



## **Australian Government**

Australian Government response to the  
House of Representatives Standing Committee on  
Infrastructure, Transport and Cities report:

**Building Up & Moving Out**

*Inquiry into the Australian Government's role in the  
development of cities*

MAY 2020

## **Introduction**

The Australian Government welcomes the recommendations outlined in the *Building Up & Moving Out* report and thanks the Committee for its work.

Ensuring our cities remain great places to live and work is high on the Government's agenda. Managing population growth to help overcome congestion pressures, particularly in Australia's largest cities, is a key piece of the puzzle.

The Government has a clear direction on this issue and is instituting better population planning mechanisms, including working closely with state, territory and local governments to take pressure off our major cities while supporting growth in our smaller cities and regions.

Many milestones have been reached on these issues, including at the March 2020 meeting of the Council of Australian Governments (COAG). At that meeting, COAG agreed to the National Population and Planning Framework (the Framework) and to work collaboratively to understand and manage the effects of population change across Australia. To develop the Framework, in February 2019 the Treasurers' Forum on Population established working groups: regional analysis, and data and forecasting. This work is being supported by expert advice and analysis from the Centre for Population, recently established by the Government.

In March 2019, the Government released its Population Plan, *Planning for Australia's future population*, containing initiatives to support four broad objectives:

1. To support Australia's economic growth;
2. To ensure the liveability of our cities and the ongoing strength of our regions;
3. To achieve a more optimal settlement pattern in Australia; and
4. To ensure Australia remains united and together as a people.

In September 2019, the Government released an updated Population Plan. At the same time, the Minister for Population, Cities and Urban Infrastructure convened a meeting of state and territory planning ministers to discuss opportunities for cooperation and information-sharing between governments to better plan for growth. These discussions have continued during subsequent meetings of this group during 2020.

Key measures of the Population Plan are now in effect. The permanent Migration Program has been set at a planning ceiling of 160,000 places for four years, from 2019-20. This includes 25,000 places set aside for skilled migrants who want to live, work and study in regional Australia. In addition, two new skilled regional visas were introduced on 16 November 2019.

In October 2019, the Government launched the new Centre for Population in the Treasury, which is providing expert data and policy analysis to support economic growth and liveability, and achieve a more optimal settlement pattern in Australia.

New incentives have been established for international students to study and live in our regional areas and smaller cities. The Government will provide an extra 1-2 years of additional post-study work rights in Australia for international students who choose to live and study regionally. This is supported by a new scholarship program, Destination Australia, which encourages domestic and international students to study in locations outside our capitals.

To further encourage regional migration, the Government has made changes to the Working Holiday Maker Program. This will see an increase in the number of places in the program and encourage young people to work in regional areas, particularly in agriculture. Tailored migration agreements are also in place for defined geographic regions, known as Designated Area

Migration Agreements, which are designed to help fill skills shortages in regional areas of Australia. The Government also provides support for humanitarian entrants to Australia to settle in regional areas. Additionally, in August 2019, then Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs, the Hon David Coleman MP, asked the Joint Standing Committee on Migration to inquire into and report on migration in regional Australia. This inquiry is now underway.

A further step in the Government's Plan is to build faster rail connections between the big capitals and their surrounding regional centres. The Government's ambition is that within 20 years, most of the satellite cities of Melbourne, Sydney and Brisbane are connected. This would enable people to live in a regional centre and enjoy the associated lifestyle and cheaper housing, yet still be able to access the larger city employment market on a daily basis. This would have a profound impact on our settlement pattern – encouraging growth in our regional centres while taking pressure off the big capitals.

The economic development of our smaller cities and regions is another important element of the Government's Plan. Our Decentralisation Agenda is designed to support strong and vibrant regional economies, and is delivering jobs to Orange, Darwin, Launceston, Alice Springs, Coffs Harbour and Hobart, among other locations. This brings the total number of new or relocated jobs from Canberra, inner Sydney and inner Melbourne to more than 1,700 since 2013.

Private sector investment plays the most important role in creating jobs in our regions and smaller cities, so we are investing heavily in the infrastructure necessary to attract more businesses to these areas. The Government also has dedicated programs to support growth, such as regionally focused investment funds including the \$841 million Building Better Regions Fund and the \$272 million Regional Growth Fund, which are contributing to the economic development of our regions.

The Government is also continuing to take action to enhance the liveability of our cities. Since coming to office, our Government has more than doubled the investment in transport infrastructure to over \$100 billion over the next ten years. This pipeline, including the \$4 billion Urban Congestion Fund, is helping to unlock our cities from the challenges of congestion.

The Government is also implementing City Deals to help to build stronger, better and more liveable cities. City Deals align the objectives of all levels of government, and since the release of this report, City Deals in Darwin, Hobart, Geelong and Adelaide are underway. To better understand the challenges our cities are facing, an updated National Cities Performance Framework has been released, incorporating revised indicators and the latest available data.

The Government is grateful to all those who took the time to provide submissions to the report. As noted by the Committee, urban development is an issue for all levels of government, and we will require the co-operation of state/territory and local governments across the country to get it right. The Australian Government will continue to promote a co-ordinated national approach to ensure both our major cities, smaller cities and regions are liveable, sustainable and well placed to meet the challenges of future growth.

Specific responses to the recommendations of the Committee are below.

## **Response to Recommendations**

### **Recommendation 1**

The Committee recommends that the Australian Government, in conjunction with State and Territory governments, and in combination with the governance arrangements set out in Recommendation 28, develop a national plan of settlement, providing a national vision for our cities and regions across the next fifty years, providing for:

- growth and change in population
- growth and change in employment
- the economically, socially and environmentally sustainable development of cities and regions
- the relationship between cities and regions on a national, regional and local scale
- connectivity within and between regions, and between residence and employment
- resources for the implementation of the plan.

The Australian Government **agrees in principle** to this recommendation.

The Government agrees that a national vision for our cities and regions is important, which is why it has released *Planning for Australia's Future Population*; established a Centre for Population in the Treasury; and agreed a National Population and Planning Framework with state, territory and local governments.

Forecasting future growth is critical, as is tracking our growth over time in a transparent manner. The Centre for Population will integrate and share population data from across the Commonwealth, and should the States and Territories agree, from within their jurisdictions as well. The Centre will undertake better forecasting and annually track actual data against the forecasts, with a focus on greater transparency.

This work will culminate each year in an annual Population Statement, the first of which will be released in 2020. Developed in partnership with states and territories, the Statement will be an overarching document capturing the population landscape in our country. This will include composition, distribution, and broader demographic trends, as well as population data against other key inputs such as housing approvals.

The Government is also taking action to support growth in our cities and regions, including through our \$100 billion investment in transport infrastructure including faster rail; changes to migration settings; City Deals; and the ongoing rollout of the National Broadband Network.

