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PARLIAMENT OF TASMANIA

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PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**South East Traffic Solution  
Midway Point Intersection Project and  
the Sorell Bypass Highway Project**

**Members of the Committee**

**Legislative Council**

**Hon Ruth Forrest MLC**  
(Chair)

**Hon Meg Webb MLC**

**Hon Josh Willie MLC**

**House of Assembly**

**Ms Lara Alexander MP**

**Dr Shane Broad MP**  
(Deputy Chair)

**Mr John Tucker MP**  
(until 21 November 2022)

**Mr Dean Young MP**  
(from 23 November 2022)

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## Charter of the Committee

The Public Accounts Committee (the Committee) is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970* (the Act).

The Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Under section 6 of the Act the Committee:

- **must** inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to the management, administration or use of public sector finances; or the accounts of any public authority or other organisation controlled by the State or in which the State has an interest; and
  - **may** inquire into, consider and report to the Parliament on any matter arising in connection with public sector finances that the Committee considers appropriate; and any matter referred to the Committee by the Auditor-General.
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## Abbreviations and Acronyms

<b>Act</b>	<i>Public Accounts Committee Act 1970</i>
<b>Committee</b>	The Joint Standing Committee of Public Accounts
<b>COVID-19</b>	Coronavirus Disease 2019
<b>DSG</b>	Department of State Growth
<b>MLC</b>	Member of the Legislative Council
<b>MP</b>	Member of Parliament
<b>PWC</b>	Joint Standing Committee of Public Works
<b>PWC Act</b>	<i>Public Works Committee Act 1914</i>
<b>SETS</b>	South East Traffic Solution

## Executive Summary

The Tasmanian Parliament and its Committees, play an important role in the scrutiny of public funds expenditure to promote transparency and accountability of government policy, funding and expenditure decisions. The Joint Standing Committee of Public Works (PWC), under the statutory responsibilities prescribed in the *Public Works Committee Act 1914* (PWC Act) undertakes scrutiny of capital works projects related to infrastructure projects of significant monetary value. The relevant monetary thresholds for works that require referral to the PWC are:

- building or construction works – \$8 000 000; and
- road or bridge works – \$15 000 000.

The Public Accounts Committee, (the Committee) has been undertaking targeted reviews of a number of infrastructure projects that have been referred to the PWC and reported on by the PWC. These reviews particularly focus on the outcomes of the project against approved works, budget and time compliance and contract variations. The Committee has also reviewed progress of works underway where the risk of cost increases, delays or other community concern is expressed.

On 26 May 2022, the Independent Member for Hobart, Hon Rob Valentine MLC, wrote to the Committee regarding two Tasmanian infrastructure projects (Midway Point Intersection Project and the Sorell Bypass Highway Project). Mr Valentine expressed concern that these two projects, despite meeting the monetary threshold for referral to the PWC, had apparently not been referred to the PWC as required under the PWC Act. The Committee notes the Hon Rob Valentine is the current Chair of the PWC.

The Committee resolved to seek advice and explanation from the relevant Minister, Hon Michael Ferguson MP (Deputy Premier, Minister for Infrastructure and Transport). This Report outlines details of the advice sought and responses received related to these two infrastructure projects. All correspondence is attached to this Report.

The Committee was informed by the Deputy Premier that historical resolutions of the Tasmanian Parliament, in 1989 and 1996, effectively excluded public infrastructure works from scrutiny by the PWC where the projects related to:

### 1989 resolution:

1. the construction and maintenance of national highways and bridges funded by the Commonwealth;
2. the construction of national arterial roads and bridges funded by, the Commonwealth; and
3. the construction and maintenance of local roads funded by the Commonwealth ...

1996 resolution:

That pursuant to section 15 (1) of the *Public Works Committee Act 1914*, the House of Assembly withdraw from the operations of the said Act those road reinstatement projects that are generally contained within the road reservation ...

The Deputy Premier informed the Committee that in 2020 when these projects were assessed for referral to the PWC, the Department of State Growth (DSG) was operating on a standard operating procedure that was based on a 1989 Parliamentary resolution that Commonwealth funding was excluded from the monetary threshold. As these resolutions are still in force, noting the 80:20 split of funding from Commonwealth and State Governments, the State funding component for some of these projects was below the monetary threshold.

The DSG has more recently amended its standard operating procedures to ensure all roads and bridges works are referred to the PWC in accordance with the monetary threshold under the PWC Act, regardless of funding source.

The Minister for Infrastructure and Transport informed the Committee that the Government considers the strategic objectives for major infrastructure projects, but did not provide assurances that major infrastructure that meet the strategic objectives would not be split into smaller projects that may be below the relevant threshold for PWC scrutiny.

The Committee therefore recommends the relevant resolution be rescinded to remove any doubt as to the referral of projects, meeting the monetary thresholds under the *Public Works Committee Act 1914*.



**Hon Ruth Forrest MLC**  
**Chair**

16 February 2023

## Summary of Findings

The Committee found:

- F1. At the time of commissioning the two Tasmanian infrastructure projects, the relevant monetary threshold under the *Public Works Committee Act 1914* for road and bridges works was \$15 million.
  - F2. Resolutions made in both Houses of Parliament, related to Commonwealth funded projects and road reinstatement projects within the road reservation (the 1989 Resolution and 1996 Resolution respectively), withdrawing such projects from the Public Works Committee's scrutiny, remain valid.
  - F3. The project cost for the South East Traffic Solution (SETS) is jointly funded by the Australian Government and the Tasmanian Government to the estimated total of \$116.1 million (80:20 split).
  - F4. Of the six SETS projects identified, two have undergone PWC scrutiny and two have not.
  - F5. The total outturn cost estimates of both SETS projects that did not undergo PWC scrutiny were above the relevant monetary threshold of \$15 million related to roads and bridge public works.
  - F6. The revocation of the 1989 Resolution could be progressed through the normal parliamentary processes, to remove any future ambiguity as to what road and bridges works (co-funded or otherwise) are exempt from PWC scrutiny under the PWC Act.
  - F7. Contrary to advice provided to the Minister regarding the work schedule of the PWC, the PWC did in fact conduct six hearings between March and November of 2020 during the COVID-19 period and was in a position to assess the relevant SETS projects if referred to the PWC.
  - F8. The Department of State Growth has amended its standard operating procedures so that all roads and bridges works are now referred to the PWC in accordance with the monetary threshold under the PWC Act, regardless of funding source.
  - F9. It remains possible that major infrastructure projects can be broken down into smaller projects that may not meet the monetary threshold under the PWC Act.
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## Summary of Recommendations

The Committee makes the following recommendation:

1. For the avoidance of doubt, the 1989 resolution of both Houses of Parliament pursuant to Section 15 (1) of the *Public Works Committee Act 1914* to withdraw from the operations of this Act projects whereby:
  - a. the construction and maintenance of national highways and bridges funded by the Commonwealth;
  - b. the construction of national arterial roads and bridges funded by, the Commonwealth; and
  - c. the construction and maintenance of local roads funded by the Commonwealth ...

be rescinded to reflect the amendments made to the Department of State Growth's standard operating procedures to ensure all roads and bridges works are referred to the PWC in accordance with the monetary threshold under the PWC Act, regardless of funding source.

