

Statement of Expectations
For the Board of Infrastructure Australia
For the period 1 November 2015 to 30 June 2017

This Statement of Expectations (the Statement) outlines my expectations of the operations and performance of Infrastructure Australia (IA).

The Australian Government expects that IA efficiently and effectively performs its statutory functions to deliver high quality advice on Australia's requirements for nationally significant infrastructure.

This Statement reflects the governance and performance requirements specified in the *Infrastructure Australia Act 2008* (Act No. 17 of 2008 as amended) which came into effect on 1 September 2014. It sets out the expectations of IA and the Board, in terms of its key legislative and work programme responsibilities. It replaces all other Statements IA has been provided in the past.

The Australian Government expects Infrastructure Australia to contribute to the efforts of all levels of government to build a strong and prosperous economy by providing robust, independent and evidence-based advice on Australia's future infrastructure needs. This includes identifying gaps in Australia's infrastructure as well as creating a priority list, based on robust analysis and strategic long term planning, of nationally significant infrastructure proposals.

The advice provided by IA will be a key input in guiding the Australian, state and territory governments when making major investment decisions.

I expect the Board to:

- ensure IA acts in accordance with the *Infrastructure Australia Act 2008* (No. 17, 2008 as amended), the *Public Governance, Performance and Accountability Act 2013* (and associated regulations), and the *Income Tax Assessment Act 1997*, as well as other relevant legislation and legal instruments;
- ensure IA operates in accordance with the Government's intended and publicly stated commitments in regard to its functions;
- consult, and establish productive working relationships with, key infrastructure stakeholders, including all levels of Government (Commonwealth, state, territory and local governments) and other relevant bodies and organisations, including state infrastructure advisory bodies, the Global Infrastructure Hub, and industry;
- continue to develop a strong capability to provide robust and independent advice to all levels of government and across all sectors of infrastructure, including social infrastructure (excluding Defence);
- promote best practice in reforming strategic infrastructure planning (including consideration of whole of life asset management and improved asset utilisation) and project identification amongst key infrastructure stakeholders;
- support the development of policy on funding and financing;
- keep me informed of IA's actions in relation to the initiatives and activities stated below, and alert me to events or issues that may impact on the operations of IA, including the provision of timely quarterly reports of progress against the Statement; and
- provide a progress update on initiatives and activities stated below to the Ministerial Transport and Infrastructure Council twice a year.

Over the period of this Statement of Expectation, I expect IA to deliver on:

Australian Infrastructure Plan

- *finalise and deliver* the first Australian Infrastructure Plan. The Plan should:
 - take into account the outcomes of the *Australian Infrastructure Audit* and the *Northern Australia Infrastructure Audit*, and the Priority Lists and where appropriate project evaluations undertaken by IA;
 - consider, when identifying Australia's future infrastructure needs, the relevant infrastructure characteristics that are required to service those needs, including planning, policy, technology and regulatory approaches to improve the efficiency of existing infrastructure assets and lessen the need for additional infrastructure capacity;
 - clearly specify infrastructure priorities at national and state levels for the period covered by the Plan;
 - articulate a time frame in which the priorities need to be developed, commencing with those of highest productivity value;
 - only recommend specific infrastructure projects where an evaluation has been undertaken;
 - be a rolling plan, which will be updated at least every five years, in close consultation with Commonwealth, state and territory governments, to accommodate changes in Australia's infrastructure needs; and
 - be completed by the end of 2015, subject to final consultation with governments for transmission in 2016 to the Government.

Australian Infrastructure Audit and Northern Australia Audit

- *maintain* the currency of the data and analysis for both the *Australian Infrastructure Audit* and the *Northern Australia Audit*, in order to inform future *Australian Infrastructure Plans*, Priority Lists, updates and project evaluations.
 - A key focus should be for IA to augment its dataset and refine its analysis across all sectors of infrastructure as well as it has for the transport sector.

Infrastructure Priority Lists

- *utilise* the *Australian Infrastructure Plan* to develop a top down infrastructure priority list of nationally significant proposals that:
 - is based on the outcomes of the *Australian Infrastructure Plan* and the evaluation of infrastructure proposals seeking \$100 million or more in Commonwealth funding;
 - ensures a proposal is included in the list based on assessed merit (including in relation to the cost benefit analysis); and
 - is updated regularly to ensure relevance and currency.

Evaluation of Infrastructure Proposals

- *evaluate* project proposals that are nationally significant or where Commonwealth funding of \$100 million or more is sought;
 - recognising IA's role to provide advice to governments to inform future infrastructure priorities, the Australian Government's focus for IA is to perform evaluations of projects where Commonwealth funding has yet to be committed.
 - In particular, IA is expected to:
 - *review* the cost-benefit analysis provided by proponents for economic infrastructure proposals (transport, water, energy, communications) and social infrastructure proposals, excluding any Defence proposals;
 - *undertake* these in a timely manner;
 - *publish* its findings in a timely manner; and
 - *ensure* the findings inform the Infrastructure Priority List as appropriate.
- *approve* a methodology or methodologies (if required for different sectors) that enables proposals to be compared.

In addition, I expect that IA will:

Corporate Plan

- *prepare a* corporate plan with regard to the requirements specified under Sect 39B of the *Infrastructure Australia Act 2008* and Section 35 of the *Public Governance, Performance and Accountability Act 2013* by 31 August 2016.

Working with Departments

- *continue* to work closely with the Department of Infrastructure and Regional Development;
- *work closely* with all relevant Departments and to facilitate the sharing of information, where appropriate, on infrastructure priorities so that the relevant Department can provide timely advice to the Government on infrastructure funding decisions.

Statement of Intent

- I would like to receive a response to this Statement of Expectations in the form of a Statement of Intent by end of 2015.

Paul Fletcher

Minister for Territories, Local Government and Major Projects