The Government notes that the Joint Standing Committee on Migration has commenced an inquiry into migration in regional Australia, which among other issues will consider infrastructure-related matters.

Rigorous analysis is important in the development of city, regional and settlement policy. This includes consideration of lessons learned from previous infrastructure program and policy initiatives that have not delivered best value-for-money or successful outcomes.

To achieve the best results, national planning for our cities and regions requires buy-in and collaboration across all levels of government. To support this, the Government will maintain an ongoing dialogue to identify opportunities and pursue national solutions wherever possible, through mechanisms such as the Population and Planning Ministerial Forum convened by the Minister for Population, Cities and Urban Infrastructure.

### **Recommendation 2**

The Committee recommends that, as part of the development of a national plan of settlement, the Australian Government encourage the development of integrated master plans for States and Territories, regions and communities which link vertically across different levels of government; and horizontally, providing infrastructure, housing, employment and services within a coherent integrated framework. In addition, plans must link the provision of infrastructure with land use to maximise the value of both.

The Australian Government **agrees in principle** to this recommendation.

The Government continues to work with state, territory and local governments on strategic planning around population and infrastructure. Mechanisms include the National Population and Planning Framework which links growth with infrastructure, housing, employment and other priorities; meetings with state and territory planning ministers; and City Deals which are building stronger, better and more liveable cities, by aligning the objectives of all levels of government.

Through City Deals, the Government is working to align the planning, investment and governance required to drive urban renewal, plan for future population changes and accelerate growth and job creation. Seven City Deals have been agreed to date and the Government has committed to working on new City Deals for South East Queensland, Melbourne and Perth. Three pilot Regional Deals are also currently underway, with the Barkly and Hinkler Regional Deals now being implemented, and a further Deal announced for Albury-Wodonga.

### **Recommendation 3**

The Committee recommends that the Australian Government, in conjunction with State and Territory Governments, pursues a system of urban planning which promotes:

- accessibility and liveability, promoting health and quality of life
- economic, social and environmental sustainability
- high quality natural and built environments
- access to employment
- a more compact urban form
- the concept of the 30-minute city.

This planning must incorporate the reality of agglomeration and the need for connectivity and densification, with a focus on the development of polycentric urban forms. Further, the Committee recommends that the Australian Government, in conjunction with State and Territory Governments, promotes a system of planning that is focussed on targets and goals, underpinned by a long-term broad-scale vision (the national plan of settlement), informed by comprehensive data collection, modelling and scenario testing.

The Australian Government **agrees in principle** to this recommendation.

The Government is working with state, territory and local governments to prioritise projects that meet objectives such as accessibility, liveability, connectivity, job creation, affordable housing, and healthy environments through mechanisms like City Deals and the \$4 billion Urban Congestion Fund.

The Government has committed funding to urban rail and bus projects to improve connectivity within major cities and reduce work travel times. This includes up to \$5 billion for a future Melbourne Airport Rail Link, \$2.3 billion for METRONET in Perth, \$3.5 billion for Sydney Metro Greater West to the Western Sydney Airport and the Western Sydney Aerotropolis, and \$300 million for Brisbane Metro. The Government has also laid out a plan for funding

construction over the next 10 years and allocated funding from the \$250 million Major Project Business Case Fund to a number of projects, enabling the Government to work in partnership with state and territory governments to develop business cases.

In addition, the Government has brought together all levels of government to agree on the National Population and Planning Framework. This is a shared approach to developing long-term plans for managing population growth and ensuring Australia continues to be one of the most liveable places in the world.

Good data is critical to good planning, which is why the Government has established a Centre for Population in the Treasury to provide expert data and policy analysis on population and settlement issues. The Government also launched the National Cities Performance Framework in December 2017 to better target, monitor and evaluate cities policy. Updates to the National Cities Performance Framework were released in mid-2019 to ensure it remains a relevant and up-to-date resource for all levels of government, the private sector and local communities.

#### **Recommendation 4**

The Committee recommends that the Australian Government develop a framework for the development of cities and regions outside the major metropolitan centres, based on the hub-and-spoke concept, within the context of a national planning framework. These Regional Plans would:

- Explore connectivity within and between regions
- Develop options for investment based on a realistic appreciation of regional characteristics
- Explore options for local action and investment, including local government leadership in infrastructure and investment
- Explore options for strategic decentralisation of government services in a coordinated way
- Explore options for developing opportunities for post-secondary education within the region.

The Australian Government **agrees in principle** to this recommendation.

The Government's 20-year Faster Rail Plan is specifically designed to support decentralisation by building faster rail connections between major capital cities and their surrounding regional centres. The Government's ambition is that within 20 years, most of the satellite cities of Melbourne, Sydney and Brisbane are connected, which would enable people to live in a regional centre and enjoy the associated lifestyle and cheaper housing, yet still be able to readily access the larger city employment market on a daily basis. This would have a profound impact on our settlement pattern by encouraging growth in our regional centres while taking pressure off the big capitals.

The Government is also funding a number of other rail projects to improve connectivity between regions, including \$1.6 billion towards upgrading every regional passenger train line in Victoria under the \$1.75 billion Regional Rail Revival Program. The Government has also committed \$4.5 billion to establish the Roads of Strategic Importance initiative, supporting works on key freight corridors to ensure agricultural and mining regions are effectively connected to port, airport and other transport hubs.

Following the success of the City Deals model, the Government is testing this model in regional centres by piloting three Regional Deals. These pilots bring together all levels of government around a clear set of objectives. The pilots are tailored to each region's comparative advantages, assets and challenges and reflect the unique needs of regional Australia. The Barkly and Hinkler

pilot Regional Deals are now being implemented, and the Albury-Wodonga pilot Regional Deal is under negotiation.

The Government is also creating jobs, driving economic growth and building stronger regional communities through the \$841 million Building Better Regions Fund (BBRF). The BBRF consists of two funding streams: an infrastructure stream, involving the construction of new infrastructure or the upgrade of extension of existing infrastructure; and a community investments stream that funds new or expanded local events, strategic regional plans, and leadership and capability strengthening activities.

The Government is continuing to progress its Decentralisation Agenda to support strong and vibrant regional economies. This initiative is delivering jobs to Orange, Darwin, Launceston, Alice Springs, Coffs Harbour and Hobart, among other locations, bringing the total number of new or relocated jobs from Canberra, inner-Sydney and inner-Melbourne to more than 1,700 since 2013.

The Government has also accepted the aims of the National Regional, Rural and Remote Education Strategy (the ‘Napthine Review’) to drive increased participation in higher education for regional and remote students. The Government is now consulting on the 33 specific actions in the Strategy and will respond in due course.

