



Ref: MS19-001051

The Hon Michael McCormack MP


Date:

Comments:

s. 22(1)(a)(ii)

s. 22(1)(a)(ii)

s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)



s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)




s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)



s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



- East West Link (\$4 billion AG Contingent Liability; no state funding commitment)
 - Victoria has publicly stated that it does not support the East West Link project.
 - The project is expected to be further discussed between the Prime Minister and Premier at their July meeting.

s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)



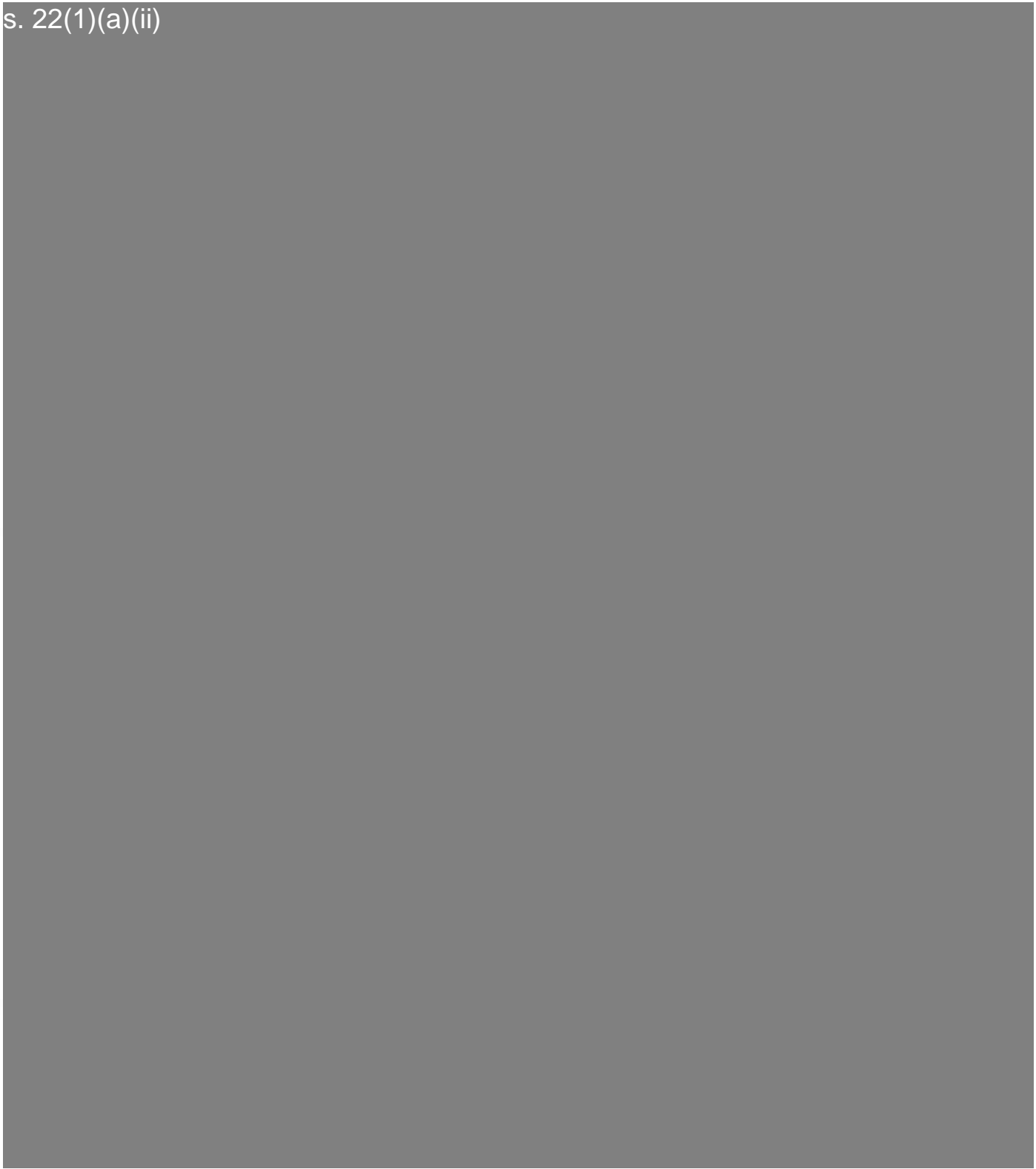
s. 22(1)(a)(ii)