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## Conduct of Review

On 26 May 2022, the Hon Rob Valentine MLC (Independent Member for Hobart) wrote to the Committee with concerns that two Tasmanian infrastructure projects (Midway Point Intersection Project and the Sorell Bypass Highway Project) had apparently not been presented to the Joint Standing Committee of Public Works (PWC) as required under the *Public Works Committee Act 1914* (PWC Act)<sup>1</sup> providing copies of responses to Questions without Notice related to these two projects, (see [Attachment 1](#)) and further described on pages 10 - 11 of this Report.

On 17 June 2022, the Committee resolved to write to the relevant Minister, Hon Michael Ferguson MP (Deputy Premier, Minister for Infrastructure and Transport), to ask why the aforementioned projects had seemingly not been referred to the Public Works Committee for oversight.

The Chair wrote to Minister Ferguson MP on 27 June 2022 seeking a response to questions related to the non-referral of the relevant projects to the PWC (see [Attachment 2](#)). A response was received on 8 July 2022 (see [Attachment 3](#)) and referred to on pages 13 - 14.

On 25 August 2022, the Committee wrote back to the Independent Member for Hobart, (see [Attachment 4](#)) informing the Member of the Deputy Premier's response noting the following:

*Notwithstanding, in the interest of getting this issue determined appropriately noting the passage of time between the Parliamentary resolutions and the subsequent amendments to the Act, the Committee has resolved to hold a short inquiry to highlight the issues at hand, with the view of considering and reporting to Parliament on the same.*<sup>2</sup>

In replying to the Committee's correspondence, (see [Attachment 5](#)) the Independent Member for Hobart noted the following:<sup>3</sup>

*... to correct the record on information you received from other sources, the Public Works Committee did in fact conduct in the order of 6 hearings between March and November of 2020 during that significant COVID-19 period.*

The Chair wrote again to the Deputy Premier on 28 September 2022 seeking further particulars. A response was received on 17 October 2022 (see [Attachment 6](#) and [Attachment 7](#) respectively).

At its meeting on 16 February 2023, the Committee resolved to table a report of its findings.

The progress of this targeted Inquiry was twice delayed, due to:

- The prorogation of Parliament from 1 to 16 August 2022 (following the resignation of Hon Jacqui Petrusma MP); and

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<sup>1</sup> Letter to Committee Secretary – Hon Rob Valentine MLC (26 May 2022)

<sup>2</sup> Response Letter to Hon Rob Valentine MLC (25 August 2022), p.2

<sup>3</sup> Letter to Chair – Hon Rob Valentine MLC (7 September 2022)

- The suspension of Parliament from 13 to 27 September 2022 (following the passing of a condolence motion of both Houses in commemoration of the passing of Her Majesty Queen Elizabeth II).
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# Background

## Functions of Public Works Committee

Under the PWC Act, section 15(1) provides the following with respect to the functions of the PWC (emphasis added):

*(1) The Committee shall, subject to the provisions of this Act, consider and report upon every public work that is proposed to be undertaken by a general government sector body, **except any public work which hereafter may be withdrawn from the operation of this Act by a resolution withdrawing same adopted by each House of Parliament** (and whether such work is a continuation, completion, repair, reconstruction, extension, or new work), in all cases where the estimated cost of completing the work **exceeds the relevant monetary threshold** in relation to the work.*<sup>4</sup>

Section 2 of the PWC Act provides the following definition:

***relevant monetary threshold**, in relation to –*  
*(a) building or construction works – means \$8 000 000; or*  
*(b) road or bridges works – means \$15 000 000*<sup>5</sup>

Section 16 deals with the issue of conditions precedent to commencing public works (emphasis added):

*(1) No public work to which section fifteen applies (except such works as have already been authorised by Parliament or hereafter **may be withdrawn from the operation of this Act by a resolution withdrawing same adopted by each House of Parliament**), the estimated cost of completing which **exceeds the relevant monetary threshold** in relation to such work, and whether such work is a continuation, completion, repair, reconstruction, extension, or new work, shall be commenced unless it has first been referred to and reported upon by the Committee in accordance with this section.*

*(2) The Governor shall by writing under his hand addressed to the Committee refer every proposed public work that exceeds the relevant monetary threshold in relation to such work to the Committee for their report thereon.*

*(3) With every such reference to the Committee there shall be furnished to the Committee an estimate of the cost of such work when completed, together with such plans and specifications or other descriptions as the Minister administering the Public Works Construction Act 1880 for the time being deems proper, together with the prescribed reports on the probable cost of construction and maintenance, and an estimate of the probable revenue, if any, to be derived therefrom. Such estimates, plans, specifications, descriptions, and reports to be authenticated or verified in the prescribed manner.*

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<sup>4</sup> See Public Works Committee Act 1914 (s.15), <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1914-032#GS15@EN> [Accessed 5 December 2022]

<sup>5</sup> See Public Works Committee Act 1914 (s.2), <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1914-032#GS2@EN> [Accessed 5 December 2022]

*(4) The Committee shall, with all convenient dispatch, deal with the matter and shall as soon as conveniently practicable, regard being had to the nature and importance of the proposed work, report to the House of Assembly, if the House of Assembly is then in session, and, if not, to the Governor, the result of their inquiries.*

*(5) If in a report under subsection (4) of this section, the Committee does not recommend the carrying out of the work to which the report relates, that work shall not be commenced unless and until it has been authorised by an Act.<sup>6</sup>*

Prior to the enactment of the *Public Works Committee Amendment Act 2019* (passed by Parliament on 12 December 2019), the relevant monetary threshold for roads and bridge works was \$5 million and at the time of the resolutions noted below, the threshold was \$1 million.

At the time of writing this Report there are two relevant resolutions, the ‘1989 Resolution’ and the ‘1996 Resolution’, adopted by both Houses of Parliament that modified the application of section 16:

- Legislative Council Votes and Proceedings No.32 (Tuesday, 12 December 1989)  
*That pursuant to Section 15 (1) of the Public Works Committee Act 1914, the Legislative Council and the House of Assembly withdraw from the operations of the said Act the following projects:*
  - (1) Construction and maintenance of national highways and bridges funded by the Commonwealth.*
  - (2) Construction of national arterial roads and bridges funded by, the Commonwealth.*
  - (3) Construction and maintenance of local roads funded by the Commonwealth ...*
- Legislative Council Votes and Proceedings No.42 (Wednesday, 27 November 1996)  
*That pursuant to section 15 (1) of the Public Works Committee Act 1914, the House of Assembly withdraw from the operations of the said Act those road reinstatement projects that are generally contained within the road reservation ...*

## **Committee Findings**

- F1. At the time of commissioning the two Tasmanian infrastructure projects, the relevant monetary threshold under the *Public Works Committee Act 1914* for road and bridges works was \$15 million.
- F2. Resolutions made in both Houses of Parliament, related to Commonwealth funded projects and road reinstatement projects within the road reservation (the 1989 Resolution and 1996 Resolution respectively), withdrawing such projects from the Public Works Committee’s scrutiny, remain valid.