#### **Recommendation 5**

The Committee recommends, that as part of the national plan of settlement, the Australian Government, in conjunction with State and Territory Governments, undertake the development of transport networks which allow for fast transit between cities and regions, and within cities and regions, with a view to developing a more sustainable pattern of settlement based on the principle of accessibility at a local, regional and national level. The Committee further recommends that the development of a fast rail or high speed rail network connecting the principal urban centres along the east coast of Australia be given priority, with a view to opening up the surrounding regions to urban development.

The Australian Government **agrees in principle** to this recommendation.

The Government has announced a 20-Year Faster Rail Plan to better align population growth with long-term infrastructure investment by connecting major capital cities with surrounding regional centres.

While this is a medium to long term plan, the Government has started the process by establishing the National Faster Rail Agency to provide expertise and oversee the Government’s 20-year Faster Rail Plan, putting money towards several business cases, and allocating \$2 billion to get the first faster rail connection built as quickly as possible between Melbourne and Geelong.

To support the Government’s ambition, the Government will also fund an additional five business cases for faster rail between Brisbane and the Gold Coast, Sydney and Wollongong, Sydney and Parkes (via Bathurst and Orange), Melbourne and Albury-Wodonga, and Melbourne and Traralgon. These five corridors connect capital cities with major regional centres and warrant investigation due to the opportunity they offer to shift commuter demand from road to rail, and to stimulate regional growth. These business cases will build on the faster rail business cases recently completed for Sydney and Newcastle, Melbourne and Greater Shepparton, and Brisbane and the regions of Moreton Bay and the Sunshine Coast, as well as the Toowoomba to Brisbane passenger rail business case.

The National Faster Rail Agency, which commenced operations on 1 July 2019, will implement the Faster Rail Plan and oversee the delivery of the Melbourne to Geelong faster rail project, the additional faster rail business cases and provide advice to the Government on future faster rail opportunities, including High Speed Rail. The Agency will also work in close partnership with state and territory governments, and private industry to progress the Plan. The Government is also mindful that modern transportation systems need to be supported by modern communications systems, as canvassed in the recent committee report on automated mass transport, and is factoring this into the rollout of systems.

**Recommendation 6**

The Committee recommends that the Australian Government consider producing an effective cost of living index, including housing, at the scale of local communities to highlight the economic and lifestyle advantages of living in regional communities.

The Australian Government **does not agree** to this recommendation.

The Government recognises the economic and lifestyle advantages Australians may gain from living in regional communities, and the important contribution regional communities make to the national economy.

The Government is committed to continuing to promote regional communities and ensuring that they provide great opportunities for Australians who choose to live there. Programs like the Government's Building Better Regions Fund deliver new jobs, build economic growth and stronger regional communities into the future, in particular in regional communities which support our major cities. Other programs such as the Regional Growth Fund enable transformational changes to regions which are experiencing structural adjustments including as a result of new populations or economic shifts.

The Government already collects and publishes a range of information on regional Australia, including the State of Regional Australia report and the *Progress in Australian Regions - Yearbook*. This Yearbook is a statistical resource that can help all Australians understand how their region is progressing against economic, social, environmental and governance indicators. However, the Government notes that a standardised 'cost of living' index may create unhelpful competition between regional areas against specific criteria that are not fully reflective of the benefits regional communities can provide.

**Recommendation 7**

The Committee recommends that the Australian Government, as part of the system of master planning under the national plan of settlement, aligns existing regional infrastructure programs to the objectives of these plans to support investment in:

- communities experiencing rapid and sustained population growth; and
- regional centres which are strategically placed to expand with catalytic investment in community infrastructure.

The Australian Government **agrees in principle** to this recommendation.

Investing in communities that are rapidly growing is vital to ensure we maximise the potential of our cities and their contribution to the national economy. Regional centres which support these cities, or drive local communities, are also critical to maintaining key economic sectors including mining, agriculture and tourism.



The \$841 million Building Better Regions Fund supports the Australian Government's commitment to create jobs, drive economic growth and build stronger regional communities into the future. This includes funding for catalytic community infrastructure in regional centres. The \$222.3 million Regional Jobs and Investment Package has helped regions such as Geelong, the Latrobe Valley and Bowen Basin capitalise on new business opportunities and support new jobs.

To ensure new growth areas in our regions have ready access to modern telecommunications, the Government strongly encourages early consideration of telecommunications needs in strategic planning, and early engagement with telecommunications infrastructure providers like NBN Co Limited (NBN Co) and other network operators.

However, as noted by the Committee, there is a need to balance the needs of communities in regions with high growth rates and pressures such as congestion, and those experiencing low growth or declining population and skills shortages, and in particular those regions further from our major cities. The Government notes that there is also a need to ensure equity in spending to ensure that all communities benefit from Australia's prosperity.

Getting this important balance right requires all levels of government to collaborate and work together to maximise investments to enable cities and regions to achieve their maximum potential. Programs such as City and Regional Deals do just that, bringing all levels of government together to identify and unlock the potential of a community. The Government will continue to invest in our cities and communities where community need and public benefit remain strongest.

#### **Recommendation 8**

The Committee recommends that the Australian Government work with the States and Territories to ensure that nationally consistent age-inclusive standards for urban development are put in place, informed by:

- community consultation; and
- reviews of international and Australian best practice.

The Australian Government **agrees in principle** to this recommendation.

The Government considers that all urban environments should be designed to meet the needs of all members of local communities, including older Australians and people with disability. In this regard, significant steps have already been taken, including legislation such as the *Disability Discrimination Act 1992*, to ensure that services such as transport are accessible to all. The National Disability Strategy is a way that all governments are working to ensure that people with disability live in accessible and well-designed communities. The first of the six outcome areas of the Strategy focuses on inclusive and accessible communities.

The Government is committed to expanding on this work and working with community organisations to identify and disseminate best practice design principles. For example, the Department of Health currently funds Dementia Australia to deliver the Dementia Friendly Community Program. This program aims to build understanding, awareness and acceptance in the community, including ensuring that urban environments can provide a positive environment for those impacted by dementia.

The Australian Government also funds Dementia Training Australia (DTA) to deliver training to the aged and health care sectors. Designing for People with Dementia is a consultancy provided by DTA for architects and aged care managers who want to create a dementia-friendly

environment – whether that be designing a new building or modifying an existing environment. The consultancy is based on key design principles that support people living with dementia.

The Government will continue to work with state, territory and local governments, as well as local communities, to ensure that urban developments can meet the needs for all in ways that work for local communities.

#### **Recommendation 9**

The Committee recommends that the Australian Government, in partnership with the States and Territories, establish nationally consistent measureable targets to reduce waste to landfill, incorporates waste indicators into the National Cities Performance Framework, and establishes a grant program to offer once-off financial support to catalyse new businesses focussed on waste recycling or utilisation.