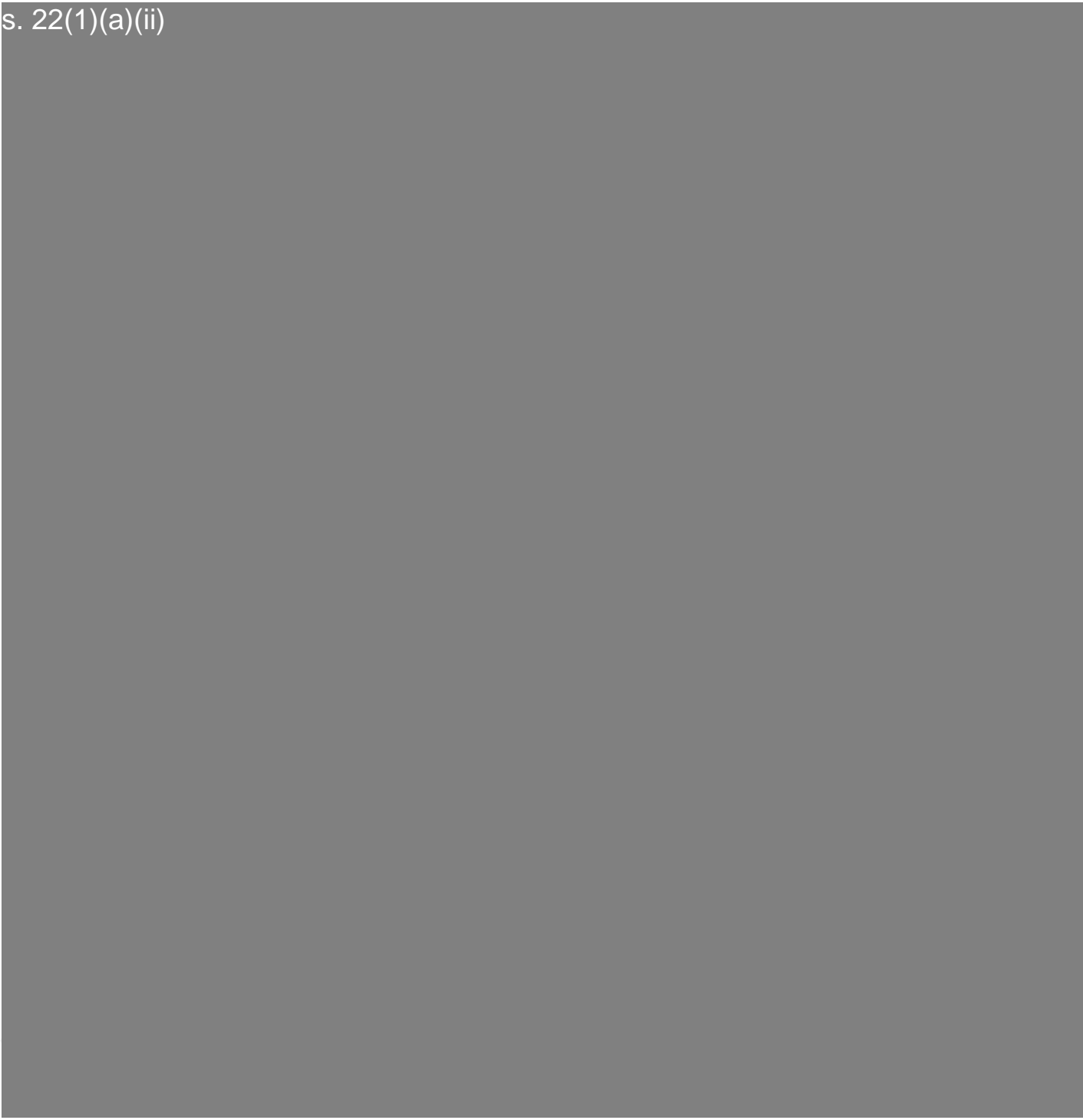
s. 22(1)(a)(ii)



s. 22(1)(a)(ii)




s. 22(1)(a)(ii)



s. 22(1)(a)(ii)



s. 22(1)(a)(ii)