<sup>6</sup> See Public Works Committee Act 1914 (s.16), <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1914-032#GS16@EN> [Accessed 5 December 2022]

## South East Traffic Solution

As noted on the Australian Government's Department of Infrastructure, Transport, Regional Development, Communication and the Arts website, the Hobart to Sorell Corridor - Hobart Airport to Sorell Southern Bypass is a large Federal grant of \$92.9 million for an estimated project cost of \$116.1 million (i.e. around \$23.2 million provided by the State):<sup>7</sup>



The Transport Tasmania website breaks the South East Traffic Solution (SETS) into six project commitments:

Project	Coverage	Commencement	Finish
Arthur Highway overtaking lane <sup>8</sup>	between Valleyfield Road and Schofield Drive, south of the Iron Creek Bridge	Oct 2019	Feb 2020
Midway Point Intersection Solution <sup>9</sup>	replacing the roundabout with signalised intersection – jointly funded	Jan 2021	Mid 2022
Sorell Southern Bypass <sup>10</sup>	a bypass between the Tasman Highway near the Giblin Drive intersection and the Arthur Highway near Nugent Road	Mar 2021	Jul 2022

<sup>7</sup> See [https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project\\_id=100568-18TAS-RSN](https://investment.infrastructure.gov.au/projects/ProjectDetails.aspx?Project_id=100568-18TAS-RSN) [Accessed 25 August 2022]

<sup>8</sup> See [https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/south\\_east\\_traffic\\_solution/arthur\\_highway\\_overtaking\\_lane](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/south_east_traffic_solution/arthur_highway_overtaking_lane) [Accessed 26 August 2022]

<sup>9</sup> See [https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/south\\_east\\_traffic\\_solution/midway\\_point\\_intersection\\_solution](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/south_east_traffic_solution/midway_point_intersection_solution) [Accessed 26 August 2022]

<sup>10</sup> See [https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/south\\_east\\_traffic\\_solution/sorell\\_southern\\_bypass](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/south_east_traffic_solution/sorell_southern_bypass) [Accessed 26 August 2022]

Project	Coverage	Commencement	Finish
Duplication of Midway Point and Sorell Causeways <sup>11</sup>	widening both causeways to two lanes each way, and duplicating McGees Bridge	Expected 2024	2024/2025 to 2026/2027
Tasman Highway - Hobart Airport to Midway Point Causeway <sup>12</sup>	turning facilities and two further lanes linking the first causeway with the new Hobart Airport Interchange	2023	2024
Hobart Airport Interchange Upgrade <sup>13</sup>	replacing the roundabout with a new interchange	Dec 2020	May 2022

At the time of writing this Report, the following PWC reports covered the general area under SETS:

- Hobart Airport Roundabout (Report No.43 of 2017) (Hobart Airport Interchange Upgrade); <sup>14</sup> and
- Tasman Highway – Hobart Airport to Midway Point Causeway (Report No.36 of 2021). <sup>15</sup>

### Committee Findings

- F3. The project cost for the South East Traffic Solution (SETS) is jointly funded by the Australian Government and the Tasmanian Government to the estimated total of \$116.1 million (80:20 split).
- F4. Of the six SETS projects identified, two have undergone PWC scrutiny, two have not.

### SETS Projects that Bypassed PWC Scrutiny Question

On two separate occasions, the Independent Member for Hobart asked the Leader of the Government in the Legislative Council for details related to the costings of both the Midway Point Intersection Solution and Sorell Southern Bypass projects. The Minister for Infrastructure and Transport provided the following responses:

- *The Midway Point Intersection Project, jointly funded by the Australian and Tasmanian Governments, is a key part of the South East Traffic Solution which aims to improve*

<sup>11</sup> See

[https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/south\\_east\\_traffic\\_solution/tasman\\_highway\\_between\\_airport\\_and\\_sorell](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/south_east_traffic_solution/tasman_highway_between_airport_and_sorell) [Accessed 26 August 2022]

<sup>12</sup> See

[https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/south\\_east\\_traffic\\_solution/tasman\\_highway\\_-\\_hobart\\_airport\\_to\\_midway\\_point\\_causeway](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/south_east_traffic_solution/tasman_highway_-_hobart_airport_to_midway_point_causeway) [Accessed 26 August 2022]

<sup>13</sup> See [https://www.transport.tas.gov.au/projectsplanning/road\\_projects/south\\_road\\_projects/hobart\\_airport\\_interchange](https://www.transport.tas.gov.au/projectsplanning/road_projects/south_road_projects/hobart_airport_interchange) [Accessed 26 August 2022]

<sup>14</sup> See <https://www.parliament.tas.gov.au/Ctee/Joint/PWC/Roads/Reports/Hobart%20Airport%20Roundabout.pdf> [Accessed 26 August 2022]

<sup>15</sup> See <https://www.parliament.tas.gov.au/Ctee/Joint/PWC/Roads/Reports/Tasman%20Highway-Hobart%20Airport%20to%20Midway%20Point%20Causeway-final%20report.pdf> [Accessed 26 August 2022]

*safety and travel time reliability along the Tasman Highway between the Hobart Airport [sic].*

*The Midway Point Intersection Solution will construct two lanes in each direction through Midway Point and replace the existing Tasman Highway/Penna Road roundabout with a new intersection operated by traffic signals.*

*Improved footpaths and bus facilities will also improve access in and around Midway Point and the project will align with the future duplication of the Sorell and Midway Point causeways.*

*The project will improve the flow of traffic through Midway Point, increase vehicle capacity and improve travel time reliability for all road users.<sup>16</sup>*

Budget Item	P50	P90
Base Cost Estimate	\$36 955 586	\$36 955 586
Contingency	\$5 688 414	\$8 291 214
Total Project Costs Estimate	\$42 644 000	\$45 246 800
Escalation	\$2 392 792	\$2 540 806
Total Outturn Costs Estimates	<b>\$45 036 792</b>	<b>\$47 787 606</b>

- *The Sorell Bypass Project, jointly funded by the Australian and Tasmanian Governments, is a key part of the South East Traffic Solution which aims to improve safety and travel time reliability along the Tasman Highway between the Hobart Airport and Southern Beaches.*

*The Sorell Bypass will connect the Tasman and Arthur highways, bypassing the township of Sorell. Roundabouts at both ends of the Bypass will allow traffic to travel through the Bypass or towards Sorell.*

*The project will improve the flow of traffic, increase vehicle capacity and improve travel time reliability for all road users.<sup>17</sup>*

Budget Item	P50	P90
Base Cost Estimate	\$20 767 054	\$20 767 054
Contingency	\$3 388 946	\$5 159 646
Total Project Costs Estimate	\$24 156 000	\$25 926 700
Escalation	\$2 044 010	\$2 180 504
Total Outturn Costs Estimates	<b>\$26 200 010</b>	<b>\$28 107 204</b>

The Independent Member for Hobart subsequently referred this matter to the PAC for consideration as it appeared the aforementioned SETS project quanta should have triggered a referral of these works to the PWC for scrutiny, as prescribed under the PWC Act.

