments.

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**Stravens, Helen**

**From:** Elliott, Tom  
**Sent:** Friday, 18 February 2011 4:40 PM  
**To:** Guthrie, Marsha; McNulty, Hamish  
**Cc:** Smithies, Megan; Dawes, David; Gill, Tony; Kalogeropoulos, Nick; Byles, Gary; Bain, Glenn; Roulston, David  
**Subject:** RE: Majura Parkway

Update

The cash flow projection below has been communicated orally.

Noting this is an informal discussion about feasibility and without prejudice, Dept of Infrastructure inferred they may want take the view that

- (a) the original \$30 mil allocated to this project is part of the \$144m split, and in the event that this principle is upheld through a negotiation, the effect would be that the Territory would need to find a further \$30 mil.
- (b) The \$9.5 mil remaining from the \$30 mil already agreed to be committed may be withdrawn prior to contract in order to fund detailed design in 2011/12. The inference is that we would forego this in order to get the major capital funds for construction.

It has been conveyed to DOI that in this event, the Territory would have an issue in principle with the use of these funds in this manner, and would require a full commitment of the capital funds for the entire project. I'd expect further negotiation around this point and I understand Tony is meeting with the DOI next week.

In the event that DOI withdrew the \$9.5mil, the cash flow would roughly look like this I guess

	ACT	C'th
2011/12		\$9.5mil
2012/13	\$50m	
2013/14	\$47m	\$67m
2014/15	\$47m	\$67
Totals	\$144m	\$143.5m

I think negotiations if they are formalised are better undertaken by Treasury so I'd be happy to allow Tony to meet with them next week follow up with us all later.

Tom

*Tom Elliott  
 Executive Director  
 Transport and Infrastructure Division  
 Territory and Municipal Services  
 ACT Government*

*(02) 62052483  
 0408680050*

**From:** Elliott, Tom  
**Sent:** Thursday, 17 February 2011 5:38 PM

To: Guthrie, Marsha; McNulty, Hamish  
Cc: Smithies, Megan; Dawes, David; Gill, Tony; Kalogeropoulos, Nick; Byles, Gary; Bain, Glenn  
Subject: Majura Parkway

Marsha/Hamish

This afternoon I was approached by Infrastructure Australia regarding the Majura Parkway. Gary asked me to progress this within the auspice of Treasury as the lead Agency on funding arrangements, and LAPS from a Nation-building perspective.

They have asked for some information by tomorrow regarding a without prejudice proposal regarding the Parkway, indicating the feasibility of a Commonwealth commitment of 50/50 funding support ( \$144m/\$144m) – with the Commonwealth funding component commencing from 2013/14 as part of Nation-building 2. Their request specifically seeks the Territory's preferred cash flow arrangement under this proposal, with reference to existing Nation-building projects that may need to be deferred or managed differently.

Tony's advice is that if this scenario is feasible, and the Commonwealth can make the commitment, the cash requirements over the 4 year project would look like the following:

	ACT	C'th
2011/12	\$10m	-
2012/13	\$50m	-
2013/14	\$42m	\$72m
2014/15	\$42m	\$72m

I need advice with regard to responding to the feasibility of cash management under this proposal, as well as a view about the management of other existing Nation-building projects as the Territory sees them.

Given Chief Executives are planning tomorrow, I suggest we seek advice from them now, and meet to devise a response tomorrow through Treasury as the lead Agency on this funding approach.

Tom

*Tom Elliott  
Executive Director  
Transport and Infrastructure Division  
Territory and Municipal Services  
ACT Government*

(02) 62052483  
0408680050

33 ✓

Stravens, Helen

From: Gill, Tony  
Sent: Friday, 18 February 2011 2:29 PM  
To: Elliott, Tom  
Subject: RE: \$30m Airport precinct funding

Tom

The Department of Infrastructure -as opposed to Infrastructure Australia- has recently approved the balance of the \$30.0m (\$9.5m) to be used on works identified on Morshead Drive and Pialligo Avenue so these funds are now committed over the next 12 months- we have a letter confirming this from the Commonwealth and are meeting with them next week to discuss some detail and cash flow requirements.