Input to PMC for the meeting between the Prime Minister and the Victorian Premier

s. 22(1)(a)(ii)

s.47B

East West Link

- The Victorian Government continues to be critical of the Australian Government's commitment to East West Link despite the project's prioritisation by Infrastructure Australia and Infrastructure Victoria.
- Given the significant level of new transport infrastructure that has been delivered or is underway in Melbourne since the original business case was developed, as well as its rapid population growth, a new business case will be required.
- To re-engage Victoria on the need for a road link between the Eastern Freeway and CityLink, you may wish to propose a new approach that includes an initial strategic assessment of the project that would provide the evidence for Victoria to support the development of a full business case.

s. 22(1)(a)(ii)

s.47B

s.47B



s.47B



s.47B



s.47B



s.47B



Input to PMC for the meeting between the Prime Minister and the Victorian Premier

s. 22(1)(a)(ii)

- The Government has committed an additional \$1.9 billion to Victoria on top of the 2019-20 Budget. The majority of this is for the new \$4.0 billion contingent liability commitment for a proposed East West Link. Based on public comments, Victoria seems unlikely to support this commitment.
 - Given the significant level of new transport infrastructure that has been delivered or is underway in Melbourne since the original business case was developed, as well as its rapid population growth, a new business case is required.
 - To re-engage Victoria you may wish to propose a new approach that includes an initial strategic assessment of the project that would provide the evidence for Victoria to support the development of a full business case.

s. 22(1)(a)(ii)

s.47B

s. 22(1)(a)(ii)

s.47B

s.47B



s.47B



s.47B



s.47B



s.47B



From: S.47F
Sent: Wednesday, 5 December 2018 4:39 PM
To: McCormack, Michael (MP)
Subject: Question Time, 5 December, 2018

to Michael McCormack, MP
Deputy Prime Minister
5 December, 2018

Re: Tearing up Victoria's East-West road link contract

Dear Michael

I saw you in Federal parliament this afternoon ridiculing Labor members opposite you for their Victorian colleagues tearing up a 1.2 billion dollar East-West road link contract after gaining government.

The setting for this taking place was as follows. Firstly, two different surveys at that time showed that about 75% of Victorians – not Labor voters, Victorians – were either against going ahead with this road project, or were against going ahead with it before building what they judged a much more important project, a North South rail tunnel under the city of Melbourne. Note – that's three quarters of Victorians. Yet the Napthine government, particularly spurred on by treasurer Michael O'Brien, were determined to go ahead with it anyway. One more time – a large majority of Victorians said don't do it, but Michael O'Brien had other ideas.

Secondly, Daniel Andrews made no secret of the fact that he would not go ahead with the E-W link. No secret – he said we won't build it. Despite any contract. He said this very clearly and repeatedly.

Thirdly, it was abundantly clear that Labor was more than likely to take office.

Despite all these points, Michael O'Brien signed the contract anyway – some two months before the election. Andrews won, and as he said he would not do, did not go ahead with the E-W link.

In what way did Andrews behave badly? In what way did O'Brien behave badly? I know which I think.

Since then the N-S rail tunnel is well progressed, and dozens of level crossings removed – something the Liberals never got anywhere near doing.

Do you see your role in parliament to make ridiculous, partisan claims simply to try to score political points, rather than give balanced, thoughtful contributions to debates?

Yours,

S.47F



Australian Government

Department of Infrastructure, Regional Development and Cities

PDR ID: MC18-008819

s.47F

s.47F

Thank you for your email dated 5 December 2018 to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP, about the East West Link. The Deputy Prime Minister has asked me to reply on his behalf.

