

Agency Snapshot: Infrastructure Australia

November 2013

Infrastructure Australia is the peak advisory body on matters relating to infrastructure in Australia. Established under the [Infrastructure Australia Act 2008 \(Cth\)](#), Infrastructure Australia came into effect on 9 April 2008. Infrastructure Australia is a twelve-member statutory body whose members are appointed by the Federal Minister for Infrastructure and Regional Development. The Abbott government has proposed changes to Infrastructure Australia's corporate structure and the establishment of a 15-year Priority Infrastructure List. These are discussed on pages 4-5 below.

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Background

One of former Prime Minister the Hon. Kevin Rudd's election commitments in 2007 was to set up a national body to identify infrastructure priorities, tackle bottlenecks and boost the economy's productive capacity in the midst of the resource boom. Within Labor's first 100 days in government, Infrastructure Australia was established.

Infrastructure Australia's purpose is to identify reforms and investments that are vital to ensure Australia's economic infrastructure supports and drives the nation's economic, social and environmental success. This is achieved by providing advice to the Australian Government on national infrastructure priorities.

When tabling the *Infrastructure Australia Bill*, Former Minister for Infrastructure and Transport, the Hon. Anthony Albanese, said that the inception of Infrastructure Australia would prevent short-term political interests influencing infrastructure investments decisions by delivering objective advice to government, and thus create an environment conducive to private investment in public infrastructure.



The former minister's speech is available in full [here](#).

Infrastructure Australia Act 2008

The functions of Infrastructure Australia are set out in the *Infrastructure Australia Act 2008* (Cth). The Act states that Infrastructure Australia's primary function is to provide advice to the Minister, Commonwealth, State, Territory and local governments, investors in infrastructure and owners of infrastructure on matters relating to infrastructure, including in relation to the following:

- Australia's current and future needs and priorities relating to nationally significant infrastructure;
- policy, pricing and regulatory issues that may impact on the utilisation of infrastructure;
- impediments to the efficient utilisation of national infrastructure networks;
- options and reforms, including regulatory reforms, to make the utilisation of national infrastructure networks more efficient;
- the needs of users of infrastructure; and
- mechanisms for financing investment in infrastructure.

Infrastructure Australia reports to the Council of Australian Governments (COAG) each year by handing down a review on national infrastructure priorities and performance. In addition, the incoming Coalition government has committed to producing an annual statement on infrastructure delivery, to be delivered to the House of Representatives by the Prime Minister.

The 2013 Report: *National Infrastructure Plan*, is available [here](#).

The Hawker Britton Occasional Paper on the 2013 Report and Updated National Priority List is available [here](#).

Infrastructure Australia National Priority List

One of Infrastructure Australia's main functions as set out in the *Infrastructure Australia Act 2008* (Cth) is to develop the Infrastructure Priority List. The Infrastructure Priority List is a pipeline of projects Infrastructure Australia considers key to strengthening the economy, dealing with the challenges of sustainable population growth, export bottlenecks, urban congestion and climate change.

The projects on the list are considered to have real merit or significant potential. The list works as a guide regarding the long term investment decisions of both the public and private sectors, including super funds.

The Infrastructure Priority List provides advice and recommendations to governments on infrastructure projects and funding, however the decisions to fund projects are still made by government. Thus, Infrastructure Australia's recommendations do not necessarily determine whether the project will go ahead or not.



The 2013 Updated National Priority List is available [here](#).

Regional Infrastructure Fund

Infrastructure Australia works with state and territory governments to establish priority infrastructure projects to be funded by the Regional Infrastructure Fund.

The fund was established by the Commonwealth government to invest parts of the proceeds of the resources boom. It addresses urgent infrastructure needs, while supporting the mining industry, boosting export capacity and developing regional economies.

Applications for funding are assessed using Infrastructure Australia's reform and investment framework. Based on these assessments, the Infrastructure Australia's Infrastructure Coordinator provides recommendations to the Minister for Infrastructure and Regional Development.

The Abbott Government has indicated it will discontinue almost \$2.5 billion of funding to the Regional Infrastructure Fund. As a result, Regional Development Australia grants that have been approved, but do not have contracts signed, may not proceed.

The Regional Infrastructure Fund Guidelines are available [here](#).

Major Cities Unit

The Major Cities Unit provided advice to the Australian Government on issues of policy, planning and infrastructure that have an impact on Australia's eighteen major cities with populations over 100,000 people. It also provided coordinated action across government, the private sector and the community, to help secure Australia's economic, environmental and social wellbeing in our major cities.

The Unit also oversaw the implementation of the Australian Government's [National Urban Policy](#) and produced the annual [State of Australian Cities Report](#).

On 23 September 2013 the Abbott government announced that the Unit would be dismantled.