<sup>16</sup> Ministerial Response to Question On/Without Notice Legislative Council (22 March 2022)

<sup>17</sup> Ministerial Response to Question On/Without Notice Legislative Council (5 May 2022)

### **Committee Findings**

- F5. The total outturn cost estimates of both SETS projects that did not undergo PWC scrutiny were above the relevant monetary threshold of \$15 million related to roads and bridge public works.
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## Ministerial Responses

On 27 June 2022, the Committee wrote to the Deputy Premier, as the relevant Minister, seeking detail as to why the particular SETS projects had apparently not been referred to the PWC for oversight under the PWC Act.

In his response back to the Committee, the Deputy Premier noted the following:<sup>18</sup>

*I understand that in 2020, the Department of State Growth (DSG) was operating on a standard operating procedure that was based on a 1989 Parliamentary resolution that Commonwealth funding was excluded from the monetary threshold. While changes had been made to the 1914 Act, it was not clear that they had expunged a previous parliamentary resolution.*

*The Midway Point Intersection Solution and the Sorell Southern Bypass projects were both co-funded projects with 80 per cent of the funding from the Australian Government and 20 per cent of the funding from the Tasmanian Government.*

*The DSG standard procedures for determining the requirement for referral to the PWC was developed with reference to the Department of Treasury and Finance's Guide to the Parliamentary Standing Committee on Public Works approval process and further advice clarifying that:*

- The relevant monetary threshold, is to be assessed on the design and construction estimates at the time of recommending the construction works for tender.*
- Exclusions from the PWC coverage include wholly Australian Government funded road and bridges and co-funded projects where the Tasmanian contribution is less than the relevant monetary threshold.*

*In accordance with the Department's standard procedures for referral to the PWC, it was determined that neither project was to be referred for the following reasons:*

- The Midway Point Intersection Solution is jointly funded by the Australian and Tasmanian Governments under agreement of an 80:20 funding split with the result that Tasmanian Government contribution, at 20 per cent of the construction estimate, is \$5.8 million, significantly below the monetary threshold; and*
- The design and construct cost for the Sorell Southern Bypass project was below the relevant monetary threshold. The winning tender for the Sorell Bypass project was \$13.2 million including GST.*

*While I appreciate that it is of concern to your Committee that these projects did not go through the PWC process, I can confirm it was not a conscious bypass of parliamentary scrutiny, rather a result of a very longstanding historical interpretation by the Department of referral requirements.*

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<sup>18</sup> Letter to PAC Chair – Hon Michael Ferguson MP (8 July 2022)

*It is also important to note the following:*

- *DSG has a strong history of referral of projects to the PWC;*
- *Road upgrade projects generally go through both a departmentally generated public consultation process and a local government planning process, including all environmental and heritage approvals required for the project; and*
- *Regarding the broader SETS program, the projects were separately developed and funded. Early in the COVID-19 period, advice at the time was the PWC would not be sitting for at least six months, the Department continued to deal with the projects separately and for reasons stated above did not refer the projects.*

*Finally, having had cause to re-examine referral practices late last year, the Department has amended its standard operating procedures which means that all projects are now referred to the PWC in accordance with the monetary threshold regardless of funding source. This acknowledges interpretation of the interplay between current legislative provisions and the parliamentary resolution, referred to above, is not entirely clear, and is a matter that may require further consideration in the longer term.*

With respect to the 1989 Resolution, the Committee understands that advice sought by the relevant Government Department of the day was of the view that the resolution had the effect of removing all **fully** Commonwealth-funded public works from the application of the PWC Act. What was not definitive was whether Commonwealth and State co-funded public works that in total was over the monetary threshold, but where the State's component was below the threshold, were exempt from PWC scrutiny.

The Committee notes that pre-1 July 2019 (when the new *Financial Management Act 2016* and associated Treasurer's Instructions came into effect), the Department of Treasury and Finance Buying for Government – Parliamentary Approval Process<sup>19</sup> included the following:

*A decision, in 1989, by both Houses of Parliament has excluded Australian Government funded roads and bridges projects from the operations of the Act. In 1996, both Houses of Parliament also agreed to exclude road reinstatement projects that are generally contained within the road reservation from the operations of the Act. However, roads and bridges projects that are jointly funded by the Australian Government and the State Government are referred to the Committee where the State Government's component is more than the threshold above which works must be referred to the Committee.*

The Committee also notes that at the time of two projects of interest, the revised Treasury Guide to the Parliamentary Standing Committee on Public Works Approval Process<sup>20</sup>, made no mention of the aforementioned dispensation.

On 28 September 2022, the Committee again wrote to the Deputy Premier to seek further clarification around the response of 8 July 2022:<sup>21</sup>

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<sup>19</sup> Referred to by Treasurer's Instruction 1205 (Withdrawn), Pre-Procurement Procedures for Major Works Procurement: Building and Construction, <https://www.treasury.tas.gov.au/Documents/TI-1205-WITHDRAWN.pdf> [Accessed 28 July 2022]

<sup>20</sup> See <https://www.purchasing.tas.gov.au/Documents/Guide-to-the-Parliamentary-Standing-Committee-on-Public-Works-approval-process.pdf> [Accessed 1 August 2022]

<sup>21</sup> Letter to PAC Chair – Hon Michael Ferguson MP (17 October 2022)

**Question 1: Noting that the two relevant Parliamentary resolutions are still alive and current (and) to avoid any future reliance on these resolutions and remove ambiguity of what funding is excluded from the statutory monetary threshold under the Public Works Committee Act 1914:**

- a. what considerations, if any, have been given to a repeal of these resolutions; and**
- b. if no consideration has been given to the repeal of these resolutions to date, will this be considered and in what timeframe?**

The Deputy Premier's response:

*I am not aware of any consideration to the repealing of the Parliamentary resolutions.*

*I am advised that the existing resolutions are a matter for the [Public Works] Committee itself when considering its scope of coverage in relation to its core functions. As such, any consideration as to a change to existing arrangements and scope would be a matter for the Committee in the first instance.*

*Subsequently, should any changes to the existing scope of coverage for the [Public Works] Committee be proposed, they would need to be progressed through established Parliamentary arrangements.*

The Committee notes it is evident in publicly available information on the Australian Government's Department of Infrastructure, Transport, Regional Development, Communication and the Arts website, the Hobart to Sorell Corridor - Hobart Airport to Sorell Southern Bypass capital infrastructure project appears to be one large Federal grant of \$92.9 million for an estimated project cost of \$116.1 million (i.e. presumably \$23.2 million provided by the State on a 80:20 funding split).

This being the case there appears to be a disconnect between what should be considered as a \$116 million funded project in total and what was referred to the PWC for statutory oversight.