The Australian Government has committed \$12.9 billion from 2013-14 to 2021-22 to fund land transport infrastructure projects in Victoria. A further \$7.2 billion is committed to major projects, including the Melbourne Airport Rail Link, beyond 2021-22.

Infrastructure Australia (IA) and Infrastructure Victoria have both identified the need for a new east-west road link in Melbourne. Such a road link was first proposed by the Victorian Government in 1999 and was also one of the chief recommendations of the 2008 East-West Link Needs Assessment report. IA's 2015 Australian Infrastructure Audit identified the east-west corridor as one of Melbourne's major congestion challenges and IA continues to identify an improved east-west connection as a 'high priority initiative'.

The Australian Government remains committed to an east-west road link because of the transformative positive impacts it would have on Melbourne and, more broadly, the Australian and Victorian economies. It would assist in addressing a number of Melbourne's transport challenges, and improve accessibility to important economic and employment centres. It is a vital component of a broader transport solution to accommodate Melbourne's rapid population growth, which also includes those projects mentioned in your email, and the Government is confident that it will be built at some point in the future.

Thank you again for taking the time to write and I trust this information is of assistance.

Yours sincerely

s.47F

Oliver Holm
General Manager
South East Infrastructure Investment
Infrastructure Investment Division

19 December 2018

RISK ITEM

Entity	Infrastructure, Regional Development and Cities
Entity contact officer	
Contact phone number	
CFO name	
CFO clearance	Choose an item.
Date of clearance	Click or tap to enter a date.
Category	Contingent liabilities — quantifiable
Risk type	Other
Status	Choose an item.
Reason for removal/modification	

Risk Title
Australian Government contribution to the East West Link project
Description (TEXT FOR PUBLICATION)
<p>The Australian Government remains committed to the construction of East West Link, despite the decision of the Victorian Government not to proceed with the project. To this end, the Australian Government will provide \$3 billion to the first Victorian Government willing to build the East West Link and is therefore recording this commitment as a contingent liability in the Budget.</p>

Financial Impact (\$m)	
-------------------------------	--

AAU to complete

Checked by AAU	Choose an item.	Click or tap to enter a date.
AS Cleared	Choose an item.	Click or tap to enter a date.

East West Link Strategy

Key Issues

- The Australian Government re-committed to the East West Link in the lead up to the Federal Election and increased its funding from \$3 billion to \$4 billion, still as a contingent liability.
 - The commitment is to fully fund the public contribution to the project, based on an estimated cost of \$7 billion.
 - The balance of \$3 billion is expected to be sourced from the private sector, supported by tolling along the new link.
- The Victorian Government has continued to publicly reject the project and offer of funding, claiming the cost will be closer to \$11 billion.
- Since the completion of the original East West Link business case, other major projects have commenced or have committed funding that overlap with the proposed scope:
 - West Gate Tunnel, which includes a second crossing of the Maribyrnong River, the partial scope of the Western Section of the original East West Link is under construction.
 - The North East Link, including widening of the Eastern Freeway, is in planning with funding committed, including \$1.75 billion from the Australian Government.
- The original business case is therefore dated and a new business case is required to develop a revised scope and account for updated population forecasts and land planning decisions.

s.47C

- We would expect that Infrastructure Australia (IA) would be involved in the development of the Strategic Business Case, ensuring independent scrutiny and that the Infrastructure and Project Financing Agency (IPFA) would have a role in assessing alternative funding and financing options.

s.47C

Background

- The Australian Government committed \$3 billion to the East West Link in the 2013-14.
- The East West Link was a proposed 18 kilometre cross-city freeway in Melbourne connecting the Eastern Freeway at Clifton Hill with the Western Ring Road at Sunshine West, to be delivered in two stages: the Eastern Section (Stage 1) and the Western Section (Stage 2).
- In late 2014, the incoming Victorian Government announced that it would not proceed with the construction of the East West Link.
- The project is listed as a High Priority Initiative on Infrastructure Australia's (IA) Infrastructure Priority List and the Australian Government chose to maintain its \$3 billion commitment as a contingent liability.
- The original \$3 billion in funding committed to the project in 2013-14 has subsequently been reallocated to other projects in Victoria and is no longer available in the Program.

