

Principles to drive future investment

The Government has agreed to a set of principles that will guide its future infrastructure investment and reform framework. The Principles highlight the Government's desire to attract more private sector investment into infrastructure and its focus on nationally significant infrastructure that lead to the greatest productivity returns. The Principles can be found at www.infrastructure.gov.au/infrastructure

Increased Investment and Financing Reforms

Infrastructure Australia

Infrastructure Australia has been strengthened, with an increased budget of nearly 40 per cent to \$36 million over four years. This will allow Infrastructure Australia to expand its work to include providing independent policy advice on national infrastructure reform, while working with governments and the private sector to develop a deeper 'pipeline' of priority infrastructure projects, focussing on projects worth over \$100 million or those of national significance and value. Infrastructure Australia released its latest report to the Council of Australian Governments in July 2011. The Report can be found at www.infrastructureaustralia.gov.au/2011_coag/

Infrastructure Australia will further refine the National PPP Policy and Guidelines, promoting best practice PPP procurement and options for private and superannuation sector investment and identify reforms to increased competition in project financing. Importantly, it will work with senior private and public infrastructure finance decision-makers to identify further areas for work on private financing reforms.

Deepening the Investment Pipeline

National Infrastructure Construction Schedule

The Department of Infrastructure and Transport is developing the first National Infrastructure Construction Schedule which will collate all known and forecast infrastructure investments by the three levels of government. It will be developed in consultation with all state and territory governments through the Council of Australian Governments Infrastructure Working Group. The data on projects receiving funding will lead to greater certainty for industry and increased competition in the marketplace.

Tax and Financial incentives

Infrastructure Investment Incentive Package

The Government is introducing a new tax incentive designed to remove impediments in the tax system that discourage private investment in infrastructure projects.

These target concerns raised by investors that early stage tax deductions might never be used due to changes of ownership or, if used, will have declined in value due to inflation and the time value of money. Further detail on the package can be found at www.treasury.gov.au

Building Our Future

With the majority of our population living in urban and regional centres across our vast continent and with much of our natural wealth located in remote areas, Australia has historically relied heavily on its road and rail infrastructure to drive its economic development.

The Government's *Nation Building Program* will enable Australia to continue to prosper and grow, by upgrading and delivering new major road projects, the building of intermodals to increase the efficiency of our freight rail networks and through continued investment into major urban public transportation projects.

The Government's *Nation Building Program* is underpinned by extensive research, innovation, best practice and policies to ensure Australia's infrastructure needs are being met now and for the future benefit of all Australians to come. Details of the Program can be found at www.nationbuildingprogram.gov.au



Australian Government



Nation Building Program



Australian Government
Department of Infrastructure
and Transport

Building the nation



Infrastructure investment is a key driver in strengthening the national economy and enhancing Australia's productivity, liveability and sustainability.

Through the Australian Government's Nation Building Program, the Department of Infrastructure and Transport is assisting the Government to deliver \$36.2 billion of infrastructure projects across Australia to 2013–14, including more than 120 major road projects, 30 rail networks and six urban public transportation projects.

Under a micro economic reform agenda the Government has implemented a number of infrastructure sector reforms. These reforms are set to provide long-term benefits for the national economy by reducing costs, enhancing economic growth and expanding the nation's productivity capacity for the well being of all Australians.

Reform Objectives

The Government's micro economic reforms that are in place for the infrastructure sector will work towards delivery of a seamless national economy that aims to contribute to the following outcomes for the nation by:

- reducing costs incurred by business in complying with unnecessary and inconsistent regulation across jurisdictions;
- enhancing Australia's longer-term growth, improving workforce participation and overall labour mobility; and
- expanding Australia's productive capacity over the medium-term through competition reform, enabling stronger economic growth.

Achievements so far

Prequalification system

Prequalification is a risk management tool used extensively by the states and territories for the delivery of infrastructure projects. On 1 January 2011, a single National Prequalification System commenced. The System has removed barriers to competition and reduced duplication and red tape for contractors wishing to tender for the delivery of infrastructure projects in different state and territories.

Contractors can now prequalify in one state or territory and be recognised in all other states and territories for tendering for construction contracts valued at \$50 million (and over) for road and bridge construction and non residential building construction.

Streamlining of major infrastructure projects approvals and processes

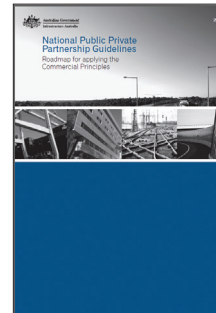
Previously, major infrastructure projects were subjected to lengthy, often duplicated approval processes across all levels of government. Projects were hampered by legislative and administrative barriers, resulting in projects taking up to two years to be approved

The Australian Government worked with state and territory governments to review their major infrastructure approval processes. This has led to major reform changes to legislation and administration by all levels of government ensuring major infrastructure projects are delivered sooner.

Public Private Partnerships (PPP)

PPPs provide an important means to deliver improved services and better value for money primarily through appropriate risk transfer, encouraging innovation, greater asset utilisation and an integrated whole-of-life management, underpinned by private financing.

To encourage greater participation by the private sector in delivering key infrastructure projects, National Guidelines for the assessment of PPPs were developed making it simpler and cheaper for firms to bid on projects and participate in the Australian infrastructure market. The Guidelines can be found at www.infrastructureaustralia.gov.au/public_private/ppp_policy_guidelines.aspx

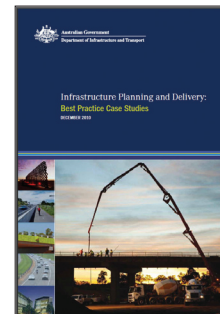


Best Practice in Procurement and Delivery of Infrastructure

The first report titled '*Infrastructure Planning and Delivery: Best Practice Case Studies*' was published in December 2010. The Report is at www.infrastructure.gov.au/infrastructure

In order to drive continuous improvement in major infrastructure procurement and keep costs down, the promotion of best practice across all procurement models was needed. The Report allows the states, territories and the Commonwealth to learn from each other and adopt best practice strategies for future procurement of major infrastructure which will drive better value for money.

In response to the success of Volume One, work on Volume Two has commenced and will be published in late 2011.



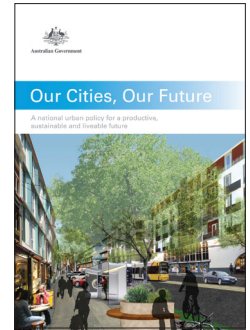
Reforming our future

National Urban Policy

In May 2011, the first National Urban Policy was released, *Our Cities, our Future—A National Urban Policy Framework*. The Policy is at www.infrastructure.gov.au/infrastructure/mcu/urbanpolicy

As part of this Framework the Government is investing:

- \$20 million for a *Liveable Cities and Urban Renewal Program* for the joint funding of proposals for planning, feasibility assessment and design of projects which improve the quality of life in our cities;
- \$61.4 million for a *National Smart Managed Motorways Trial* involving the retrofitting of smart technology to improve traffic flows along congested motorways and outer city roads.



National Alliance Contracting Policy and Guidelines

Alliance contracting is a widely accepted procurement and delivery method for infrastructure projects involving considerable expenditure of public funds. Following a major reform initiative implemented by the Council of Australian Governments' (COAG) Infrastructure Working Group (IWG), the National Alliance Contracting Policy and Guidelines were released by the Minister for Infrastructure and Transport, in August 2011.

The documents have been developed to promote knowledge, best practice, and give rise to cost savings by creating a consistent national alliance contracting standard, whilst ensuring the existing benefits of alliancing around the Nation are maintained.