In terms of the original \$30 million from the Commonwealth, this can be tracked back to a political commitment given by the then Shadow Minister for Transport, Martin Ferguson on 12 October 2007. These funds were nominally identified against works associated the early stages of Majura Parkway( although there is no actual reference to the Majura Parkway). These funds matched funds of \$30 million that the Territory put forward in the 2007/8 budget which constructed works in the vicinity of Canberra Airport- the origin of this agreement between Territory and Commonwealth was a roundtable forum in 2006 convened by John Hargraves, the then Shadow Federal Minister for Transport , Martin Ferguson on the run in to the 2007 election.

The Monaro Highway was always identified as a necessary and associated project to the Majura Parkway but has never featured in any of the project cost estimates - not in the \$250m project estimate of January 2009 nor the \$288m project cost estimate in December 2010.

In my view the Monaro Highway funding is a separate issue to that of the Majura Parkway. Funding of both are consistent with the outcome of improving the freight connection between the Federal and Monaro Highways.

You are correct in your conclusion that either way, the Majura Parkway project requires \$288m in 2013/14 dollars, we can argue/agree on the actual split as necessary - if the money comes sooner, it may cost less-

Regards

Tony Gill  
Roads ACT  
18/2/11

-----Original Message-----

From: Elliott, Tom  
Sent: Friday, 18 February 2011 1:48 PM  
To: Gill, Tony  
Subject: RE: \$30m Airport precinct funding

Tony

Infrastructure have indicated they are aware that the only \$20.5mil has been expended, and were considering the viability of using the remainder for the initial year of \$10 mil. to do technical design prior to procurement. If this can't be used, we will need to be clear with them what the remainder is going to be used for and in what time frame.

Also, they were pursuing a bit of an angle that suggested that the original \$30 mil was for Majura, and that the Monaro Hwy duplication was a part of the whole parkway exercise, and from that perspective, their contribution should be 50% less this component. I'm not close to the origins of the scope of this project and its initial cost. The issue is do they have a point on a component of the \$30 mil? Even if they do I understand you are saying, we need \$288m whatever the case from this point.

Tom

Tom Elliott  
Executive Director  
Transport and Infrastructure Division  
Territory and Municipal Services  
ACT Government

(02) 62052483  
0408680050

-----Original Message-----

From: Gill, Tony  
Sent: Friday, 18 February 2011 12:42 PM  
To: Elliott, Tom  
Subject: \$30m Airport precinct funding

Tom

The Commonwealth through Minister Albanese agreed in November 2010 that the Territory could use these funds which were initially flagged for the early stage of the Majura Parkway on six other projects in the vicinity of Canberra Airport.

These projects , the largest of which is the Monaro Highway duplication in Fyshwick are now approved by the Federal Department of Infrastructure and funding is committed.

This \$30m of Commonwealth funds matches funds the Territory contributed for the airport road works which are now completed.

The funding on Majura Parkway requires both the Territory and Commonwealth to contribute 50% of the costs and does not/should not rely on any previous funding contributions. Both parties need to contribute \$144 million over a three year time frame for the project to be progressed.

Regards

Tony Gill  
Roads ACT  
18/2/11

(34)

Stravens, Helen

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**Sent:** Thursday, 17 February 2011 5:38 PM  
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ACT Government*

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Stravens, Helen

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### Teleconference

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Macarthur House

### Attendees

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Infrastructure Australia (IA): Paul Roe, Rory Brennan

### Purpose

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#### ACTION ITEMS

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- Demand modelling options data
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**Stravens, Helen**

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**From:** Guthrie, Marsha  
**Sent:** Wednesday, 9 February 2011 10:27 AM  
**To:** Gill, Tony; Pefers, Paul; Wotton, Katrina; Dias, Carl; Kugathas, Kuga; Elliott, Tom  
**Subject:** FW: IA Feedback and Questions Session [SEC=UNCLASSIFIED]

Hi All

IA have provided some advice on issues they may want to raise on Friday. Please let me know if you need any further advice.