COALITION					
Election Commitment	Portfolio	Date & Description			Source
Title		Publish Date	Description	Local Government area	Source Details
Super Highway – Building an East West Link and a North East Link	Roads	28/06/2018	In an East West Link and a North East Link would be developed in tandem. In a first term Liberal Nationals Government, at least \$2 billion will be allocated to these projects from the state government with almost \$5 billion expended from the federal government. It is anticipated that further monies may be needed in future forward estimates.	Metropolitan	https://www.matthewguy.com.au/media-release/guy-a-melbourne-super-highway-building-an-east-west-link-and-a-north-east-link/

s. 22(1)(a)(ii)

s. 22(1)(a)(ii)

**Australian Government****Department of Infrastructure, Regional Development and Cities**

Ref: MB18-001405

To: The Hon Alan Tudge MP (for noting)

cc: The Hon Michael McCormack MP

cc: Dr Steven Kennedy PSM, Secretary

cc: Luke Yeaman, Deputy Secretaries

MEETING: with the Hon Jacinta Allan, Victorian Minister for Transport Infrastructure


Timing: for 2.00-2.30pm meeting on Tuesday, 11 December 2018

Venue: Level 20, 1 Spring Street, Melbourne

Recommendations:
1. That you Note the advice provided for your meeting with Minister Allan.
Noted / Please Discuss
<div style="text-align: right;">Date:</div> The Hon Alan Tudge MP Comments:

s. 22(1)(a)(ii)

s. 22(1)(a)(ii)