The Australian Government **agrees in principle** to this recommendation.

The Australian Government is strongly committed to working with state and territory governments, and with industry, in reducing waste, increasing recycling and building capacity within our domestic recycling industry. Australia's *2018 National Waste Policy: Less Waste, More Resources* Policy, agreed by all of Australia's Environment Ministers and the President of the Australian Local Government Association in December 2018, sets a new unified direction for waste and recycling in Australia. The Policy is based on circular economy principles, recognising the economic and job opportunities in re-circulating valuable resources within the Australian economy.

In November 2019, Environment Ministers agreed the *National Waste Policy: Action Plan* to drive the implementation of the Policy. The Action Plan includes seven ambitious national waste targets including a ban on the export of waste plastic, paper, glass and tyres; reducing the total waste generated in Australia by 10 per cent per person per year; an 80 per cent recovery rate of material across all waste streams; significant increases to government procurement of recycled materials; and halving the amount of organic waste sent to landfill.

In December 2019 the Government also agreed to implement a comprehensive \$167 million Australian Recycling Investment Plan to strengthen Australia's domestic recycling industry and tackle waste, especially plastic waste. Investments under this plan include the \$100 million Australian Recycling Investment Fund to support the manufacturing of lower emissions and energy-efficient recycled content products; the \$20 million Product Stewardship Investment Fund to accelerate work on new recycling schemes; and \$20 million for a Cooperative Research Centres Projects round with a focus on plastic recycling and plastic waste reduction.

Recognising that Australia must take care of its own waste, in March 2020 the Council of Australian Governments agreed to introduce the ban on the export of waste plastic, paper, glass and tyres. Governments also agreed to a national response strategy to drive implementation of the ban and help reduce the amount of waste ending up in landfill.

In March 2020, the Prime Minister announced that the Government will co-invest in critical waste sorting and recycling infrastructure with state and territory governments and industry. The Prime Minister also announced that the Government will strengthen the Commonwealth Procurement Guidelines to make sure every procurement undertaken by a Commonwealth agency considers environmental sustainability and use of recycled content when determining value for money.

The incorporation of national waste target indicators into the National Cities Performance Framework will be investigated as part of the Framework's regular update and review process.

**Recommendation 10**

The Committee recommends that the Australian Government work with the States and Territories to establish nationally consistent guidelines for urban green space and establish a clear trajectory to continued carbon emissions reductions.

The Australian Government **agrees in principle** to this recommendation.

Responsibility for urban greening primarily lies with state, territory and local governments. However, the Australian Government is supporting urban greening efforts through research under the National Environmental Science Program and funding under its natural resource management programs including the National Landcare, Communities' Environment and 20 Million Trees programs. The Australian Government is also working with all levels of government to support urban greening through City Deals. For example, through the Darwin City Deal, a series of heat mitigation strategies will be trialled through green infrastructure and cooling initiatives, informed by the work of a CSIRO-led Darwin Living Lab.

As a part of coordinated global action to address climate change, the Government has strong targets to reduce Australia's emissions by 26 to 28 per cent below 2005 levels by 2030. In 2020, the Government will also develop a long term emissions reduction strategy. The latest emissions projections published by the then Department of the Environment and Energy show that we are on track to exceed our 2030 Paris target by 16 million tonnes. The improvement on previous projections is primarily a result of our \$3.5 billion Climate Solutions Package (CSP) which has mapped out, to the last tonne, how we will meet our 2030 target. The CSP will:

- Support farmers, businesses and Indigenous communities reduce greenhouse gases through the \$2 billion Climate Solutions Fund;
- Bring new electricity generation projects on-line, such as Snowy 2.0 and the Battery of the Nation; and
- Help households and businesses improve their energy efficiency and lower their power bills.

The Government is also partnering with State and Territory Governments through bilateral arrangements to achieve mutually beneficial energy and emission reductions outcomes.

**Recommendation 11**

The Committee recommends that the Australian Government, as part of the system of master planning under the national plan of settlement, ensure that governments at all levels:

- Commit to a more sustainable model of urban transport connectivity than currently exists.
- Actively promote investment in the development of a public transport *network* that is capable of meeting the goal of the 30-minute city.
- Actively plan for and promote the integration of active transport within the transport network.
- Embrace innovation.
- Ensure that transport infrastructure planning is consistent with planning for a more sustainable urban form and conforms to integrated planning at local, regional and city levels.

The Australian Government **agrees in principle** to this recommendation.

Sustainable transport options are emerging as critical pieces of the transport mix to ensure the success of our cities and their liveability. Shared models of mobility such as car-sharing, active transport and personalised transport are disrupting traditional transport models. Patterns of commuting are also challenging traditional hub and spoke models of heavy rail and bus networks.

The Government notes that automated vehicles have the potential to increase mobility for people in cities as well as regional Australia, including those who have difficulty accessing current transport options, such as people with disabilities. Increasing the ease of mobility in the community has the potential to improve safety, reduce congestion, provide better access to employment and services, and reduce social isolation.

The Department of Infrastructure, Transport, Regional Development and Communications is collaborating with the National Transport Commission, Austroads, and state and territory governments through the Transport and Infrastructure Council to progress a comprehensive work program to provide for the legal and safe operation of automated vehicles on our roads.

Further, and as noted above, the Government is also mindful that modern transportation systems need to be supported by modern communications systems, as canvassed in the recent committee report on automated mass transport, and is factoring this into its planning. Communications planning also considers the needs of transport, for example, by funding mobile black spots to supplement commercial coverage on key transportation routes.

The Government will continue to plan for, and invest in, the future of transport in Australia's cities and regions in conjunction with state, territory and local governments and in line with other infrastructure priorities.

#### **Recommendation 12**

The Committee recommends that the Australian Government, as part of the system of master planning under the national plan of settlement:

- Require all levels of government provide for the accommodation of and access to dedicated freight facilities, that planning at all levels include freight access as a matter of priority, and that in the planning of areas consideration be given to prioritising the needs of existing and approved freight terminals. This should include provision of Urban Consolidation Centres and shared parcel lockers at a regional and local level.
- Give priority to the development of a national freight network, with a view to creating a strong system of multimodal integration based on dedicated freight nodes, prioritising the movement of freight by rail, separating freight and passenger movements where possible, and developing dedicated fast-rail and high-speed-rail passenger rail lines to relieve the congestion of existing networks.

The Australian Government **agrees in principle** to this recommendation.

