

# Infrastructure Australia Statement of Intent

2015



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# Introduction

Infrastructure Australia (IA) is an independent statutory body with a mandate to prioritise and progress nationally significant infrastructure.

IA provides independent research and expert advice to all levels of government, as well as investors and owners of infrastructure. It identifies infrastructure needs and emerging demands. It advises on the projects and reforms Australia needs to fill the infrastructure gaps.

IA publically advocates for reforms on key issues including financing, delivering and operating infrastructure and how to better plan and utilise Australia's infrastructure networks.

The functions, strategy and operations of IA are guided by the *Infrastructure Australia Act 2008* (no.17 as amended) and other Commonwealth guiding legislation including the *Public Governance, Performance and Accountability Act 2013* and the *Income Tax Assessment Act 1997*.

IA is responsible to the Deputy Prime Minister and Minister for Infrastructure and Regional Development and to the Assistant Minister for Infrastructure and Regional Development.

The Deputy Prime Minister issued a Statement of Expectations to IA on 30 October 2014, and issued further correspondence on 5 January 2015, providing guidance on the Australian Government's expectations relating to the strategic direction, operation and performance of IA.

This Statement of Intent, in conjunction with the Corporate Plan, responds to the Government's expectations by identifying the key objectives and related initiatives to be delivered by IA in 2015.

This Statement of Intent outlines:

- The specific priorities IA will be accountable for delivering in 2015;
- How IA will establish itself as a trusted collaborator and advisor to governments and industry, on the planning, funding and financing, delivery and maintenance of infrastructure; and
- The governance and performance arrangements that will enable IA to demonstrate that it is efficiently and effectively performing its statutory functions.

# Infrastructure Australia Priorities 2015

## Northern Australia Audit

### Statement of Expectations, 30 October 2014

*"...complete a comprehensive audit of northern Australia's infrastructure. This work is to contribute to the Government's White Paper on developing Northern Australia and the identification of the infrastructure required to support opportunities outlined in the White Paper... and be completed before the end of 2014."*

**Infrastructure Australia (IA) completed a comprehensive audit of Northern Australia's infrastructure assets to inform and contribute to the Government's White Paper on developing Northern Australia in December 2014.**

The Northern Australia Audit was submitted to Government in January 2015, and publically released on 8 May 2015.

The Northern Australian Audit (the Audit) is the first-ever audit of Northern Australia's infrastructure, identifying key challenges, and opportunities to support the region's projected growth over the next 15 years. The Audit includes an assessment of Northern Australia's current infrastructure asset base as well identifying infrastructure requirements to support opportunities identified in the White Paper.

The Audit was developed in close consultation with the Department of Infrastructure and Regional Development and the Department of the Prime Minister and Cabinet.

## Australian Infrastructure Audit

### Statement of Expectations, 30 October 2014

*"...complete a full audit of Australia's infrastructure asset base to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account forecast growth, and economic, social and environmental sustainability...and, be completed by April 2015."*

In correspondence from the Deputy Prime Minister on 5 January 2015, the dates for completion of the Audit were revised to 'by the end of the first quarter of 2015', allowing Infrastructure Australia time to consider the Australian Government's Intergenerational Report.

**IA completed an audit of the key demand drivers affecting Australia's infrastructure asset base in April 2015.**

The Audit was submitted to Government in April 2015, and publically released on 22 May 2015.

The Australian Infrastructure Audit (the Audit) is the first-ever independent, comprehensive review of Australia's infrastructure and our future needs across transport, water, energy and telecommunications. The Audit takes a strategic view of what Australia will look like in 2031, and where the pressures on our infrastructure networks will be felt hardest.

The Audit considers demographic trends relevant to infrastructure utilisation as well as economic, social and environmental sustainability. The Audit's focus is on identifying the challenges for Australia's current infrastructure asset base to determine the adequacy and capacity of this infrastructure to meet future requirements.

The Audit provides the evidence base for the development of the Australian Infrastructure Plan (see below).

The Audit will be revised at least every five years.

## Australian Infrastructure Plan

### Statement of Expectations, 30 October 2014

*“...develop a 15 year rolling Infrastructure Plan. The Plan should take into account the outcomes from the audits and where appropriate the lists and evaluations developed and undertaken by IA... and be completed by April 2015.”*

Following discussions with the Australian Government in January 2015 – and IA’s consideration of the Intergenerational Report and its subsequent publication of the Audit – the Plan is now scheduled to be completed by the end of 2015 (subject only to the completion of consultation with State and Territory stakeholders).

**IA will develop a 15 year rolling national infrastructure plan that clearly identifies the priority reform and capital investment priorities at a national and state specific level, by the end of 2015.**

The Australian Infrastructure Plan (the Plan) will address the key challenges raised by the Australian Infrastructure Audit and identify a range of investment and reform priorities to be implemented in the coming 15 years, to increase productivity, support economic growth and sustain quality of life.

The Plan will be informed by the outcomes of the Audits, and of any evaluations of infrastructure proposals undertaken.

The Plan will both inform and be informed by the development of the Infrastructure Priority List where relevant.

The development of the Plan will be the result of close consultation with state and territory governments.

The Plan will be complete subject to final consultations with jurisdictions by the end of 2015.

The Plan will be updated at least every five years.