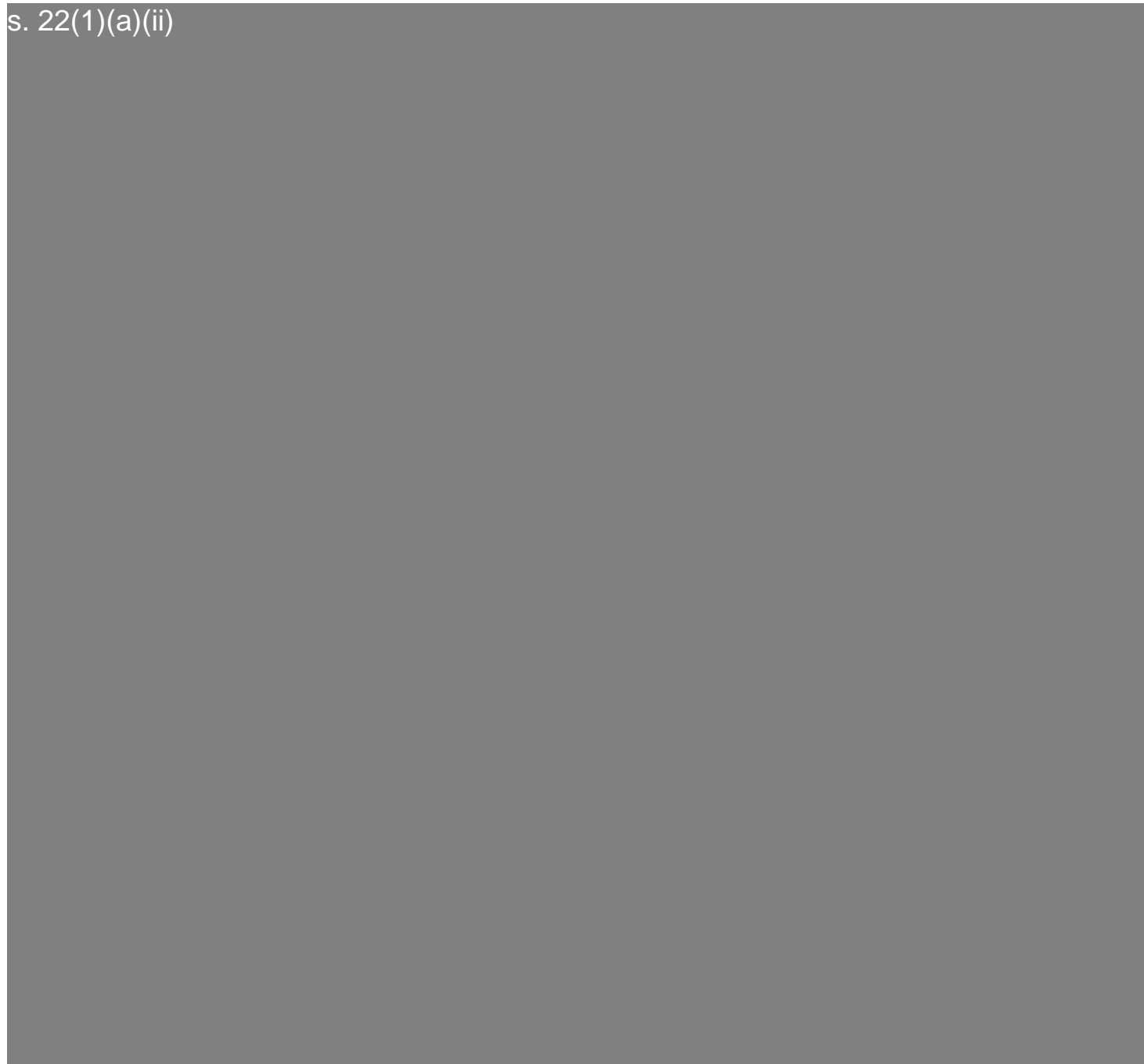


7. On 7 December 2018, the Victorian Premier, the Hon Daniel Andrews MP, wrote to the Prime Minister ahead of the 12 December 2018 Council of Australian Government discussion on population, reiterating the Victorian Government's view that the state is not receiving sufficient Commonwealth infrastructure investment to support its rapid population growth. The Premier also sought to apply the \$3 billion being held as a contingent liability for the East West Link to the North East Link. A copy of the Premier's letter is at **Attachment D**. Minister Allan may use this meeting as an opportunity to raise this issue with you. The Department has not seen a response from the Prime Minister to the Premier.

s. 22(1)(a)(ii)