**Question 2: What assurances can you provide that the Department when receiving funding in the future over the statutory monetary threshold will not subdivide the total capital works into smaller projects that do not meet the threshold, and thus escape scrutiny by the PWC?**

The Deputy Premier's response:

*As you are aware, the Roads and Bridges Capital Investment Program is funded from a mix of Commonwealth and State budget commitments and occasional contribution from other parties.*

*The Commonwealth and State Government funding is associated with a commitment to deliver an outcome that typically can be documented as either as clear description*

*of new infrastructure to be constructed or, as a strategic objective to be achieved within the funding commitment.*

*In the case where the initial Government commitment is announced as a strategic objective, I am advised that scoping and planning activities are progressed as necessary to determine the new infrastructure that would be required to deliver the strategic outcome. The new infrastructure proposed to deliver on the strategic objective is identified as the 'works' for referral to the Public Works Committee Act 1914. Consideration is then given to the submission of the works to the Public Works Committee Act 1914 [sic] for oversight either as individual projects or as a program with particular thought as to the committed delivery timeframe, annual funding commitment and the monetary threshold under the Public Works Committee Act 1914.*

*The Governments' commitment to the Hobart Airport interchange project for example, was a commitment to construct new infrastructure and thus was submitted in its entirety as 'works' for oversight by the Public Works Committee Act 1914 [sic].*

*Conversely, the Midland Highway Action Plan is a commitment to deliver a strategic outcome of AusRAP 3-star rating for the entire length of the highway. As the 10-year program of new infrastructure to deliver on the Midland Highway Action Plan strategic objective was progressively identified, it was submitted for oversight by the Public Works Committee Act 1914 [sic], as individual project 'works' rather than as a single submission of a program of works.*

*The Department's approach to determining 'works' for submission for oversight by the Public Works Committee Act 1914 [sic] has, as noted above, been in accordance with consideration to the Governments' funding commitment as announced as either delivering new infrastructure or, a strategic objective and has never been with a view to escaping Parliamentary scrutiny.*

***Question 3: In considering the new Procurement Better Practice Guidelines (Principles and Policies) post 30 June 2019, the Committee is of a view that this was the appropriate Treasury Instruction supporting material for the Department of State Growth to refer to at the point of time of considering the SETS construction projects. Therefore, noting that more than \$15 million was being provided by the State for the entire project (which appears to be the case) then it was reasonably foreseeable that the Department should have ordinarily put forth the tranche of projects to the Joint Standing Committee on Public Works for Oversight. How does the Department explain this apparent oversight?***

The Deputy Premier's response:

*Further to our response to question 2 above, the Governments' original SETS funding commitment announcement was, 'The Liberals have committed to spending \$55 million on six projects to ease congestion between Hobart and Sorell if re-elected next year. The promise includes \$500,000 for a study to investigate duplicating the Tasman Highway, providing a long-term traffic solution for one of the state's fastest growing regions.' and therefore did not include a commitment specifically to new infrastructure.*

*Consequently, a submission for oversight by the Public Works Committee Act 1914 [sic] could not be prepared until the required 'works' to deliver the strategic objective had been determined.*

*Subsequently, there have been further budget announcements that have included significant additional funding committed to SETS to deliver on the Governments strategic objective to provide '... a long-term traffic solution for one of the state's fastest growing regions'.*

### **Committee Findings**

- F6. The revocation of the 1989 Resolution could be progressed through the normal parliamentary processes, to remove any future ambiguity as to what road and bridges works (co-funded or otherwise) are exempt from PWC scrutiny under the PWC Act.
- F7. Contrary to advice provided to the Minister regarding the work schedule of the PWC, the PWC did in fact conduct six hearings between March and November of 2020 during the COVID-19 period and was in a position to assess the relevant SETS projects if referred to the PWC.
- F8. The Department of State Growth has amended its standard operating procedures so that all roads and bridges works are now referred to the PWC in accordance with the monetary threshold under the PWC Act, regardless of funding source.
- F9. It remains possible that major infrastructure projects can be broken down into smaller projects that may not meet the monetary threshold under the PWC Act.

## Attachments

1. Letter to Committee Secretary – Hon Rob Valentine MLC (26 May 2022)
  2. Committee letter to Hon Michael Ferguson MP (27 June 2022)
  3. Letter to Chair – Hon Michael Ferguson MP (8 July 2022)
  4. Committee letter to Hon Rob Valentine MLC (25 August 2022)
  5. Letter to Chair – Hon Rob Valentine MLC (7 September 2022)
  6. Committee letter to Hon Michael Ferguson MP (28 September 2022)
  7. Letter to Chair – Hon Michael Ferguson MP (17 October 2022)
-



Thursday 26<sup>th</sup> May 2022

Mr Simon Scott  
Secretary  
Joint Standing Committee Public Accounts  
Parliament Tasmania

Good afternoon Mr Scott

Attached please find copies of two Questions Without Notice (and responses by the relevant Minister) recently asked by myself of the Leader of the Government in the Legislative Council. The costings provided show the two infrastructure projects - the Midway Point Highway Projects and the Sorrell Bypass Highway Project – are individually in excess of the monetary threshold set out in the Public Works Committee Act of 1914 yet, for whatever reason, neither project was presented to the Public Works Committee.

I submit these to the Public Accounts Committee as an individual Member of the Legislative Council (not in my role as a member of the Public Works Committee) in the hope they may be considered for review.

Kind regards,

A handwritten signature in black ink, appearing to be "Rob Valentine".

The Hon. Rob Valentine MLC



# QUESTION ON/ WITHOUT NOTICE

## Question No. [number] of 2022 Legislative Council

ASKED BY: The Hon. Rob Valentine MLC

ANSWERED BY:

QUESTION: In relation to all land-based work for the installation of the new intersection and duplication of the Tasman highway between the two Midway Point causeways, can the Government please provide the following detail:

- a) Original cost estimates, both P50 and P90, for each project involved with that work, including:
  - i) Base Cost Estimate;
  - ii) Contingency;
  - iii) Total Project Cost Estimate;
  - iv) Escalation ; and
  - v) Total Outturn Cost Estimates

ANSWER:

The Midway Point Intersection Project, jointly funded by the Australian and Tasmanian Governments, is a key part of the South East Traffic Solution which aims to improve safety and travel time reliability along the Tasman Highway between the Hobart Airport

The Midway Point Intersection Solution will construct two lanes in each direction through Midway Point and replace the existing Tasman Highway / Penna Road roundabout with a new intersection operated by traffic signals.

Improved footpaths and bus facilities will also improve access in and around Midway Point and the project will align with the future duplication of the Sorell and Midway Point causeways.

The project will improve the flow of traffic through Midway Point, increase vehicle capacity and improve travel time reliability for all road users.

<b>Budget Item</b>	<b>P50</b>	<b>P90</b>
Base Cost Estimate	\$36,955,586	\$36,955,586
Contingency	\$5,688,414	\$8,291,214
Total Project Cost Estimate	\$42,644,000	\$45,246,800
Escalation	\$2,392,792	\$2,540,806
Total Outturn Cost Estimate	\$45,036,792	\$47,787,606

 APPROVED/NOT APPROVED



Michael Ferguson MP  
Minister for Infrastructure and Transport

Date: 22 March 2022

# QUESTION WITHOUT NOTICE

## Question No. [number] of 2022 Legislative Council

ASKED BY: The Hon. Rob Valentine MLC

ANSWERED BY: Leader of the Legislative Council

**QUESTION:** In relation to all work associated with the Sorell Bypass Project currently under construction can the Government please provide the following detail:

- a) Original cost estimates, both P50 and P90, for each project involved with that work, including:
  - i) Base Cost Estimate;
  - ii) Contingency;
  - iii) Total Project Cost Estimate;
  - iv) Escalation; and
  - v) Total Outturn Cost Estimates.

