



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Australian Government response to the independent review of Infrastructure Australia

December 2022



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Australian Government Response

The Australian Government thanks Ms Lockwood and Mr Mrdak for their time in conducting the independent review of Infrastructure Australia (the Review), their insightful views and comprehensive report to the Government.

The Government believes its response to the Review will reinstate Infrastructure Australia's position as the expert advisor to the Commonwealth on nationally significant infrastructure – to build the nation's future economic, environmental and social prosperity.

Recommendation 1

The Review recommends Infrastructure Australia's mandate be defined as 'the Australian Government's national advisor on national infrastructure investment planning and project prioritisation'. This should include advising the Australian Government on its strategies and priorities to invest in transport, water, communications, energy, social and economic infrastructure.

The Review recommends this mandate be defined in the *Infrastructure Australia Act 2008* (IA Act).

Support in-principle

The Government supports the need for a defined mandate for Infrastructure Australia. A clear mandate will empower Infrastructure Australia, reinvigorate its purpose, and clarify Infrastructure Australia's standing in the Australian infrastructure ecosystem.

This will be achieved by clearly articulating the role of Infrastructure Australia in the IA Act.

The role of Infrastructure Australia is to provide independent and expert advice to the Australian Government about Australia's current and future nationally significant infrastructure needs and priorities to support improved social, economic and environmental outcomes for the nation. Infrastructure Australia's role will also involve advising the Australian Government on its strategies and priorities to invest in transport, water, communications, and other nation building infrastructure as appropriate.

The Government considers Infrastructure Australia's focus should remain on considering nationally significant projects relating to transport, water, communications and energy infrastructure (see also Recommendation 6). Infrastructure Australia may examine other infrastructure sectors such as social and economic infrastructure as appropriate, where it is embedded as part of broader strategic and place-based planning considerations associated with transport, water, communications and energy infrastructure.

Recommendation 2

The Review recommends that to support Infrastructure Australia's mandate, the Australian Government formally issues a Charter of Infrastructure Investment Objectives, which outlines the Government's national infrastructure investment objectives and intended performance standards. To provide long-term certainty and guidance, the Review recommends this Charter be issued on a five yearly basis ahead of the refresh of the Infrastructure Plan.

The Review recommends the requirement for this Charter be formalised in the IA Act.

Support in principle

The Government supports the view that there would be universal benefit, including for Infrastructure Australia as well as the states and territories and the Australian community, in articulating the Government's infrastructure objectives and priorities. This would allow Infrastructure Australia to focus its activities on advice which is aligned with these investments' objectives. The Government further supports providing longer term guidance to Infrastructure Australia to provide it with greater planning certainty.

The Government intends to issue an Infrastructure Policy Statement, which will set out the Government's infrastructure investment objectives. Infrastructure Australia will use the Government's Infrastructure Policy Statement to guide its advice to the Government.

The Government will also continue to issue a Statement of Expectations to Infrastructure Australia. The Statement of Expectations will be used to provide guidance to Infrastructure Australia on how it can support delivery of the Government's immediate priorities, including those set out in the Infrastructure Policy Statement. Infrastructure Australia will be expected to respond to the Statement of Expectation through a Statement of Intent, which will be made available to the public.

Recommendation 3

The Review recommends that Infrastructure Australia's existing product suite be refined to better support government infrastructure investment objectives and to inform the budget process.

Support

The Government will require a targeted Infrastructure Priority List, informed by the Government's investment objectives and aligned with the budget process. The Government will require a streamlined Australian Infrastructure Plan, in line with the Government's policy objectives, and provide solutions-focused advice and recommendations.

A targeted Infrastructure Priority List and suite of products will enable Infrastructure Australia to focus on targeted advice that informs Government decision making.

Noting the states and territories undertake considerable work to identify infrastructure needs and priorities within their respective jurisdictions, and reflecting the Government's commitment to work in partnership with the states and territories. The updated Infrastructure Australia product suite will be informed by consultation with state and territory governments. For instance, the Infrastructure Australia audit could review and collate state and territory audits through a national outcomes lens.

Recommendation 4

The Review recommends that Infrastructure Australia also provides two new annual statements to the Australian Government to inform the annual budget process on infrastructure investment, and report on the performance outcomes being achieved from the investment program and the existing project initiatives.