The Government is working with all levels of government to ensure a more integrated freight transport network is developed for Australia. On 2 August 2019, the Council of Australian Governments' Transport and Infrastructure Council agreed on a National Freight and Supply Chain Strategy and associated National Action Plan. The Strategy takes a long term, 20-year view, integrates the different transport modes and brings together all levels of government. The Strategy and Action Plan commit to action in four critical areas: smarter and targeted infrastructure; enabling improved supply chain efficiency; better planning, coordination and regulation; and better freight location and performance data. Under the Action Plan, governments will undertake actions to:

- Ensure freight demand is integrated in transport and land use planning across and between jurisdiction boundaries and freight modes;
- Strengthen the consideration of freight in all other government planning and decision-making; and
- Investigate policy, planning and operational solutions to improve freight access and movement along domestic and international supply chain.

Through these actions, freight's importance will be better recognised and balanced with other needs in transport and land use planning across all levels of government. Activities pursued by governments under these actions will deliver greater harmonisation of access permit processes; improve freight access and efficient movement of goods through metropolitan areas; ensure appropriate land use planning protections for existing and future freight activities; and identify and protect key freight corridors and precincts from encroachment.

A National Key Freight Routes map has also been developed through collaboration between the Australian, state and territory governments, and industry. The updated map will assist governments and industry to better understand, and plan for, critical freight flows, and will be maintained to inform a range of national transport infrastructure policy, regulatory, planning and operational issues.

The provision of freight infrastructure remains a key Government priority. The Government's \$9.3 billion investment in Inland Rail is making it easier to move goods between cities, and will provide for dedicated infrastructure and reduce network congestion for passenger movements in Melbourne, Sydney and Brisbane. The Government also remains committed to improving the passenger transport journey. \$20 million has already been invested to explore business cases for faster rail projects between Melbourne and Shepparton, Sydney and Newcastle, and Brisbane and the regions of Moreton Bay and the Sunshine Coast.

**Recommendation 13**

The Committee recommends that the Australian Government develop incentives, including tax incentives, promoting fleet modernisation to make trucks safer, quieter and cleaner, and proceed with the development of the National Freight Performance Framework.

The Australian Government **notes** this recommendation.

The Government encourages the use of trucks that are safer, quieter and cleaner. The Government has consulted on a range of options to reduce vehicle emissions, including introducing more stringent noxious emission standards for heavy vehicles in Australia, and this work is ongoing. Together with the Victorian and NSW governments, the Government has established a Truck Buyers Guide, to help buyers identify truck technologies that improve fuel economy.

The Government notes that, under the National Road Safety Action Plan 2018-2020 agreed to by all Ministers of the Transport and Infrastructure Council, there are a number of actions related to the introduction of new safety technologies for heavy vehicles. This complements a separate program of work to accelerate the introduction and uptake of new safety technologies in the heavy vehicle fleet, as endorsed by the Transport and Infrastructure Council. In recognition of the integral nature of modern safety and environmental systems, the action plan includes a key action for all governments to investigate the introduction of safer and cleaner heavy freight vehicles through the minimisation of regulatory barriers. The Government is currently reviewing the national new vehicle standards for opportunities in this space.

The Government also supports the National Heavy Vehicle Regulator’s Performance Based Standards Scheme. The Scheme provides the heavy vehicle industry the potential to achieve higher productivity, road safety improvements, and reduce the impact on the environment through improved vehicle emissions.

Additionally, the Government supports the recommendation to proceed with a National Freight Performance Framework, as agreed through the National Freight and Supply Chain Strategy. Outcomes from this Framework are intended to be published annually and underpin sustained national freight improvements over time.

In the 2019-20 Budget, the Australian Government committed \$5.2 million to settle the design of a National Freight Data Hub, including arrangements for data collection, protection, dissemination, and hosting. Establishing a National Freight Data Hub will increase capacity to collect, host, analyse and share freight data to support improved freight planning, investment and operational decision-making.

In light of the wide range of initiatives underway, as outlined above, the Government does not consider that it is necessary to develop further incentives, including tax incentives, at this time.

**Recommendation 14**

The Committee recommends that the Australian Government:

- complete a regulatory impact assessment on lowering the participation threshold of the CBD Program;
- investigate the feasibility and cost implications of extending the CBD Program’s mandatory disclosure requirements to include information about the energy efficiency of tenanted areas of commercial office buildings above 1000 metres squared.

The Australian Government **notes** this recommendation.

The Government has recently undertaken an independent review of the Commercial Building Disclosure Program which is currently under consideration.

**Recommendation 15**

The Committee recommends that the Prime Minister appoint a senior Minister with responsibility for housing to:

- monitor housing affordability issues and lead a joint federal, state and local government response;
- ensure all policies considered by cabinet support the provision of more affordable quality housing and strike the right balance between investors and home buyers;
- coordinate all government agencies with a role in implementing housing outcomes;
- identify and strategically develop Commonwealth land holdings to address housing affordability and amenity issues; and
- investigate viability of nationalising and streamlining planning regulation similar to the Australian Building Codes Board model.

The Australian Government **notes** this recommendation.

The Prime Minister has appointed the Hon Michael Sukkar MP as Minister for Housing.

The Government has implemented multiple tax, foreign investment, and superannuation changes to help improve housing affordability. These include the First Home Super Saver Scheme,

restrictions on foreign investment, reducing barriers to downsizing to smaller homes later in life, and the recently-announced First Home Loan Deposit Scheme.

The Government has also established the National Housing Finance and Investment Corporation which commenced on 30 June 2018. The Corporation operates a \$1 billion National Housing Infrastructure Facility which provides finance for infrastructure to unlock new housing supply, and an Affordable Housing Bond Aggregator to provide cheaper, long-term finance for registered community housing providers.

The Government is supporting state and territory governments by providing over \$7.5 billion over five years under the National Housing and Homelessness Agreement to improve housing and homelessness outcomes. The Agreement commenced on 1 July 2018, and provides funding certainty to states and territories as funding is ongoing and indexed. It improves accountability as states and territories are required to have publicly available housing and homelessness strategies and contribute to improved data collection and reporting. The Government has also waived Tasmania's \$157.6 million housing-related debt to the Commonwealth, in recognition of Tasmania's unique challenges with housing affordability and homelessness. The Tasmanian Government will redirect all of their scheduled repayments to programs that increase access to social housing, reduce homelessness, and improve housing supply across Tasmania.

While planning regulation remains the responsibility of state and territory governments, the Government continues to work to ensure coordinated planning and investment take place across Australia.

**Recommendation 16**

The Committee recommends that the Australian Government ensure that the development of the NBN is commensurate with the future capacity requirements of intelligent transport systems and the Internet of Things (IoT), and that relevant capacity constraints be identified and addressed.

The Australian Government **agrees in principle** to this recommendation.