**ANSWER:**

The Sorell Bypass Project, jointly funded by the Australian and Tasmanian Governments, is a key part of the South East Traffic

Solution which aims to improve safety and travel time reliability along the Tasman Highway between the Hobart Airport and Southern Beaches.

The Sorell Bypass will connect the Tasman and Arthur highways, bypassing the township of Sorell. Roundabouts at both ends of the Bypass will allow traffic to travel through the Bypass or towards Sorell.

The project will improve the flow of traffic, increase vehicle capacity and improve travel time reliability for all road users.

<b>Budget Item</b>	<b>P50</b>	<b>P90</b>
Base Cost Estimate	\$20,767,054	\$20,767,054
Contingency	\$3,388,946	\$5,159,646
Total Project Cost Estimate	\$24,156,000	\$25,926,700
Escalation	\$2,044,010	\$2,180,504
Total Outturn Cost Estimate	\$26,200,010	\$28,107,204

  
 APPROVED/NOT APPROVED

Michael Ferguson MP  
 Deputy Premier  
 Minister for Infrastructure and Transport

Date:  May 2022



**Attachment 2**  
Parliament House  
HOBART, TAS, 7000

Phone: (03) 6212 2311  
Email: [pac@parliament.tas.gov.au](mailto:pac@parliament.tas.gov.au)

## PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

27 June 2022

Hon Michael Ferguson MP  
Deputy Premier  
Minister for Infrastructure and Transport

Email: [michael.ferguson@parliament.tas.gov.au](mailto:michael.ferguson@parliament.tas.gov.au)

Dear Minister Ferguson

### **South East Traffic Solution – Midway Point Intersection Project and the Sorell Bypass Highway Project**

On behalf of the Parliamentary Standing Committee of Public Accounts, it has been brought to the Committee's attention that the following State infrastructure projects may not have been brought to the Joint Standing Committee of Public Works for review in accordance with sections 15 and 16 of the *Public Works Committee Act 1914*:

- Midway Point Intersection Project (total outturn cost estimate in excess of \$45 million); and
- Sorell Bypass Project (total outturn cost estimate in excess of \$26.2 million).

The Committee resolved to write to you as the relevant Minister to ask why the aforementioned projects have seemingly not gone through to the Public Works Committee for oversight. Depending on the ministerial response, the Committee may decide to pursue this matter further with the view of considering and reporting to the Parliament on the same.

Please provide a written response to the Committee Secretary, Simon Scott (email [Simon.Scott@parliament.tas.gov.au](mailto:Simon.Scott@parliament.tas.gov.au)) for the Committee's consideration by close of business Monday, 4 July 2022.

Thank you for assisting the Committee with this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Forrest'.

**Hon Ruth Forrest MLC**  
**CHAIR**

**Deputy Premier  
Treasurer  
Minister for Infrastructure and Transport  
Minister for Planning**

Level 10, Executive Building, 15 Murray Street, Hobart  
Public Buildings, 53 St John Street, Launceston  
GPO Box 123, Hobart TAS 7001  
Phone: (03) 6165 7701; Email: [Michael.Ferguson@dpac.tas.gov.au](mailto:Michael.Ferguson@dpac.tas.gov.au)



**08 JUL 2022**

Hon Ruth Forrest MLC  
Chair  
Parliamentary Standing Committee of Public Accounts  
By email: [pac@parliament.tas.gov.au](mailto:pac@parliament.tas.gov.au); [simon.scott@parliament.tas.gov.au](mailto:simon.scott@parliament.tas.gov.au)

Dear Ms Forrest *Ruth*

I refer to the letter of 27 June 2022 regarding the referral of the South East Traffic Solution (SETS) – Midway Point Intersection Solution and the Sorell Southern Bypass Projects to the Joint Standing Committee of Public Works.

It is noted that the *Public Works Committee Act 1914* defines the monetary threshold for “road and bridges work” as \$15 000 000 and as such an assessment of the value of the works is key to determining the requirement for referral to the *Parliamentary Standing Committee on Public Works (PSCPW)* for approval.

I understand that in 2020, the Department of State Growth was operating on a standard operating procedure that was based on a 1989 Parliamentary resolution that Commonwealth funding was excluded from the monetary threshold. While changes had been made to the 1914 Act, it was not clear that they had expunged a previous parliamentary resolution.

The Midway Point Intersection Solution and the Sorell Southern Bypass projects were both co-funded projects with 80 per cent of the funding from the Australian Government and 20 per cent of the funding from the Tasmanian Government.

The Department of State Growth standard procedures for determining the requirement for referral to the *Parliamentary Standing Committee on Public Works* was developed with reference to the Department of Treasury and Finance’s *Guide to the Parliamentary Standing Committee on Public Works approval process* and further advice clarifying that:

- The *relevant monetary threshold*, is to be assessed on the design and construction estimates at the time of recommending the construction works for tender.
- Exclusions from the PSCPW coverage include wholly Australian Government funded road and bridges and co-funded projects where the Tasmanian contribution is less than the *relevant monetary threshold*.

In accordance with the Department’s standard procedures for referral to the PSCPW, it was determined that neither project was to be referred for the following reasons:

- The Midway Point Intersection Solution is jointly funded by the Australian and Tasmanian Governments under agreement of an 80:20 funding split with the result that Tasmanian Government contribution, at 20 per cent of the construction estimate, is \$5.8 million, significantly below the monetary threshold; and
- The design and construct cost for the Sorell Southern Bypass project was below the *relevant monetary threshold*. The winning tender for the Sorell Bypass project was \$13.2 million including GST.

While I appreciate that it is of concern to your Committee that these projects did not go through the PSCPW process, I can confirm it was not a conscious bypass of parliamentary scrutiny, rather a result of a very longstanding historical interpretation by the Department of referral requirements.

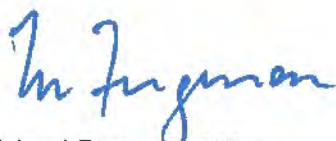
It is also important to note the following:

- The Department of State Growth has a strong history of referral of projects to the PSCPW.
- Road upgrade projects generally go through both a departmentally generated public consultation process and a local government planning process, including all environmental and heritage approvals required for the project.
- Regarding the broader SETS program, the projects were separately developed and funded. Early in the COVID-19 period, advice at the time was the PSCPW would not be sitting for at least six months, the Department continued to deal with the projects separately and for reasons stated above did not refer the projects.

Finally, having had cause to re-examine referral practices late last year, the Department has amended its standard operating procedures which means that all projects are now referred to the PSCPW in accordance with the monetary threshold regardless of funding source. This acknowledges interpretation of the interplay between current legislative provisions and the parliamentary resolution, referred to above, is not entirely clear, and is a matter that may require further consideration in the longer term.

I trust this letter provides the required information requested by the Parliamentary Standing Committee of Public Accounts.