The Review recommends that the Government consider tabling these annual products in the interests of transparency and accountability.

Support in part

The Government supports the recommendation that Infrastructure Australia provide annual statements to the Government. An annual statement could present the Government with enhanced information to inform infrastructure investment decisions in the budget process, including performance and updates on existing projects.

The Government does not support tabling these annual products as they will likely inform deliberations of the Cabinet. However, the Government is committed to increasing the transparency of the infrastructure investment pipeline and will consider the best means to do this as part of the infrastructure policy statement. The Government is also working with jurisdictions to publish regular updates on the delivery status of infrastructure projects to improve accountability and communication on infrastructure investments and their benefits.

Recommendation 5

The Review recommends that there is a requirement within the IA Act that the Australian Government must formally, and publicly, respond to Infrastructure Australia's advice, findings and recommendations within six months.

Support in-principle

Infrastructure Australia's strengthened role will include providing advice to Government that is intended to inform specific decisions as part of the budget process. The consideration of this advice, in a budget context, may be the subject of Cabinet deliberations, and therefore not appropriate for formal release, or response. The outcomes of Cabinet's deliberations, including consideration of Infrastructure Australia's advice, will be reflected in the budget.

Where the Government commissions Infrastructure Australia to produce recommendations that may benefit from a wider public discourse ahead of final decisions, such as an Infrastructure Plan, the Government may consider that a formal response is warranted.

Recommendation 6

The Review recommends that Infrastructure Australia's remit be expanded to include social infrastructure (where it is relevant to the infrastructure investment project, or place and precinct in question) as well as future investment challenges where Infrastructure Australia's position as the national advisor best enables it to incorporate those challenges in its advice and analysis.

Support in part

The Government considers Infrastructure Australia's focus should be on nationally significant projects relating to transport, water, communications and energy infrastructure, in support of Australian Government functions.

From time to time, it may be appropriate for Infrastructure Australia to consider social infrastructure implications where it is part of broader network analysis or place-based project advice. Where required, the Government can request this work through the Statement of Expectations.

The Government notes that this approach minimises any duplication with regional and urban policy and program functions within the Australian Government, including the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA) – see Recommendation 14.

Recommendation 7

The Review recommends that Infrastructure Australia develops a national planning and assessment framework, providing uniform guidelines based on best practice to support national consistency and coordination in infrastructure assessment. This work must have regard to and build in the broader government infrastructure objectives as outlined in the Charter and the Plan.

Support

The Government supports the recommendation that Infrastructure Australia develops a national Infrastructure planning and assessment framework and will include it in the Statement of Expectations issued to Infrastructure Australia. The Government notes that it will be important for Infrastructure Australia to work with the states and territories to encourage alignment of jurisdictional frameworks.

Recommendation 8

The Review recommends that Infrastructure Australia's role in the project assessment context becomes one of accreditation or peer-review, acknowledging that many state and territories have developed their own project assessment capabilities. Such arrangements should apply across all projects, including those involving Commonwealth investments of over \$250 million or recognised as 'nationally significant'.

Where a state or territory framework does not provide the necessary assurance or have not been accredited and the project involves Commonwealth investments of over \$250 million or is recognised as 'nationally significant', Infrastructure Australia will undertake a full assessment. Infrastructure Australia's assessment must be against the Charter objectives and strategies as outlined in the Plan.

Support

The Government supports the recommendation that Infrastructure Australia's role in the project assessment context becomes one of accreditation or peer-review in support of state and territory processes and capabilities. A collaborative approach with the states and territories will be necessary to achieve this, and the Government will explore opportunities to harmonise the business case/project review approach where possible. Where Infrastructure Australia can use its assessment capabilities to supplement the work of a jurisdiction, it will have the flexibility to do so.

The evolution of the role of Infrastructure Australia in project assessment acknowledges state and territory infrastructure agency expertise and capacities, and removes duplication of assessment processes. This enhanced clarity will also provide certainty to proponents and industry about division of assessment responsibilities between the Commonwealth and states and territories. This approach will reinforce Infrastructure Australia's role as a national advisor, and allow it to focus on national infrastructure priorities.

Recommendation 9

The Review also recommends that, reflecting Infrastructure Australia's role as the national advisor, it adopts a much more active role in the post-completion stage through having a clear national evaluation and assurance role against the Charter and Plan.