The primary purpose of the NBN is to ensure that all Australian homes and businesses have access to fast, affordable, broadband services. The NBN is currently being delivered by NBN Co Limited (NBN Co), a Government Business Enterprise with responsibility for delivering a quality fixed broadband network for Australia. The Government's Statement of Expectations for NBN Co Limited (NBN Co) requires the company to build the network to ensure upgrade paths are available as required. NBN Co has stated that it will be in a position to upgrade the network when the business case for such upgrades emerges.

In April 2018, NBN Co began collaborative research and development relationships with the University of Melbourne and the University of Technology Sydney which will cover technologies such as the IoT and Smart Cities.

A range of other network operators are also important in meeting current and future telecommunications needs in Australia's open competitive marketplace. This is particularly true with IoT and transport systems where mobile, satellite and other wireless networks are key service providers of 'last mile' access given the need for flexible and lower-cost connectivity. The rollout of 5G mobile technology, with its enhanced speed, capacity, and latency, has the potential to support a range of new more sophisticated transport, IoT and other use cases.

**Recommendation 17**

The Committee recommends that the Australian Government offer additional funding and technical support to local governments by extending the Smart Cities and Suburbs Program and the Future Ready Incubation Package indefinitely. The Committee also recommends that the Future Ready Incubation Package specifically address local governments' capacity to effectively and efficiently procure smart cities technology.

The Australian Government **notes** this recommendation.

The Smart Cities and Suburbs Program is due to cease in June 2020. Eighty-one projects were funded across two rounds. The Program is being evaluated to identify its benefits and impacts, opportunities that may be leveraged (e.g. replicability or scalability), lessons learnt, and to inform possible future strategic policy directions.

Webinars from the Future Ready Incubation Package continue to be available online through the Australian Smart Communities Association website. A Smart Cities Collaboration Platform sits alongside the Smart Cities and Suburbs Program and is available on the Department of Infrastructure, Transport, Regional Development and Communications website at <https://infrastructure.gov.au/cities/smart-cities/collaboration-platform/>. In addition to projects funded through the program, other smart technology and smart city projects can be added to the Platform to share information, success stories, lessons learned and support collaboration.

Future policy approaches, programs and packages to support local governments to apply innovative, technology-based approaches to improve liveability of cities and regional areas across Australia will be considered by Government in line with other budget priorities.

**Recommendation 18**

The Committee recommends that Standards Australia develop a 'standards roadmap' for Australia, including:

- identifying the standards required in each sector to unlock the benefits of connected Australian cities; and
- developing standards in strategic priority areas, including standards to safeguard the interoperability of IoT and other smart cities technologies.

The Australian Government **notes** this recommendation.

The Government supports the development of standards through its funding of Standards Australia, Australia's independent national standards-setting body. Standards create the conditions that help foster accepted minimum levels of safety, quality and reliability of products, services and systems. A consistent set of standards improves business productivity, inter-operability of equipment and technology, and reduces implementation costs.

Australian Government policy is that, where a trusted International Standard or risk assessment exists, it should be adopted when developing local standards and regulations, unless there are compelling reasons not to do so.

Standards Australia represents Australia's interests in key international standards organisations, including the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). Standards Australia is delivering a range of strategic international standards projects on behalf of the Government. These include:



- managing Australia’s participation in international standards relating to Industry 4.0/advanced manufacturing, and the Internet of Things;
- developing an Artificial Intelligence Standards Roadmap; and
- the international development and application of blockchain technology through the ISO

A horizon-scanning project commissioned by the Chief Scientist on behalf of the National Science and Technology Council, and being undertaken by the Australian Council of Learned Academies, is investigating the opportunities and implications presented by the IoT in the coming decade. The study is looking at the IoT through the lens of smart cities and smart regions.

The Government will continue to collaborate to ensure that inter-operability issues for applications such as Intelligent Transport Systems are addressed, as outlined in the COAG Transport and Infrastructure Council’s National Policy Framework for Land Transport Technology.

**Recommendation 19**

The Committee recommends that the Australian Government continue to expand the performance indicators and cities assessed under the National Cities Performance Framework, including:

- enhancing indicators for environmental sustainability and innovation; and
- incorporating smaller regional capitals into the framework.

The Australian Government **notes** this recommendation.

The National Cities Performance Framework contains a significant number of indicators, including 16 contextual indicators and 30 performance indicators for 21 of Australia’s largest cities that together account for 79 per cent of Australia’s population.

The Framework includes several environmental sustainability indicators, including ‘dwellings with access to greenspace’, ‘air pollution particles smaller than PM2.5 (2.5 micrometres)’, ‘office building energy efficiency rating’ and ‘greenhouse emissions per person’. It also includes several indicators of innovation and digital opportunities, including the ‘new business entry rate’, ‘households with broadband’, ‘patent applications per 100,000 people’ and ‘workers in knowledge intensive services’.

The Performance Framework is reviewed annually to identify options to improve existing indicators, or substitute new indicators where better data becomes available. Priority is given to ensuring data are comparable across cities, and to maintaining a user friendly Smart Cities Dashboard. Although smaller regional centres could be incorporated into the Framework, the availability of data in centres with smaller populations is more limited, amongst other challenges. The feasibility and benefits of incorporating additional cities into the Framework will be investigated further in line with regular updates and reviews of the Framework.

**Recommendation 20**

The Committee recommends that the Australian Government provide ongoing funding to increase the visibility of and enhance data collection and analysis undertaken through AURIN and CSIRO’s urban living labs.

The Australian Government **notes** this recommendation.

The Government notes that Urban Living Labs provide opportunities for collaboration and learning, going beyond business-as-usual to rapidly test and roll out new approaches. CSIRO's Urban Living Labs have a unique focus on learning about the barriers to innovation that arise due to the multiple decision-makers in cities, and how to break down those barriers to accelerate innovation – lessons that can be applied well beyond the scale of individual living labs. The Government further notes and supports the work being undertaken by CSIRO and Australian Urban Research Infrastructure Network to better collect data and understand our urban environments and the challenges they face. For example, as part of the Darwin City Deal, the Government is providing \$2.7 million to establish a CSIRO-led urban living lab in Darwin, to develop evidence-based approaches to tropical design and help transform Darwin into a best-practice example of tropical urban living. This lab will use the latest science to test, monitor and evaluate improvements in Darwin's liveability, sustainability and resilience by testing the effectiveness of heat mitigation measures delivered as part of the City Deal.

The Government will continue to support projects such as these where they can deliver meaningful outcomes in line with other budget priorities.

**Recommendation 21**

The Committee recommends that the Department of Infrastructure, Regional Development and Cities and the National Chief Planner apply international best practice approaches to urban development, to:

- the development of national settlement plans;
- the design of policies and programs;
- the provision of funding to support Australian cities and regional centres; and
- investigate international companies with proven unique global best practice expertise in infrastructure provision and urban development.