Marsha

---

**From:** Roe Paul [<mailto:Paul.Roe@infrastructure.gov.au>]  
**Sent:** Wednesday, 9 February 2011 10:19 AM  
**To:** Guthrie, Marsha  
**Cc:** Daniels Narelle; Brennan Rory; Alchin Stephen  
**Subject:** RE: IA Feedback and Questions Session [SEC=UNCLASSIFIED]

Hi Marsha

Thanks for the email. We would like to have a general discussion about the state of play of the existing IA pipeline projects of the Smart Grid Demonstration process and the water security program.

On Majura Parkway it would be good if the transport economist who has responsibility for the cost benefit analysis is in the room - we have a couple of questions about what is in the base case and whether it is a plausible 'do minimum' base case and the availability of demand model outputs and if any sensitivity tests on demand have been undertaken. With the options analysis we were wondering if there was any more information available on the option to upgrade the existing road (a high capital cost for this option is quoted but we were wondering if there is any more detail underpinning the estimate?). We would also like to discuss whether there is any provision for general contingencies such as a delay in construction due to poor weather in the capital cost estimates.

Happy to discuss further if you have any questions ahead of the meeting.

Regards

Paul Roe  
Infrastructure Australia  
Telephone: (+612) 8114 1914  
Mobile: (+61) 434 564 104  
Fax: (+612) 8114 1932  
Email: [paul.roe@infrastructure.gov.au](mailto:paul.roe@infrastructure.gov.au)

**From:** Guthrie, Marsha [<mailto:Marsha.Guthrie@act.gov.au>]  
**Sent:** Tuesday, 8 February 2011 18:56  
**To:** Roe Paul  
**Subject:** IA Feedback and Questions Session

Paul

IA have booked in with us on Friday to provide some feedback and clarifying some questions on the proposals put forward.

Is it also possible to get some advice on the questions that may be asked in advance so we can appropriately prepare for the meeting, and also have the right people in the room.

Your advice is appreciated.

Marsha

MARSHA GUTHRIE | DIRECTOR | BUDGET COORDINATION AND REPORTING | FINANCE AND BUDGET DIVISION |  
ACT TREASURY  
PH: 6207 3998 | FAX: 6207 0298 | EMAIL: [marsha.guthrie@act.gov.au](mailto:marsha.guthrie@act.gov.au)

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Stravens, Helen

---

From: Gill, Tony  
Sent: Thursday, 27 January 2011 10:45 AM  
To: Elliott, Tom; Byles, Gary  
Cc: Dias, Carl  
Subject: FW: Meeting Treasurer and Minister Albanese - Majura Parway  
Attachments: 20110127092452310.pdf

for information

TG

-----Original Message-----

From: Kennedy, Floyd  
Sent: Thursday, 27 January 2011 10:34 AM  
To: Gill, Tony  
Cc: Stewart, Daniel; Balaretnaraja, Ash  
Subject: Meeting Treasurer and Minister Albanese - Majura Parway

Tony

FYI and this meeting is to happen on 23 Feb. Have there been any recent developments that I need to include in the brief? Other than that we have plenty to go on with from the last submission to IA.

Floyd

-----Original Message-----

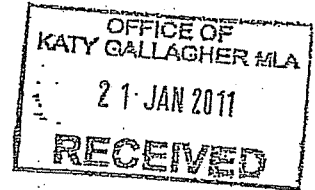
From: [ricoh@act.gov.au](mailto:ricoh@act.gov.au) [<mailto:ricoh@act.gov.au>]  
Sent: Thursday, 27 January 2011 10:25 AM  
To: Kennedy, Floyd  
Subject:

This E-mail was sent from "NARAHSB01L01P14" (Aficio MP C4500).