## Assessments of project proposals where Commonwealth funding of more than \$100 million is sought

### Statement of Expectations, 30 October 2014

*“...evaluate the assessments of project proposals where Commonwealth funding of more than \$100 million is sought. In particular, IA is expected to review the cost-benefit analysis not only for economic infrastructure proposals (transport, water, energy, communications) but also for social infrastructure proposals (educational and health institutions), excluding any Defence proposals...”*

**IA will undertake evaluations of the assessment of project proposals on all infrastructure proposals where funding of more than \$100 million is sought from the Commonwealth. This includes economic and social infrastructure proposals but excludes defence proposals.**

The evaluations will be undertaken routinely and summaries of any proposals evaluated will be displayed on IA’s website as soon as is practicable after the assessment is complete, and by the end of the following quarter after completion of the assessment.

## Review the methodology of project assessment framework

### ***Infrastructure Australia Act 2008*** **(No.17 as amended)**

*“A cost benefit analysis included in a plan as mentioned in paragraph (1)(ba) must be prepared using the method approved by Infrastructure Australia. The method must enable the proposals to be compared...”*

**To allow comprehensive comparisons, IA will move to undertake a review of the project assessment framework that IA requires proponents to use when submitting proposals to IA for evaluation.**

The review will consider the adequate consideration of social, environmental and economic costs and benefits. The review will also consider the appropriate application of broader benefits (in addition to direct costs) and provide guidance on how these should be measured and applied, if required.

The review will be informed through consultation with Commonwealth, state and territory government stakeholders.

The initial review and its findings will be published on IA's website and will be reviewed every 24 months reflecting changing economic, demographic or industry circumstance. These ongoing reviews will be informed by any relevant findings from IA's other activities.

## Development of an Infrastructure Priority List

### **Statement of Expectations, 30 October 2014**

*“...develop a top down priority list that is based on the outcomes of the Fifteen Year Infrastructure Plan and any other additional research undertaken by IA, including the evaluation of infrastructure proposals; ensures a project 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.”*

**IA will develop a regularly updated Infrastructure Priority List.**

This priority list will be informed by the other work of IA in particular the Australian Infrastructure Plan and the evaluation of infrastructure proposals.

### **Establishment of corporate capacity**

IA will develop its corporate capabilities in 2015 to support the new governance and corporate structures. This will include a review and implementation of systems, structures and processes that will enable the organisation to fulfil its duties as an independent statutory body that provides high quality advice on infrastructure matters.

# Effective working relationships

## Statement of Expectations, 30 October 2014

*“I expect the Board to ...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, investors in infrastructure and owners of infrastructure.”*

**Infrastructure Australia (IA) will establish itself as a trusted collaborator and advisor to governments and industry, on the planning, funding and financing, delivery and maintenance of infrastructure through:**

- **Establishing productive working relationships;**
- **Providing policy leadership on key infrastructure challenges; and**
- **Building the evidence base to guide Australia’s infrastructure decisions.**

## Productive working relationships

IA’s success will be dependent on effective and influential relationships characterised by high levels of trust and collaboration. To this end IA will establish productive working relationships with all levels of government and industry. This includes engaging closely with government departments, agencies and entities as well as state, territory and local governments, investors in infrastructure, owners of infrastructure and the community – as the end users of infrastructure.

Where relevant, IA will consult and engage with other infrastructure stakeholders including industry and peak bodies, academics, and other organisations.

IA will work with the Department of Infrastructure and Regional Development and other relevant entities within the portfolio to establish strong working relationships including formal and informal pathways for information sharing (where appropriate) to enable the delivery of timely, comprehensive and coordinated advice to Government.

## Policy leadership

Australia’s ability to deliver the infrastructure we need, and aspire to, is being severely tested with growing population levels, increasing congestion, budget deficits, and long-term environmental concerns. Continued levels of economic growth are also increasing the demand for infrastructure services.

Given our independence and national perspective, IA is well placed to bring a strategic focus to the key future infrastructure challenges and opportunities, as well as providing leadership in policy reform. We will publically advocate for reforms on key issues including financing, delivering and operating infrastructure and how to better plan and utilise Australia’s infrastructure networks.

## Evidence base

IA will produce quality research, analysis and policy advice, which adds value to the work being undertaken by others and positively influences public debate.

This will build on the ongoing development of the evidence base that supports infrastructure decision-making.

This will be achieved through:

- **Building the evidence base through audits of infrastructure;**
- **Strengthening the processes for collecting, analysing and sharing data that supports the development and prioritisation of projects; and**
- **Encouraging robust thinking on infrastructure through a combination of in-house expertise, independent external experts and engagement with stakeholders.**

# Governance and performance arrangements

## Accountability and reporting

The Infrastructure Australia (IA) Board has responsibility for the overall performance of IA and will ensure that accountability obligations to the Australian Government are met. This includes:

- Bi-annual reports to the Ministerial Transport and Infrastructure Council;
- Development of a Corporate Plan on an annual basis;
- Publication of an Annual Report;
- Identification and appropriate management of risk; and
- Any other reporting requirements requested by the shareholder Minister.

## Performance management

A set of measurable initiatives have been developed as part of the Corporate Plan, which will be used to monitor and report on progress against the Statement of Expectations, Statement of Intent and the Corporate Plan.

The key indicators are based on the strategic direction and objectives identified by the *Infrastructure Australia Act 2008* (no.17 as amended), the Statement of Expectations and the Corporate Plan.

As IA develops its corporate structures and systems as its own entity in the coming twelve months these indicators will be reviewed, focused and readjusted as required by the Board.





**Infrastructure Australia Statement of Intent**

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