The Australian Government **agrees in principle** to this recommendation, consistent with the response to recommendation 1, noting that the Government does not support a National Chief Planner.

**Recommendation 22**

The Committee recommends that the Australian Government maintain the CRC research agenda's previous focus on urban issues until the nation's cities have achieved an environmentally and socially sustainable urban form.

The Australian Government **notes** this recommendation.

The Cooperative Research Centres (CRC) Program is a competitive, merit-based grants program that improves collaboration between industry and research organisations to increase commercialisation and investment, and cultivate a more innovative and entrepreneurial economy. The Program is open to all sectors, including the urban and built environment sector. There is no set limit on funding to CRCs, which are funded for a maximum period of 10 years with no extensions.

To date, a number of CRCs have contributed to urban issues. For instance, the CRC for Water Sensitive Cities will receive \$30 million in funding from 2012 to 2021 to deliver the planning, technology and decision support tools required to improve the efficiency and effectiveness of urban water systems. This is in addition to the \$28 million previously provided to the CRC for Low Carbon Living (2012-2019; now ended) to develop new technological and policy tools to

reduce carbon emissions and transform the built environment to a low carbon future. The Government will continue to support the CRC model and encourage applications that meet the aims of the program.

**Recommendation 23**

The Committee recommends that the Australian Government establishes a national institute for cities research, on the model of the UKCRIC, to enhance collaboration, knowledge and data sharing across research groups and universities; and tasks the new institute for cities research with identifying how international best practice approaches to urban development can best be applied in Australian cities.

The Australian Government **agrees in principle** to this recommendation.

The Government recognises the importance of expert data and evidence to support population planning and urban development, which is why the Government has established a Centre for Population to provide data and policy analysis to support economic growth and liveability and achieve a more optimal settlement pattern in Australia. The Centre will help all levels of government and the community to better understand how states, territories, cities and regions populations are changing and the challenges that change presents.

Cities research is conducted by a number of independent bodies including the CSIRO, the Australian Urban Research Infrastructure Network, the Australian Housing and Urban Research Institute (AHURI), universities, and policy think tanks. The Government considers the perspectives of all these institutions, and others, in informing policy development.

**Recommendation 24**

The Committee recommends that the Australian Government re-endorse Creating Places for People: An Urban Design Protocol for Australian Cities and provide financial support for the purposes of maintaining and promoting these design principles.

The Australian Government **notes** this recommendation.

The Government encourages the adoption of best practice design principles, such as appropriate density mixes and access to green space, within urban planning by local communities as well as by state, territory and local governments.

**Recommendation 25**

The Committee recommends that the Australian Government support the broader application of rating systems, such as the Green Building Council of Australia's Green Star program, to urban regeneration.

The Australian Government **agrees in principle** to this recommendation.

The Government supports the use of environmental rating systems and is actively involved in the National Australian Built Environment Rating System, which includes several forms of star rating for buildings. The Department of the Environment and Agriculture has also been a member of the Green Building Council of Australia since 2008.

The Government will continue to monitor and explore opportunities with state, territory and local governments to ensure that urban regeneration projects incorporate best practice environmental principles.

**Recommendation 26**

The Committee recommends that the Australian Government conduct a review of the spatial impact (distribution of population, housing, employment, industry and services) of its policies in areas of federal responsibility.

The Australian Government **notes** this recommendation.

The Government established the National Cities Performance Framework to provide data to help all levels of government, industry and the community to better target, monitor and evaluate cities policy and investments. The Government will continue to promote the use of spatial analysis when assessing policies within its areas of responsibility where data is available and the analysis can deliver an increased understanding of policy impacts.

**Recommendation 27**

The Committee recommends that the Australian Government ensure that urban and regional infrastructure is developed giving consideration to potential settlement patterns.

The Australian Government **agrees** to this recommendation.

Australia's population growth has contributed to a larger and more diverse economy and society, as recognised in *Planning for Australia's Future Population*. The Government will continue to address the infrastructure requirements of communities based on need, including as a result of population changes.

**Recommendation 28**

The Committee recommends that the Australian Government, in pursuit of a sustained, coordinated, holistic vision for the development of Australia's cities and regions, create:

- A Minister for Cities and National Settlement with a place in Cabinet, with responsibility, amongst other things, for the oversight of a national plan of settlement and housing;
- The statutory Office of a National Chief Planner, incorporating Infrastructure Australia and the Infrastructure and Project Financing Agency, to provide independent expert advice on urban and regional planning and development;
- A COAG Cities & Regional Development Ministerial Council involving representation by state and territory treasurers, housing ministers and planning ministers, and local government; and
- A Cities & Regional Development NGO Roundtable to ensure business and community groups have a direct voice to government on issues involving our cities and regions.

The Australian Government **notes** this recommendation.

The Prime Minister has appointed the Hon Alan Tudge MP to Cabinet with responsibility for population, cities and urban infrastructure. Minister Tudge's portfolio responsibilities complement the responsibilities of the Hon Michael Sukkar MP as Minister for Housing. These ministers work with others across all levels of government with vital interests in the provision of infrastructure and services need to support our cities and regions of the future. For example, in September 2019, Minister Tudge convened a meeting of state and territory planning ministers to discuss opportunities for cooperation and information-sharing between governments to better

plan for growth. This forum meets regularly, and is supported by an inter-governmental Heads of Planning Group. .

The Government does not support the recommendation to establish the statutory office of a National Chief Planner. The Government considers that it may be preferable for those functions to be delivered by existing office holders or bodies rather than by creating a new statutory office.

The establishment of a Cities and Regional Development Ministerial Council is a matter for the Council of Australian Governments and cannot be instituted by the Government alone. The Government notes that the Council has:

- involved all Treasurers and the President of Australian Local Government Association in the development of the National Population and Planning Framework; and
- at its meeting on 9 August 2019, agreed to establish a Regional Ministerial Forum.

The Government notes the recommendation for an NGO roundtable and that various Australian Government agencies regularly consult with business and community groups on a variety of policy issues, including those affecting cities and regions. For example, the Government's Cities Reference Group provides expert advice to support delivery of the Australian Government's Smart Cities Plan. The Government will consider how this engagement can be furthered as part of existing and future programs.

**Recommendation 29**

The Committee recommends that the Australian Government, as part of the system of master planning under the national plan of settlement, provide funding and resources for a significant acceleration of the City Deals program, with a view to creating greater opportunities for cities to engage in the City Deals program, developing more sophisticated interactions between the various levels of government and the private sector—including implementing more sophisticated funding methods such as value capture—and extending the City Deals concept to the regions in the form of Regional Deals, thereby providing a meaningful and sustainable mechanism for promoting urban and regional development across Australia.