Scan Date: 27.01.2011 09:24:52 (+1000)  
Queries to: [ricoh@act.gov.au](mailto:ricoh@act.gov.au)



**The Hon Anthony Albanese MP**  
Minister for Infrastructure and Transport  
Leader of the House



Reference: 06735-2010

Ms Katy Gallagher MLA  
Deputy Chief Minister  
Treasurer  
ACT Legislative Assembly  
GPO Box 1020  
CANBERRA ACT 2601

13 JAN 2011

Dear Deputy Chief Minister *Katy*

Thank you for your letter dated 18 November 2010 seeking Australian Government support for the proposed Majura Parkway project.

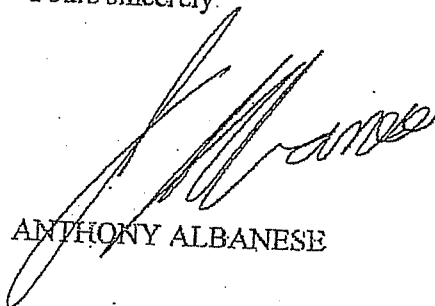
I acknowledge that the proposed Majura Parkway has been listed by Infrastructure Australia as a key priority under the National Freight Network Theme in its June 2010 report to the Council of Australian Governments.

I also recognise that the ACT Government has continued to rank this project as one of its highest priority infrastructure projects. At present, the Nation Building Program of Works identified by the Australian Government in consultation with the ACT Government for 2009-10 to 2013-14 is fully allocated.

It would be beneficial if we could meet to discuss this matter further at some point in the near future. You can contact Linda Townrow in my office on 02 6277 7680 to arrange a time of mutual convenience.

Thank you for raising this matter.

Yours sincerely

  
ANTHONY ALBANESE

*Yes as soon as possible.*  
*C 21/1/11*

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Dias, Carl

From:   
 Sent: Wednesday, 24 December 2008 12:09 AM  
 To: Ahmed, Khalid  
 Cc: Shoukrallah, Rifaat; McNulty, Hamish; Dias, Carl; Craig.Sutton@smec.com.au  
 Subject: Majura Parkway- Infrastructure Australia bid  
 Attachments: Majura Pky\_test.xls

Khalid

Thanks for the meeting today, 22/12/08 with Carl Dias, myself, yourself, Dany O Dea and George Tomlins to discuss the steps to progress the further information requested for the Majura Parkway project.

#### Appendix C- Profile against IA strategic Priorities

Treasury will provide additional information to profile the project against the IA Strategic priorities as per the requirements in Appendix C of the application template

#### Appendix E- Cost Benefit Analysis

In relation to the comments on the Cost Benefit analysis while I have provided some advice to you on this regarding the 3 "flaws" in the current methodology, it is important that the work we get SMEC to do from 5 -12 January 2009 focuses on an economic assessment of the ultimate Majura Parkway project and assumes the current works under construction are in place.

The work that SMEC undertakes need to consider a 30 year assessment period, include the residual value of the \$200 million road at the end of this period in the benefit stream, taking the useful economic life of the road as 50 years.

This approach will clarify the IA comments about the assessment period, the residual value of the road and how the costs and benefits have been apportioned.

The economic assessment will continue to use the RTA methodology which is generally well received and understood by IA and covers Vehicle operating costs, Travel Time costs and Crash costs.

Treasury may give some consideration to "externalities" that may need to be assessed however as discussed today this can be a bit open ended- positive and negative external impacts.

The output from the SMEC work is to produce a report similar to that produced from the Staged works that can accompany the IA submission. I will prepare separate advice to SMEC covering in some detail the requirements and Carl Dias will be able to overview this work from 5 January and involve Treasury as required.

I will emphasize to SMEC the importance of completing the work by cob 12 January- this should be achievable unless we open up our requirements too much-. There are some deficiencies in the current SMEC economic analysis for the \$250 million project which I will point out to them - these relate to their calculations for VOC and Accidents costs and how they have been attributed.