Support

The Government agrees that Infrastructure Australia should have responsibilities in the post-completion stage, and will use the Statement of Expectations to implement this recommendation.

Noting that the purpose of a post-completion review would be to ensure that government infrastructure objectives are met, Infrastructure Australia could carry out this responsibility by reviewing a selection of significant projects each year. This review could assess project outcomes against initial expectations and identify potential enhancements to project selection and assessment methodologies. This function will provide greater evidence that projects are achieving their outcomes and demonstrate the impacts from these investments.

The Government notes that a framework for this type of evaluation and assessment will need to be developed, in consultation with relevant stakeholders, including state and territory governments. A collaborative approach would facilitate the sharing of lessons learnt across jurisdictions.

Recommendation 10

The Review recommends the formation of an I-bodies council to enable better collaboration and coordination between Infrastructure Australia and state and territories. This formation could be formalised in the IA Act or be made a sub-committee of the Board.

Support in-principle

The Government supports enhanced collaboration and coordination between Infrastructure Australia and state and territory infrastructure bodies. As well as ensuring good relations across the Federation, such collaboration also informs a harmonised, uniform approach on key infrastructure matters.

The Government notes that similar arrangements already occur through cross-jurisdictional meetings and that legislative amendments are not required to give effect to the recommendation.

Recommendation 11

The Review recommends the definition of 'national significance', in the context of project assessment, is revised to include both the \$250 million monetary threshold figure as well as a list of non-monetary metrics, including factors as outlined in the five yearly Charter and/or a supplementary Statement of Expectations.

Support in-principle

For project assurance and assessment as part of the Australian Government project funding approvals process, the *National Partnership Agreement on Land Transport Infrastructure Projects* and associated Notes on Administration, and other intergovernmental funding agreements, require Infrastructure Australia to assess projects seeking \$250 million or more in Commonwealth funding. The Government will retain the existing threshold of \$250 million, and will reinforce this through the Statement of Expectations, but also include flexibility for Infrastructure Australia to consider projects under this threshold which are nationally significant.

For the purposes of identifying national infrastructure needs and priorities, the Government notes the current definition of 'nationally significant infrastructure' in the IA Act as including transport, energy, communications and water in which investment or further investment will materially improve national productivity.

Recommendation 12

The Review recommends that Infrastructure Australia be provided powers to undertake formal inquiries into national infrastructure investment topics, and supporting powers to enable it to carry out such inquiries. Matters may be referred by the Minister or may be undertaken by Infrastructure Australia, on its own initiative and in line with its Charter.

The IA Act should be amended to include similar provisions such as those in Parts 2, 3 and 4 of the *Productivity Commission Act 1998* (Cth) outlining the formal inquiry role and necessary functions and powers required perform this function.

In performing its commission and inquiry functions, Infrastructure Australia should have regard to matters including 'national significance', infrastructure investment, collaboration and coordination with state and territory projects and I-bodies, and engagement with the private sector.

A copy of the Infrastructure Australia inquiry report should be tabled in each House of Parliament within 25 sitting days of that House, and after the day the Minister has received the report.

The Government must formally respond to the report and findings of Infrastructure Australia.

Support in part

The Government notes that earlier recommendations will ensure that Infrastructure Australia focuses on its core role of providing independent and expert advice about nationally significant infrastructure, informed by Australian Government investment objectives. The Government's view is that these arrangements will be sufficient to reinstate Infrastructure Australia's role as the expert infrastructure advisor. The Government acknowledges that greater direction could be provided by outlining specific topics of interest to the Government in the Statement of Expectations.

The Government is supportive of Infrastructure Australia performing specific inquiries in alignment with the Government's Infrastructure Policy Statement. Accordingly, the Government supports the notion of Infrastructure Australia proposing inquiries, but expects that it would consult with the Government prior to initiating such inquiries. This would ensure that inquiries are relevant to Infrastructure Australia's mandate, can be productively used by the Government, and are able to be achieved within existing resourcing levels.

Inquiries that require a greater level of consultation and consideration of contested issues can be performed by the Productivity Commission.