Yours sincerely



Michael Ferguson MP  
**Deputy Premier**  
**Minister for Infrastructure and Transport**



Parliament House  
HOBART, TAS, 7000

Phone: (03) 6212 2311  
Email: [pac@parliament.tas.gov.au](mailto:pac@parliament.tas.gov.au)

## PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

25 August 2022

Hon Rob Valentine MLC  
Independent Member for Hobart  
Tasmanian Legislative Council

Email: [rob.valentine@parliament.tas.gov.au](mailto:rob.valentine@parliament.tas.gov.au)

Dear Rob

### **South East Traffic Solution – Midway Point Intersection Project and the Sorell Bypass Highway Project**

Further to my correspondence to you (dated 21 June 2022), the Committee has received correspondence from the Hon Michael Ferguson MP (Deputy Premier, Minister for Infrastructure and Transport) addressing the issue why the aforementioned projects had seemingly not gone through to the Public Works Committee for oversight (in accordance with sections 15 and 16 of the *Public Works Committee Act 1914*)(the Act).

In short, the Minister advised that he understood that in 2020, the Department of State Growth (Department) was operating on a standard operating procedure that was based on a 1989 Parliamentary resolution that Commonwealth funding was excluded from the monetary threshold. While changes had been made to the Act, it was not clear that they had expunged a previous Parliamentary resolution.

(Research undertaken by the Committee has established the following Parliamentary resolutions are still relevant and alive:

1. *Legislative Council Votes and Proceedings No.32 (Tuesday, 12 December 1989)*

*That pursuant to Section 15 (1) of the Public Works Committee Act 1914, the Legislative Council and the House of Assembly withdraw from the operations of the said Act the following projects:*

- (1) Construction and maintenance of national highways and bridges funded by the Commonwealth.*
- (2) Construction of national arterial roads and bridges funded by, the Commonwealth.*
- (3) Construction and maintenance of local roads funded by the Commonwealth...*

2. *Legislative Council Votes and Proceedings No.42 (Wednesday, 27 November 1996)*

*That pursuant to section 15 (1) of the Public Works Committee Act 1914, the House of Assembly withdraw from the operations of the said Act those road reinstatement projects that are generally contained within the road reservation ... )*

It is understood that under the broader SETS program, each project was separately developed and funded and in accordance with the then Department's standard procedures for referral to the Public Works Committee, determined that neither project was required to be referred:

- the Midway Point Intersection Solution was jointly funded by the Australian and Tasmanian Governments under agreement of an 80:20 funding split with the result that Tasmanian Government contribution, at 20 per cent of the construction estimate, is \$5.8 million, significantly below the monetary threshold; and
- the design and construct cost for the Sorell Southern Bypass project was below the relevant monetary threshold. The winning tender for the Sorell Bypass project was \$13.2 million including GST.

Noting the project costs aforementioned, the Minister has advised that early in the COVID-19 period, advice at the time was the Public Works Committee would not be sitting for at least six months: accordingly, the Department continued to deal with the projects separately and for reasons stated above did not refer the projects.

The Minister has advised that:

*... having had cause to re-examine referral practices late last year, the Department has amended its standard operating procedures which means that all projects are now referred to the (Public Works Committee) in accordance with the monetary threshold regardless of funding source. This acknowledges interpretation of the interplay between current legislative provisions and the parliamentary resolution, referred to above, is not entirely clear, and is a matter that may require further consideration in the longer term...*

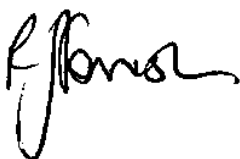
The Minister has also noted that:

- the Department has had a strong history of referral of projects to the Public Works Committee; and
- road upgrade projects generally go through both a departmentally generated public consultation process and a local government planning process, including all environmental and heritage approvals required for the project.

Notwithstanding, in the interest of getting this issue determined appropriately noting the passage of time between the Parliamentary resolutions and the subsequent amendments to the Act, the Committee has resolved to hold a short inquiry to highlight the issues at hand, with the view of considering and reporting to Parliament on the same.

I trust that this provides you with a level of comfort in the interim and again thank you for bringing this matter to the Committee's attention.

Yours sincerely



**Hon Ruth Forrest MLC**  
**CHAIR**



Wednesday 7<sup>th</sup> September 2022

Hon. Ruth Forrest  
Chair  
Joint Standing Committee Public Accounts  
Parliament of Tasmania

Email: [simon.scott@parliament.tas.gov.au](mailto:simon.scott@parliament.tas.gov.au)

Dear Chair

**RE: Midway Point Intersection and Sorell Bypass highway projects**

I write with thanks for your correspondence of 25 August last, regarding work undertaken by the Public Accounts Committee in pursuing the above subject matter raised by me on 26 May 2022.

I appreciate the efforts of the Committee in undertaking the investigation and forwarding to me the explanation provided, as to why those projects were not channeled through the Public Works Committee process. Further, the decision to undertake a Short Inquiry Process to highlight issues at hand is appreciated and I await the outcome.

As an aside, to correct the record on information you received from other sources, the Public Works Committee did in fact conduct in the order of 6 hearings between March and November of 2020 during that significant COVID-19 period. However I am sure it was not the only committee activated at that time!

Finally, your committee's efforts in pursuing the matters raised indeed prove the value of the Parliamentary committee system we have in place to address such matters.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rob Valentine".

The Hon. Rob Valentine MLC





## PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

28 September 2022

Hon Michael Ferguson MP  
Deputy Premier  
Minister for Infrastructure and Transport

Email: [michael.ferguson@parliament.tas.gov.au](mailto:michael.ferguson@parliament.tas.gov.au)

Dear Minister Ferguson

### **South East Traffic Solution – Midway Point Intersection Project and the Sorell Bypass Highway Project**

Further to your response to the Committee's correspondence on this matter (dated 8 July 2022), the Committee has considered the same and respectfully asks for a written response to the following questions:

1. Noting that the two relevant Parliamentary resolutions are still alive and current i.e.

*Legislative Council Votes and Proceedings No.32 (Tuesday, 12 December 1989)*

*That pursuant to Section 15 (1) of the Public Works Committee Act 1914, the Legislative Council and the House of Assembly withdraw from the operations of the said Act the following projects:*

- (1) Construction and maintenance of national highways and bridges funded by the Commonwealth.*
- (2) Construction of national arterial roads and bridges funded by, the Commonwealth.*
- (3) Construction and maintenance of local roads funded by the Commonwealth...*

*Legislative Council Votes and Proceedings No.42 (Wednesday, 27 November 1996)*

*That pursuant to section 15 (1) of the Public Works Committee Act 1914, the House of Assembly withdraw from the operations of the said Act those road reinstatement projects that are generally contained within the road reservation ... )*

to avoid any future reliance on these resolutions and remove ambiguity of what funding is excluded from the statutory monetary threshold under the *Public Works Committee Act 1914*;

- a. what considerations, if any, have been given to a repeal of these resolutions; and
  - b. if no consideration has been given to the repeal of these resolutions to date, will this be considered and in what timeframe?
2. It is evident in publicly available information on the Australian Government's Department of Infrastructure, Transport, Regional Development, Communication and

the Arts website, the Hobart to Sorell Corridor - Hobart Airport to Sorell Southern Bypass capital infrastructure project appears to be one large Federal grant of \$92.9 million for an estimated project cost of \$116.1 million (i.e. presumably \$23.2 million provided by the State).