As mentioned I have done some analysis using a spreadsheet ( attached) covering a 30 year assessment period, included a residual value of the road assuming a 2% depreciation per annum which at year 30 results in a road with 40% of its value remaining- this present value amount is then discounted and contributes to the NPV, B/C and NPV- as discussed Treasury need to confirm with IA what methodology they find acceptable for calculating residual values. The net result of this quick analysis is that the B/C moved from 2.8 to 3.18 which is in line with IA expectations- it may still be a conservative approach.

#### Appendix F- Delivery

In relation to the Delivery and Capital costs for the project the application is for \$250 Million from the Building Australia Fund - the ACT Government would manage and maintain the road once constructed. The ACT Government will have invested up to \$50 million in improving roads in the vicinity of the airport between 2007/8 and 2009/10.

It is worth noting the the 2009/10 Federal budget will have \$30 million for Airport Roads - Majura Parkway Stage 1 as part of the Building Australia Program with the Federal Minister recently confirming this by letter and the Chief Minister as Minister for Transport signing off on an MOU for this program over the next year 5 year period- technically we could limit our application to \$220 million to the Building Australia Fund - tactically I doubt we would do this-

The Capital Cost for the project is documented at \$250 million ( for the western option) in the Majura Parkway Preliminary Sketch Plan report of July 2008- I have given you a copy of the report on disc and while a hard copy of the report ( some 437 pages) was provided to Marsha as part of the submission , it would seem that IA officials have not seen it.

This PSP report contains a lot of very useful information including environmental and cultural heritage assessments, geotechnical investigations, transport planning backgrounds and a progress on the public consultation and discussion with leaseholders and or key stakeholders to date. In essence, the PSP report covers a number of the risks flagged for the project by IA in their comments and responds how these are being addressed. We should ensure that IA are again given a copy of the report with this further information request:

In addition to the PSP report in recent times there have been number of actions to address a number of project risks.

1) An extended meeting with the Department of Defence in September 2008 to discuss the impact of the proposal on Defence lands and activities.

- a formal approach to the Department of Defence is now being prepared to acquire necessary land

- the proposed northern Distributor Road has been dropped from the project as it is Defence land and they have strong objections to it being progressed

2) A workshop on 19 December with Senior Environmental Managers from the ACT Government's Parks Conservation and Lands and the ACT Commissioner for Sustainability and the Environment ( Dr Maxine Cooper) to identify a management strategy to protect high value native grasslands and areas of Yellow Box Gums.

3) A request to the project team to prepare a project target out turn cost using the recently released "Best Practice manual in cost estimation for public road and rail infrastructure projects" by Evans and Peck prepared for the Federal Department of Infrastructure.

4) The full EIS is now underway and includes a statutory consultation component - a draft of the EIS will be ready in March and the final EIS in April 2009.

5) The options under consideration in the EIS has been reduced to the western option only as the combined environment, economic and social impact of the eastern option ruled it out early in the piece.

Our target has always been to be in a position to go out for a construction tender in July 2009- whether this is for Stage 1 of the Majura Parkway or the full Majura Parkway project.

Our view of the project delivery is that a construction period of 30-36 months is likely to be required with cash requirements over 3 financial years

I will copy you into the requirements I prepare for SMEC to do the economic assessment work.

regards

Tony Gill  
Roads ACT  
22/12/08

Infrastructure Australia

**Dias, Carl**

---

**From:** Gill, Tony  
**Sent:** Tuesday, 23 December 2008 8:06 PM  
**To:** Dias, Carl  
**Subject:** FW: Infrastructure Australia  
**Importance:** High  
**Sensitivity:** Confidential  
**Attachments:** IA Feedback.pdf

fyi

TG

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**From:** Ahmed, Khalid  
**Sent:** Mon 22/12/2008 3:38 PM  
**To:** Smithies, Megan; Greenland, Karen  
**Cc:** Cappie-Wood, Andrew; Byles, Gary; Gill, Tony; Stewart, Daniel; O'Dea, Danny  
**Subject:** Infrastructure Australia

Under Treasurer

I met with Michael Deegan on Friday shortly before the release of the report. Dan Stewart from CMD was also present. Main message and issues emerging from the meeting are summarised below.