Members of Infrastructure Australia

The twelve members of Infrastructure Australia are appointed by the Minister. Nine members are people nominated by the Commonwealth, five of those must have acquired the necessary knowledge and experience in the private sector, while one of the nine members nominated must have acquired the necessary knowledge and experience in local



government. In addition, two members are nominated in agreement between the states and territories.

The current members of Infrastructure Australia are:

- Sir Rod Eddington (Chairman)
- Dr Ian Watt AO, *Secretary, Department of the Prime Minister and Cabinet*
- Mr Jim Hallion, *Chief Executive, Department of the Premier and Cabinet, South Australia*
- Mr Anthony Kannis, *Executive Director of Western Australian Treasury*
- Dr Kerry Schott, *CEO for NSW Commission of Audit*
- Prof. Peter Newman, *Professor of Sustainability at Sustainability Policy Institute of Curtin University*
- The Hon. Mark Birell, *Chairman of Infrastructure Partnerships Australia*
- Mr Phil Hennessy, *Queensland Chairman of KPMG*
- Cr Nicole Lockwood, *President of the Shire of Roebourne in Western Australia*
- Ms Elana Rubin, *Chairman of AustralianSuper*
- Dr Martin Parkinson, *Secretary, Treasury*
- The final position is vacant

The Abbott government's plan for Infrastructure Australia

The Coalition provided a pre-election commitment to strengthen the independence of Infrastructure Australia through changes to its governance, transparency and accountable arrangements.

Responsible ministers include Hon. Warren Truss MP, Leader of the Nationals, as [Minister for Infrastructure and Regional Development](#) and the Hon. Jamie Briggs MP as [Assistant Minister for Infrastructure and Regional Development](#).

Changes to Infrastructure Australia's corporate structure

On 20 November 2013, the Hon. Warren Truss MP announced the *Infrastructure Australia Amendment Bill 2013*, which will re-establish Infrastructure Australia as a separate entity under the *Commonwealth Authorities and Companies Act 1997* (Cth). As such, Infrastructure Australia will become an independent governing entity that is both legally and financially separate from the Commonwealth.

The Bill provides greater detail on the functions of Infrastructure Australia: general functions, the evaluation of infrastructure proposals, the development of Infrastructure Plans and the provision of advice on infrastructure matters. However, the Bill also further limits the functions of Infrastructure Australia that can be undertaken without a Ministerial directive.

Additionally, the Bill makes changes to the formal governance arrangements of Infrastructure Australia. The Bill will abolish the Infrastructure Australia Council, to be replaced by an Infrastructure Australia Board. The Bill will also replace the former Infrastructure Coordinator position with a Chief Executive Officer position to manage Infrastructure Australia, reporting directly to the Board.

The Chief Executive Officer position will be a full-time, remunerated role and will be responsible for delivering the strategic objectives of Infrastructure Australia and its policy reform program.

Currently the Secretariat is led by the Infrastructure Coordinator, who reports to the Minister for Infrastructure and Transport rather than the Infrastructure Australia Board.

The Bill will need to pass through the House of Representatives and the Senate. The Australian Labor Party and the Greens are yet to indicate whether they will support the changes.

Projects and priorities

The government will be requiring all Commonwealth-funded projects worth more than \$100 million to undergo a cost-benefit analysis by Infrastructure Australia. It will also require Infrastructure Australia to publish justifications for all its project recommendations.

The Abbott government will announce infrastructure priorities and construction timetables in consultation with the states by September 2014.

The Federal government has, however, committed Federal funding to the following infrastructure projects:

- \$1.5 billion to get the M4 East (WestConnex Project) underway in Sydney to complete the east-west corridor;
- \$1.5 billion to get the East- West Link road tunnel underway in Melbourne and the Geelong Princes Highway;
- \$1 billion towards the upgrade of the Gateway Motorway in Brisbane and the Toowoomba Range crossing;
- \$400 million to duplicate the Midland Highway between Hobart and Launceston;
- \$5.6 billion to duplicate the Pacific Highway from Newcastle to the Queensland;
- unspecified funding towards the Perth Gateway project; and
- further road infrastructure commitments in South Australia to be announced before the next election.



15-Year Priority Infrastructure List

The Coalition also provided a pre-election commitment to the creation of a 15-Year Priority Infrastructure List, similar to the current National Priority List.

The List will require Infrastructure Australia to:

- develop a revolving 15-year infrastructure plan for Australia, with this plan being revised every five years;
- clearly specify infrastructure priorities at national and state levels, based on a rigorous and transparent assessment of competing infrastructure projects proposed by the States;
- develop clearly defined service standards for project delivery and productivity outcomes;
- identify and estimate short and long-term productivity gains from infrastructure projects, as well as the potential for any complementary projects; and
- recommend infrastructure projects on the basis of a transparent and rigorous cost-benefit assessment of their environmental, economic and social sustainability.