This being the case there appears to be a disconnect between what should be considered as a \$116 million funded project in total and what has actually gone to the Joint Standing Committee on Public Works (PWC) for statutory oversight.

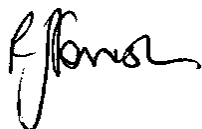
- a. what assurances can you provide that the Department when receiving funding in the future over the statutory monetary threshold will not subdivide the total capital works into smaller projects that do not meet the threshold, and thus escape scrutiny by the PWC?
3. In considering the new Procurement Better Practice Guidelines (Principles and Policies) post 30 June 2019, the Committee is of a view that this was the appropriate Treasury Instruction supporting material for the Department of State Growth to refer to at the point of time of considering the SETS construction projects. Therefore, noting that more than \$15 million was being provided by the State for the entire project (which appears to be the case) then it was reasonably foreseeable that the Department should have ordinarily put forth the tranche of projects to the Joint Standing Committee on Public Works for oversight.
  - a. how does the Department explain this apparent oversight?

The Committee noted in your response, the Department claimed that during the COVID-19 pandemic period, advice at the time was the PWC would not be sitting for at least six months: accordingly, the Department continued to deal with the projects separately (and for reasons covered in your correspondence) and did not refer the projects to the PWC. The Committee has been advised by the Chair of the Joint Standing Committee on Public Works that the PWC did in fact conduct in the order of six (6) hearings between March and November of 2020 during that significant COVID-19 period.

Please provide a written response to the Committee Secretary, Simon Scott (email [Simon.Scott@parliament.tas.gov.au](mailto:Simon.Scott@parliament.tas.gov.au)) for the Committee's consideration by close of business Friday, 14 October 2022.

Thank you for continuing to assist the Committee with this matter.

Yours sincerely



**Hon Ruth Forrest MLC**  
**CHAIR**

**Deputy Premier  
Treasurer  
Minister for Infrastructure and Transport  
Minister for Planning**



Level 10, Executive Building, 15 Murray Street, Hobart  
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GPO Box 123, Hobart TAS 7001  
Phone: (03) 6165 7701; Email: [Michael.Ferguson@dpac.tas.gov.au](mailto:Michael.Ferguson@dpac.tas.gov.au)

17 OCT 2022

Hon Ruth Forrest MLC  
Chair  
Parliamentary Standing Committee of Public Accounts  
Email: [pac@parliament.tas.gov.au](mailto:pac@parliament.tas.gov.au)

Dear Ms Forrest *Ruth*

I refer to your letter of 28 September 2022 regarding the referral of the South East Traffic Solution (SETS) – Midway Point Intersection Solution and the Sorell Southern Bypass Projects to the Joint Standing Committee of Public Works being response to my letter of 8 July 2022.

I note that there are three questions raised and respond as follows:

- 1) *Noting that the two relevant Parliamentary resolutions are still alive and current ..... to avoid any future reliance on these resolutions and remove ambiguity of what funding is excluded from the statutory monetary threshold under the Public Works Committee Act 1914:*
- a) what considerations, if any, have been given to a repeal of these resolutions; and*
  - b) if no consideration has been given to the repeal of these resolutions to date, will this be considered and in what timeframe?*

I am not aware of any consideration to the repealing of the Parliamentary resolutions.

I am advised that the existing resolutions are a matter for the Committee itself when considering its scope of coverage in relation to its core functions. As such, any consideration as to a change to existing arrangements and scope would be a matter for the Committee in the first instance. Subsequently, should any changes to the existing scope of coverage for the Committee be proposed, they would need to be progressed through established Parliamentary arrangements.

- 2) *What assurances can you provide that the Department when receiving funding in the future over the statutory monetary threshold will not subdivide the total capital works into smaller projects that do not meet the threshold, and thus escape scrutiny by the PWC?*

As you are aware, the Roads and Bridges Capital Investment Program is funded from a mix of Commonwealth and State budget commitments and occasional contribution from other parties. The Commonwealth and State Government funding is associated with a commitment to deliver an outcome that typically can be documented as either as clear description of new infrastructure to be constructed or, as a strategic objective to be achieved within the funding commitment.

In the case where the initial Government commitment is announced as a strategic objective, I am advised that scoping and planning activities are progressed as necessary to determine the new infrastructure that would be required to deliver the strategic outcome. The new infrastructure proposed to deliver on the strategic objective is identified as the "works" for referral to the *Public Works Committee Act 1914*. Consideration is then given to the submission of the works to the *Public Works Committee Act 1914* for oversight either as individual projects or as a program with particular thought as to the committed delivery timeframe, annual funding commitment and the monetary threshold under the *Public Works Committee Act 1914*.

The Governments' commitment to the Hobart Airport interchange project for example, was a commitment to construct new infrastructure and thus was submitted in its entirety as "works" for oversight by the *Public Works Committee Act 1914*.

Conversely, the Midland Highway Action Plan is a commitment to deliver a strategic outcome of AusRAP 3-star rating for the entire length of the highway. As the 10-year program of new infrastructure to deliver on the Midland Highway Action Plan strategic objective was progressively identified, it was submitted for oversight by the *Public Works Committee Act 1914*, as individual project "works" rather than as a single submission of a program of works.

The Department's approach to determining "works" for submission for oversight by the *Public Works Committee Act 1914* has, as noted above, been in accordance with consideration to the Governments' funding commitment as announced as either delivering new infrastructure or, a strategic objective and has never been with a view to escaping Parliamentary scrutiny.

- 3) *In considering the new Procurement Better Practice Guidelines (Principles and Policies) post 30 June 2019, the Committee is of a view that this was the appropriate Treasury Instruction supporting material for the Department of State Growth to refer to at the point of time of considering the SETS construction projects. Therefore, noting that more than \$15 million was being provided by the State for the entire project (which appears to be the case) then it was reasonably foreseeable that the Department should have ordinarily put forth the tranche of projects to the Joint Standing Committee on Public Works for oversight.*

a) *how does the Department explain this apparent oversight?*

Further to our response to question 2 above, the Governments' original SETS funding commitment announcement was, *"The Liberals have committed to spending \$55 million on six projects to ease congestion between Hobart and Sorell if re-elected next year. The promise includes \$500,000 for a study to investigate duplicating the Tasman Highway, providing a long-term traffic solution for one of the state's fastest growing regions."* and therefore did not include a commitment specifically to new infrastructure. Consequently, a submission for oversight by the *Public Works Committee Act 1914* could not be prepared until the required "works" to deliver the strategic objective had been determined. Subsequently, there have been further budget announcements that have included significant additional funding committed to SETS to deliver on the Governments strategic objective to provide *"...a long-term traffic solution for one of the state's fastest growing regions"*.

I trust this letter provides the required information requested by the Parliamentary Standing Committee of Public Accounts.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M Ferguson', written in a cursive style.

Michael Ferguson MP

**Deputy Premier**

**Minister for Infrastructure and Transport**