1. Clear indication that Majura Parkway is the project likely to be considered for Round 1. Solar Farm is the only other mentioned; however, this is likely to be for latter round.

2. Written comments for follow up discussions provided on Majura Parkway, Light Rail and Solar Farm (attached for reference).

• The comments on Majura Parkway are quite encouraging, particularly the observation that the BCR is likely to be higher. The proposal needs to be framed against the IA's strategic priorities. Further information has been sought on various aspects (capital, maintenance, benefit attribution, consultation, EIS etc.).

3. Timing: the report indicates first round list to be announced in March. We gathered, however, that the Minister is keen on progressing it earlier. Accordingly, further information is to be provided by 15 January (only about 10 working days).

4. Moving forward:

• Suggest we focus on Majura Parkway at this stage. I have discussed with Tony Gill on putting together the information, and any assistance required from Treasury. He is quite confident that we can address almost all the issues raised (with the exception of EIS, which is currently underway).

Karen:

1. For info further to our discussion on Friday.

2. The observation from IA about the applicability of the 'rule of half' is somewhat odd. I thought this was not applied in the draft provided to IA, and has only been discussed recently as a compromise to deal with Treasury's concerns around the validity of induced demand. I wouldn't think that the consultants had directly provided any updated business case information to IA. That aside, there are comments about 'methodological flaws' that we need to discuss.

Regards

<<IA Feedback.pdf>>

Khalid Ahmed | Executive Director | Policy Coordination and Development Division | ACT Treasury

Phone: (02) 6207 0228 |

## ACT – Follow Up Discussions

### Maiura Parkway – Stage 2

#### *Profiling against IA Strategic Priorities (Appendix C)*

- o More information required as way of data and evidence to justify ratings. In particular
  - o No information was provided against strategic priorities – *Diversify Australia's economic capabilities* and *Build Australia's global competitive advantages*.

#### *Cost Benefit Analysis (Appendix E)*

BCR is 2.8. Methodology broadly looks robust with 3 exceptions that are likely to increase the BCR. But significantly more underlying information required to be sure: Demand modeling looks robust.

Particular issues:

Project mentions different stages, focuses on stage 2. This raises 2 questions:

- o Need information on other stages to be clear that costs and benefits have been correctly apportioned to this stage and not hidden/taken from other stages where they are mutually dependent.
- o Need BCR information specifically applying to this stage, not other stages (some info seems to come from stage 1).
- o 3 'flaws' in methodology – all likely to increase slightly the BCR: time period of evaluation short (24 v 30 years); no residual value included; and no externalities assessed.

*"While there is often insufficient information regarding the economic appraisal of this project, the November 2007 Report by SMEC (the consultants who conducted this economic appraisal) seems to be based on robust demand forecasts and based on a largely correct application of the RTA Guidelines. If the same methodology was used in Stage 2 of the project as was used in Stage 1 (which seems likely to be the case) it would appear that there is a sound basis for concluding that this project is economically viable. This is especially the case given the BCR is likely to be slightly understated due to the exclusion of a residual value and externality benefits, and the time period of analysis being too short. All other flaws in the methodology are expected to have only a broadly neutral effect on the BCR."*

#### *Delivery (Appendix F)*

Limited information provided against deliverability in order to make a reasonable assessment against the BAF evaluation criteria. In particular:

- o Cost and fund sharing arrangements not shown in the submission. Clarification sought on maintenance costs – unlike Auslink BAF does not include maintenance.
- o Capital cost – clarification required – cost benefit analysis contains a capital cost of \$125m while submission refers to a Preliminary design report figure of \$250m – require copy of report and any supporting analysis.

o Risks – need more detail –

- o submission refers to details that will need to be resolved with stakeholders including Defence and other leaseholders along the route - what is the handling strategy for this?
- o Insufficient information on social impacts – have public consultations occurred etc.
- o Environmental Impact Statement – any preliminary information?