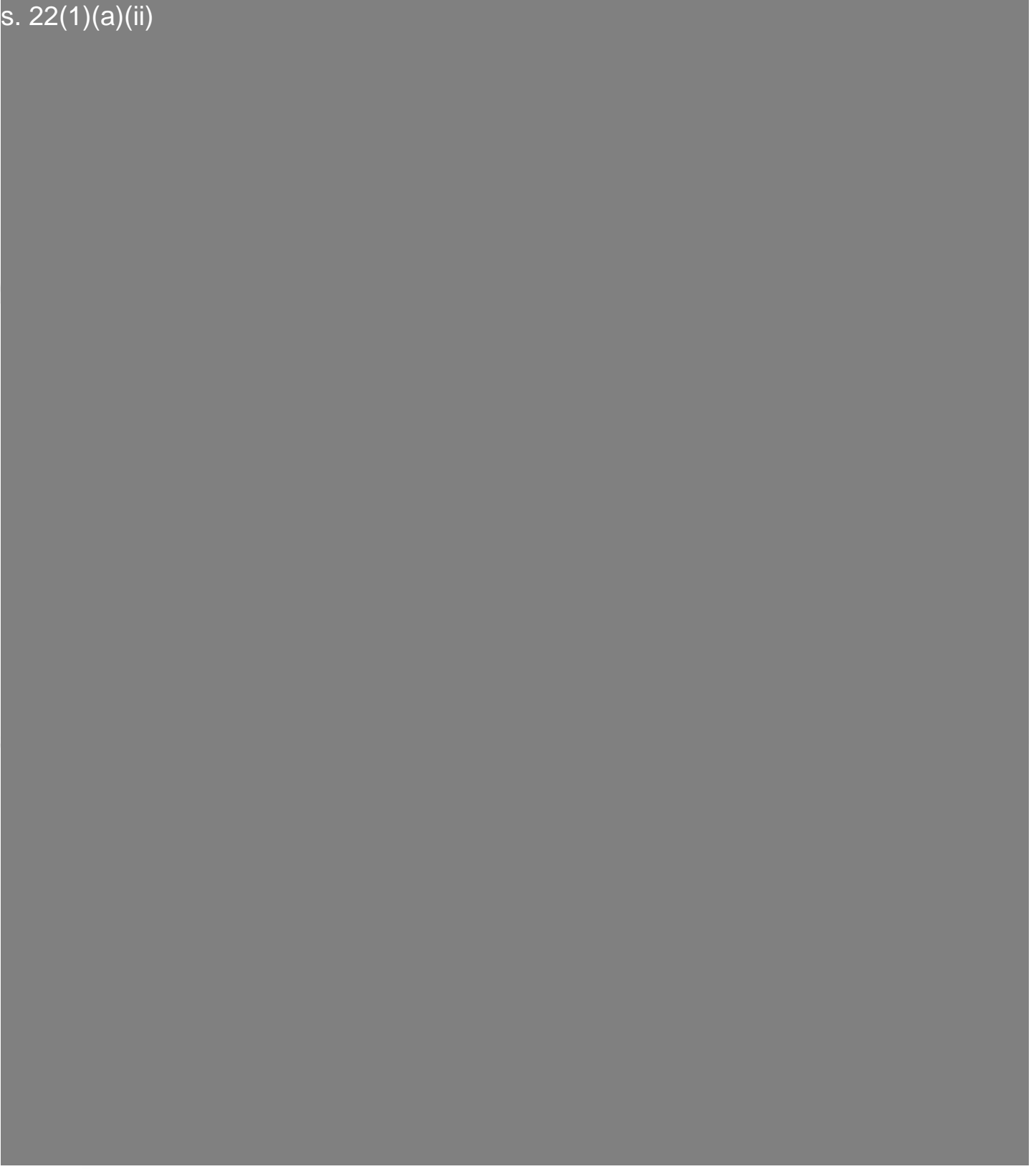


BACKGROUND


Victorian Infrastructure Investment Program – Major Urban Projects

- The Australian Government has committed \$12.9 billion from 2013-14 to 2021-22 to fund land transport infrastructure projects in Victoria.
 - This includes the \$3 billion held as a contingent liability for the first Victorian Government willing to build the East West Link project.

s. 22(1)(a)(ii)