Recommendation 13

The Review recommends the Government consider the three structure governance model options as discussed above to strengthen the role and influence of Infrastructure Australia through its governance framework. The Review notes its preferred model is that of a **commission model** (option 2). The commission would be formed to lead the agency as well as have power to undertake inquiries on topics.

Support – favouring in principle option 2

The Government supports the Review's preferred model to replace the Infrastructure Australia Board with a commissioner-like governance model, but supports Infrastructure Australia undertaking formal inquiries in line with the response to recommendation 12 above.

The Government's intended governance arrangement would be to have three commissioners (or equivalents). A Chief commissioner would be supported by two commissioners in the delivery of Infrastructure Australia's mandate.

Infrastructure Australia would continue to have a Chief Executive Officer who is responsible for the day-to-day administration of Infrastructure Australia.

It is envisaged an advisory board would provide additional expertise in support of the commissioners. The advisory board would comprise of three or four experts from the infrastructure and related sectors and up to three senior Australian Public Service officials. Having senior public service officials on the advisory board will ensure that the work of Infrastructure Australia is undertaken with an understanding of government processes – see Recommendation 16.

Recommendation 14

The Review recommends the establishment of a Cities and Suburbs Unit within the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA).

Support

The Government supports the establishment of a Cities and Suburbs Unit (CSU) within DITRDCA. The Government acknowledges that to support the operations and functions of the CSU, Infrastructure Australia should continue to focus on data, analysis and evidence, consistent with its advisory

responsibilities. This will ensure that Infrastructure Australia's advisory role supports DITRDCA's policy and implementation responsibilities.

Recommendation 15

The Review recommends that the Government clearly delineate the roles and responsibilities of Infrastructure Australia vis-a-vis other Commonwealth infrastructure bodies, including Infrastructure and Commercial Advisory Office and DITRDCA (Infrastructure Investment Division and Significant Projects Investment Delivery Office). This should include investigating options for closer collaboration to provide each other mutual support in carrying out their respective roles, as advisors on infrastructure matters to the Australian Government.

Support

The Government supports the delineation of roles and responsibilities for Infrastructure Australia and other Commonwealth agencies with infrastructure responsibilities, including DITRDCA and Treasury.

The Government will continue to ensure clarity of roles and responsibilities across Government departments.

Recommendation 16

The Review recommends that Infrastructure Australia be placed within either Department of Prime Minister and Cabinet or the Department of Treasury, through changes to the Administrative Arrangements Order.

Should the Government decide not to support Recommendation 16, the Review strongly urges the Government to consider the option of including the Secretaries of these two central agencies on the Infrastructure Australia Board as ex officio members.

Support in part

The Government recognises the arguments both for and against Infrastructure Australia remaining within the Infrastructure portfolio as opposed to being placed within a central portfolio. However, the Government's view is that the response to the other Review recommendations will sufficiently strengthen the role of Infrastructure Australia and reinforce its status as the national advisor to the Australian Government on infrastructure investment matters. Retaining Infrastructure Australia's place within the Infrastructure portfolio will also help retain the expertise and deep working links between the Commonwealth and jurisdictions insofar as investment decisions are required. Accordingly, the Government does not support the movement of IA to a central agency.

The Government considers that strengthening the linkages between Infrastructure Australia and senior officials from the Department of the Prime Minister and Cabinet, Treasury and DITRDCA, for instance by including Secretaries as members of the advisory board, could help improve Infrastructure Australia's interactions with government investment and decision-making processes and quality of advice.

The Government agrees that creating an ex-officio observer role for the Secretaries of the Department of the Prime Minister and Cabinet, Treasury and DITRDCA could help improve Infrastructure Australia's interactions with government investment and decision-making processes.

For government consideration

The Review urges the Australian Government consider, especially from the asset maintenance, management and resilience building perspective, how to utilise the existing Regional Development Australia structure to enhance coordination and collaboration with local government and support their program delivery responsibilities.

Noted

The Government has already commenced work in this area in the context of designing the new regional programs announced in the 2022-23 Budget (the regional Precincts and Partnerships Program, and the Growing Regions Program). Work is underway to consider options to support the role of Regional Development Australia (RDA) in enhancing regional development and investment in regional Australia. The RDA network can support the Government's commitment to work in genuine partnerships with regional communities, and to develop a purposeful, targeted and coordinated approach to regional development.