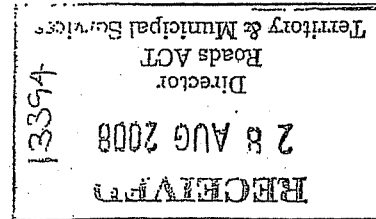


Australian Government  
Department of Defence  
Defence Support Group

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Assistant Secretary Estate Planning  
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LPSI 2008/1076887/1  
ASEP/OUT/2008/113



Mr Tony Gill *all as/08.*  
Director, Roads ACT  
Office of Transport  
Locked Bag 2000  
CIVIC SQUARE ACT 2608

Dear Mr Gill

**MAJURA PARKWAY – REQUEST FOR COMMENCEMENT OF LEASE  
WITHDRAWAL WITHIN DUNTROON**

I refer to your email correspondence of 10 June 2008 concerning commencement of lease withdrawal activities within the Duntroon precinct in relation to land required for construction of part of the Majura Parkway project.

Having reviewed the map provided in your email and the more detailed plans provided by Craig Sutton, Project Manager, SMEC Australia Ltd, it is evident that the 4.54 hectares of land required to accommodate the construction of the Majura Parkway - Western Alignment would result in the loss of two main playing fields at the Royal Military College (RMC) Duntroon. Defence has determined that the loss of these fully constructed AFL and rugby playing fields is not acceptable to Defence as it would have a direct adverse effect on cadet training. Further, these ovals are also made available for ACT sporting activities and are used regularly on weekends for junior sporting activities.

Having considered the impact of losing these 4.54 hectares of land from the RMC playing fields area and your request to commence lease withdrawal activities I must advise that Defence:

- (a) is not prepared to relinquish as much of the site as has been requested by Roads ACT;
- (b) considers that:
  - (i) the site is National Land;
  - (ii) the site has not been "reserved" as a road;
  - (iii) the ACT Roads Act does not apply to the site;
  - (iv) development of the site must be in accordance with the National Capital Plan and the Royal Military College Duntroon Master Plan made under the National Capital Plan;
  - (v) referral under the EPBC Act may be required to implement an agreed land provision; and

(c) would be prepared to discuss an alternative route, or an alternative road design, for the proposed Majura Parkway that does not significantly interfere with Defence's activities at RMC.

I would welcome the opportunity for further discussion in relation to Defence concerns and possible options for addressing these concerns. My contact officer for this matter is Mrs Judith Bedford on (02) 6266 8321.

Yours sincerely



Alison Clifton

Assistant Secretary Estate Planning

25 August 2008

40



Australian Government  
Department of Defence  
Defence Support Group

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Director Land Planning & Spatial  
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LPSI/OUT/2008/ 126

Mr Tony Gill *RG 27/8/08*  
Director  
Roads ACT  
Office of Transport  
Locked Bag 2000  
CIVIC SQUARE ACT 2608

RECEIVED  
27 AUG 2008  
Director  
Roads ACT  
Territory & Municipal Services

Dear Mr Gill,

**MAJURA PARKWAY -PRELIMINARY SKETCH PLANS REPORT AND  
DRAWINGS FOR COMMENT**

Please find attached a copy of a letter sent to Mr Craig Sutton, Project Manager, SMEG Holdings Limited regarding Defence's comments on the Preliminary Sketch Plan report and drawings for the Majura Parkway Western and Eastern Alignments (Federal Highway to Monaro Highway).

My point of contact in relation to this matter is Judith Bedford, Assistant Director Master Planning, NSW/ACT/SA/VIC/NT-K, on 02 6266832 or email [judith.bedford@defence.gov.au](mailto:judith.bedford@defence.gov.au)

Yours sincerely

John Kerwan  
Director Land Planning & Spatial Information

22 August 2008

*John Kerwan*



Australian Government

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Defence Support Group

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LPSI/OUT/2008/ 125

Mr Craig Sutton  
Project Manager  
SMEG HOLDINGS LIMITED  
P O BOX 356  
COOMA NSW 2630

Dear Mr Sutton,

**MAJURA PARKWAY -PRELIMINARY SKETCH PLANS REPORT AND  
DRAWINGS FOR COMMENT**

I wish to acknowledge receipt of the Preliminary Sketch Plan (PSP) report and drawings for the Majura Parkway Western and Eastern Alignments (Federal Highway to Monaro Highway) which you provided to Judith Bedford for comment on 13 August 2008. I also wish to confirm previous email and verbal advice provided in relation to the various drawings of the new Majura Parkway that SMEG have submitted to Defence since June 2008.