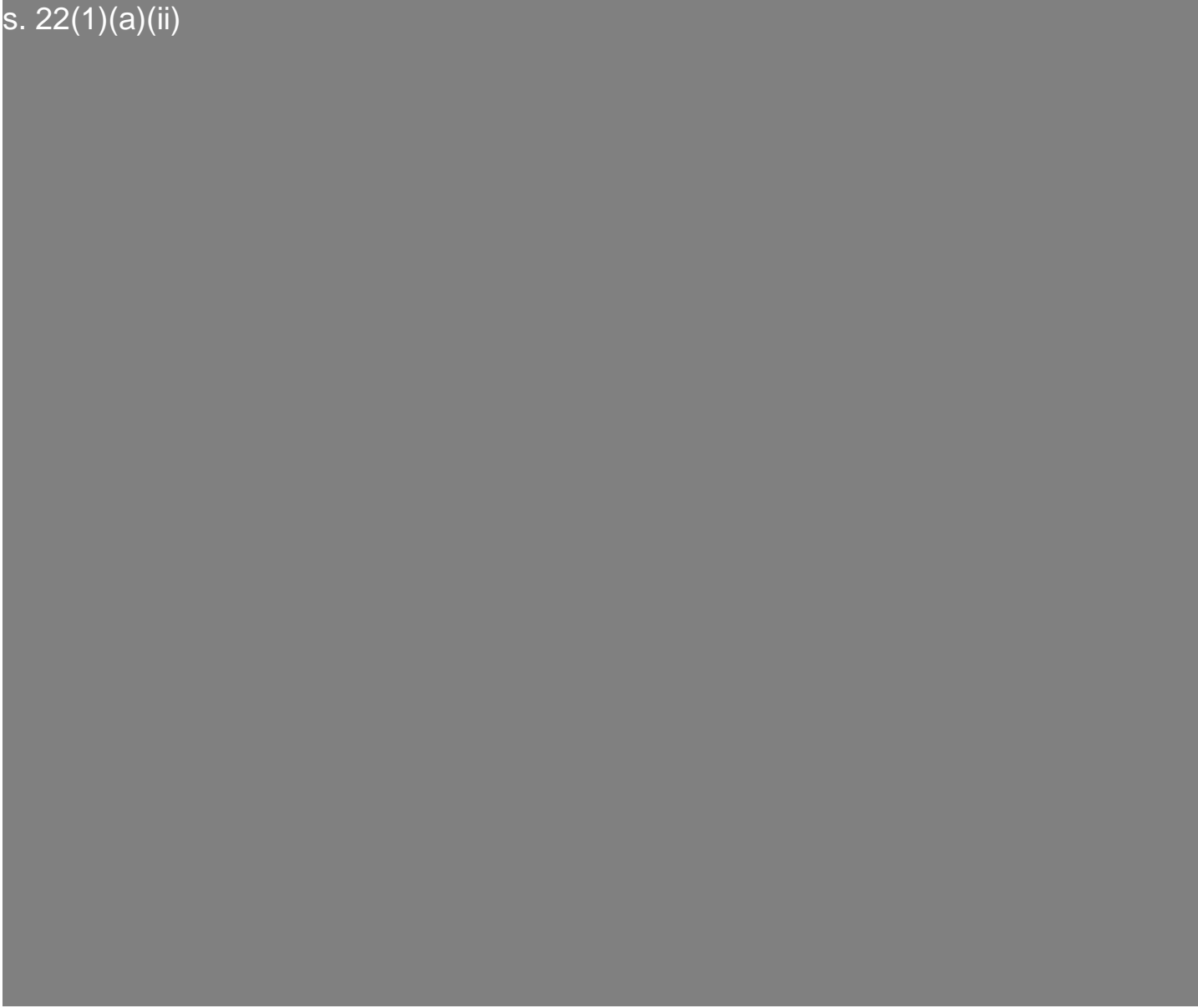


s. 22(1)(a)(ii)



The letter at **Attachment D** from Premier Andrews to the Prime Minister seeks to apply the \$3 billion in Australian Government funding, being held as a contingent liability for the East West Link, to the North East Link. Minister Allan will likely raise this issue during the meeting.

s. 22(1)(a)(ii)





s. 22(1)(a)(ii)





The Hon Daniel Andrews MP

Premier of Victoria

1 Treasury Place
Melbourne, Victoria 3002 Australia
Telephone: +613 9651 5000

The Hon Scott Morrison MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I write ahead of the upcoming COAG discussion on population.

The Victorian Government believes any discussion about population growth in Victoria is meaningless in the absence of a Commonwealth commitment to properly and fairly fund the infrastructure and services that we require.

Over the last five years, Victoria's share of Commonwealth infrastructure funding has fallen to and remained at around 10 per cent, despite our 25 per cent – and growing – share of the population.

To that end, the last three Commonwealth Budgets have included \$3 billion in a supposed "locked box" for a project that has now been rejected by the Victorian people at two successive elections.

The Commonwealth continues to withhold this funding – which would partly repair our severe funding deficit – in the full knowledge that the project will not be built.

Given the resounding mandate my Government has to deliver our infrastructure agenda, we ask that this \$3 billion is immediately reallocated as an additional investment in the North East Link project, which is currently out to market.

North East Link is a project of national significance that has been endorsed as the highest priority by Infrastructure Australia, Infrastructure Victoria, and the Victorian people.

The Commonwealth currently has a \$1.75 billion commitment to this project – roughly ten per cent of the project's total cost, and far less than the traditional 50 per cent State/Commonwealth split.

Opening the "locked box" and investing in this project will go some way to showing the Victorian people that you are serious about addressing the challenges associated with population growth, and willing to work with a government that gets things done. We also hope that this funding will not be withheld to prop up a Commonwealth Budget surplus.

I look forward to discussing this with you at the meeting.

Yours sincerely

The Hon Daniel Andrews MP
Premier