

National Priority List for Infrastructure

July 2012

On 13 July 2012 Infrastructure Australia released its' annual update of the nation's infrastructure priorities. The report *Progress and Action* includes the National Priority List outlining \$76 billion worth of projects at various stages of readiness. Most significantly, five projects have been deemed "ready to proceed" meaning that they meet all Infrastructure Australia's criteria and that Infrastructure Australia recommends government to consider funding for these projects. The projects deemed "ready to proceed" are: Brisbane's Cross-River Rail project, two upgrades to Victoria's Monash freeway, Melbourne Metro Stage 1 and the completion of the Pacific Highway upgrade in NSW.

In this year's report, Infrastructure Australia recommends that governments should apply user charging more widely, particularly for roads and ports, and that governments should sell off assets to liberate funds in order to fund new infrastructure projects.

Media release available [here](#).

The National Priority List

The National 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 assessed as having real merit or significant potential. The list is to guide the long term investment decisions of both the public and private sectors, including super funds. In 2011 Infrastructure Australia introduced a minimum capital cost threshold of \$100 million for projects on the list. This threshold was applied on this year's list.

The National Priority List divides projects into four categories reflecting their stage of readiness. Projects included at 'Early Stage' address a nationally significant issue or problem, but the identification or development of the right solution is at an early stage.

Projects in the 'Real Potential' category address a nationally significant issue and there has been a considerable amount of analysis of potential solutions. However, development work is still underway and the analysis is ongoing.

Projects at 'Threshold' have strong strategic and economic merit and are only not ready to proceed due to a small number of outstanding issues. For instance, integration of the proposal into the wider network might require more planning.



Projects deemed 'Ready to proceed' represent good investments that meet all of Infrastructure Australia's criteria, i.e. they make a strong contribution to strategic policy goals, and are supported by a cost-benefit analysis that suggests the benefits will considerably outweigh the cost. It is only projects in this category that Infrastructure Australia recommends government to consider funding for.

The National Priority List provides advice and recommendations to government on infrastructure projects and funding, and decisions to fund projects are still made by government. Thus, the category a project is in does not necessarily determine whether the project will go ahead or not.

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

The full *Progress and Action* report is available [here](#).

Funding

One of Infrastructure Australia's goals is to increase the pool of funding available for infrastructure investment. In the latest report Infrastructure Australia identifies the primary constraints on the funding pool available for infrastructure investment. They included:

- general government expenditure is projected to exceed revenues in future years, restricting the allocation of tax revenues to fund infrastructure investment; and
- reluctance to broaden the application of cost-reflective pricing, particularly on roads.

As the gap between government expenditure and revenues is projected to grow in future years, Infrastructure Australia maintains that there appears to be little option other than to embrace user charging more widely to recover cost of investment and increase the capacity for funding of new infrastructure projects. It points out that user charging is widely used in other sectors of the economy, such as water and electricity, and it also would be applicable to economic infrastructure such as roads and ports.

Further, in the report, Infrastructure Australia recommends recycling of government assets meaning selling government assets to liberate funds for new projects. Infrastructure Australia advises State and territory governments to initiate reviews of their government owned assets to identify their potential for sale or lease to private sector.

In June 2012 the Infrastructure Finance Working Group, established to advise Infrastructure Australia on infrastructure finance issues, released the report *Infrastructure Finance and Funding Reform*. See Hawker Britton's Occasional Paper on the report [here](#).



Infrastructure Australia

Infrastructure Australia is the peak advisory body on matters relating to infrastructure in Australia. Established under the [Infrastructure Australia Act 2008](#), which came into effect on 9 April 2008, Infrastructure Australia is an eleven member statutory body whose members are appointed by the Federal Minister for Infrastructure and Transport.

Infrastructure Australia reports regularly to the Council of Australian Governments (COAG) through the Federal Minister for Infrastructure and Transport.

Infrastructure Australia has the primary function of providing 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;
- mechanisms for financing investment in infrastructure.

More information on Infrastructure Australia is available at:

<http://www.infrastructureaustralia.gov.au/>