Having reviewed the drawings provided at the meeting on the 29 July 2008 it is acknowledged that the comments provided on 30 June 2008, regarding Defence not supporting the use of Majura Training Area land to provide the service/access road to Hector McIntosh Grove at the northern end of Majura Road, have been taken into consideration. The latest drawings indicate that the northern section of the Majura Parkway has been redesigned so that the proposed road alignments do not traverse Majura Training Area land and the impacts on the land occupied by the McIntosh Rifle Range have been significantly reduced.

There is a concern that the drawings of the proposed road work at the intersection of the Kowen East-West link (between Fairbairn Avenue and Majura Road), Majura and Malcomvale Roads appear to assume some future connection to the east through Defence's Majura Training Area. As previously advised Defence does not support any eastern road link through the Majura Training Area. It would seem to be prudent to await the final outcome of the decision on the alignment and width of Canberra Airport's northern access road before any decision is made on the location and design of any link from Malcomvale Road to the Majura Parkway. Defence is concerned about the impacts that the upgrade to Malcomvale Road will have on native grassland located on Defence land within this area.

The proposed Northern Access Road (East-West link between Fairbairn Ave and Majura Road) alignment traverses Defence land used in association with the Australian Defence Force Academy (ADFA). The Defence land located on the northern side of Fairbairn Avenue, which contains the ADFA playing fields and a University of NSW facility, has not been identified as being surplus to Defence requirements. Therefore, Defence does not support the construction of any roadway through this land.

Further information on the Northern Access Road alignment is also required to inform discussion with the University of NSW regarding a weather monitoring facility which is located on Defence land to the north of the ADFA playing fields and within the vicinity of the proposed road alignment.

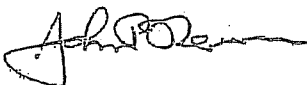
The drawings for the proposed road widening along Fairbairn Avenue, within the vicinity of the intersection of the Northern Access Road and Fairbairn Avenue, and the intersection of Fairbairn Avenue and the proposed northbound entry ramp from Fairbairn Ave requires an additional strip of Defence land along the Fairbairn Avenue boundary of the RMC playing fields and the ADFA campus site. The loss of this strip of land will have an unacceptable impact on the use and management of the RMC playing fields and facilities located at ADFA. The strip of land adjacent to Fairbairn Avenue, within the main ADFA site, also contains ecological significant vegetation. As a consequence Defence does not support any adjustment to the Fairbairn Avenue boundary of Defence's RMC and ADFA sites to accommodate the construction of the road work associated with the proposed Majura Parkway and the Northern Access Road.

As previously advised Defence is also concerned about the area of the RMC playing fields affected by the proposed road design for Majura Parkway (Western Alignment) between Fairbairn Ave and Pialligo Avenue. From the Defence perspective the proposed Majura Parkway Eastern Alignment would be preferable to proposed Western Alignment as it has less impact on the RMC playing fields. However, it is acknowledged that the proposed Eastern Alignment is like to have a greater impact on identified heritage sites.

Defence would like the opportunity to discuss these concerns further before any final decision is made on the Majura Parkway and Northern Access Road alignments and would like to be kept informed of any changes to the design of the proposed Majura Parkway and Northern Access Road.

My point of contact in relation to this matter is Judith Bedford, Assistant Director Master Planning, NSW/ACT/SA/VIC/NT-K, on 02 6266832 or email [judith.bedford@defence.gov.au](mailto:judith.bedford@defence.gov.au)

Yours sincerely



**John Kerwan**  
Director Land Planning & Spatial Information

22 August 2008

cc. Tony Gill, Director, Roads ACT