The Australian Government **notes** this recommendation.

The Government notes the successful signing of City Deals in Townsville, Launceston, Western Sydney, Darwin, Hobart, Geelong and Adelaide, and that further Deals are under negotiation.

The Government has committed to working on new City Deals for South East Queensland, Melbourne and Perth. As part of these, the Government will engage with a wide range of stakeholders, including state and local governments, the private sector and local communities. A variety of funding measures for City Deals will also be considered in conjunction with the Infrastructure and Project Financing Agency.

Three pilot Regional Deals are currently underway, with the Barkly and Hinkler Regional Deals being implemented and the Albury-Wodonga Deal under negotiation.

**Recommendation 30**

The Committee recommends that the Australian Government encourage the State and Territory Governments to investigate city commissions, along the lines of the Greater Sydney Commission.

The Australian Government **agrees in principle** to this recommendation.

The Government recognises the importance of good governance structures for local communities. A key objective of the Government's approach to cities is to promote governance reform to ensure all levels of government work toward shared objectives for a city or region.

The success, to date, of the Greater Sydney Commission provides one model to achieve this, although it may not be appropriate in all cases. However, the Government will continue to encourage state and territory governments to adopt governance structures that are suitable and appropriate to local circumstances.

**Recommendation 31**

The Committee recommends that the Australian Government investigate the provision of spatially and industry targeted tax incentives to drive strategic secondary economic agglomeration in major cities.

The Australian Government **does not agree** to this recommendation.

The Government notes that businesses make decisions on where to locate their operations based on a range of commercial factors, which generally relate to the availability and cost of factors of production, proximity to markets and availability of suitably zoned land and facilities.

Although financial incentives can help modify the behaviour of businesses, including potentially decisions in respect of where to situate their operations, they are only one factor in this commercial analysis and are unlikely to be determinative.

Additionally, incentives delivered through the tax system can be difficult to target, meaning they are generally less effective than direct support by way of government grants or other assistance. Government tax incentives that discriminate based on spatial factors can also raise questions of fairness and equity between businesses and workers in different regions, which may lead to distortions and sub-optimal economic outcomes. Introducing additional tax incentives based on spatial and industry criteria would also add further complexity to the tax system.

**Recommendation 32**

The Committee recommends that the Australian Government, as part of the system of master planning under the national plan of settlement, provide financial support, in the form of grants, to projects with demonstrated potential to generate significant employment growth in the rapidly expanding, outer suburban communities of Australian cities.

The Australian Government **notes** this recommendation.

The Government further notes that it supports local communities through a wide range of programs, including grants, and will continue to do so in accordance with other Budget priorities. Proposed grants should also be individually subjected to rigorous cost-benefit analysis.

**Recommendation 33**

The Committee recommends that the Australian Government adopt infrastructure procurement practices that require a ‘whole-of-life’ approach to infrastructure procurement which look at costs and benefits across the service life of any given piece of infrastructure, its place within long-term planning frameworks, and how well it meets objectives in terms of economic, social and environmental sustainability.

The Australian Government **notes** this recommendation.

The Government, together with state and territory governments, has developed national guidelines and frameworks for the delivery of infrastructure projects, including for Traditional Contracting, Alliance Contracting and Public Private Partnerships. These inform the development of infrastructure delivery, including procurement policy, in individual jurisdictions on a whole-of-life basis.

The Australian and state governments also work collectively to maintain the Australian Transport Assessment and Planning Guidelines, which outline best practice for transport planning and assessment in Australia. The Guidelines have been developed to ensure that proposals to improve transport systems in Australia achieve jurisdictional objectives, provide maximum net benefit to the community and represent value for money.

For most major transport infrastructure projects, procurement is a matter for state and territory governments. As asset owners, state and territory governments are responsible for ensuring that the infrastructure is operated and maintained efficiently such that it continues to deliver benefits throughout its service life.

**Recommendation 34**

The Committee recommends that the Australian Government adopt an approach to infrastructure procurement that:

- where appropriate, utilises independent development corporations to manage the procurement and development of infrastructure projects;
- promotes technical innovation; and
- supports and engages with Tier 2 & 3 contractors.

The Australian Government **notes** this recommendation.

The Government agrees that infrastructure procurement should be fit-for-purpose, meet the needs of communities both now and into the future, promote whole-of-life cost efficiencies and support all aspects of the economy. However, the Government notes that procurement of infrastructure is usually the responsibility of the states and territories.

The Government notes that independent development corporations have worked well in the past on appropriate projects. Therefore, where projects would benefit from the independent development corporation model, the Government will continue to support states and territories that seek to implement them.

The Government recognises the importance of Tier 2 and 3 contractors to the Australian economy and ensuring taxpayers get value-for-money from infrastructure procurement. On 9 August 2019, the Council of Australian Governments asked the Transport and Infrastructure Council to

commission analysis and provide advice on infrastructure market conditions in each jurisdiction. For each project, the Government assesses the best value option to deliver a project, including considering market competitiveness and the most appropriate delivery partners. The Government will continue to partner with the states and territories to deliver cost-effective infrastructure to the community.

**Recommendation 35**

The Committee recommends that the Australian Government, in conjunction with State and Territory Governments, establish a national training program for public sector infrastructure procurement.

The Australian Government **does not agree** to the recommendation.

The Government works closely with state and territory governments to ensure that procurement for projects uses best practice and maximises value-for-money for the Government's significant investment in infrastructure. This includes developing and maintaining the guidelines outlined in the response to recommendation 33.

**Recommendation 36**

The Committee recommends that the Australian Government should adopt an approach to infrastructure project appraisal that includes assessment of:

- wider economic, social and environmental benefits;
- costs and returns over the life of the infrastructure; and
- cost of the project using a discount rate of 4 per cent.

The Australian Government **notes** this recommendation.

The Government takes a broad range of benefits into account when appraising infrastructure projects, including wider economic, social and environmental benefits.

There is considerable variability in how these wider benefits can be estimated, depending on the nature of the project, making it difficult for a quantification of such benefits to be considered in comparing the cost and benefits of competing projects. Recognising this, the Australian Transport Assessment and Planning Guidelines include a steering committee to develop guidance materials on wider economic benefits to inform transport infrastructure investment decision making.

Costs and benefits are estimated over the expected life of an infrastructure asset. The Australian Transport Assessment and Planning Guidelines recommend a 30-year life for road projects (except bridges) and a 50-year life for rail infrastructure. The estimation of a residual value allows for net benefits beyond the appraisal period.

With respect to discount rates, the Notes on Administration for Land Transport Infrastructure Projects (2019-20 to 2023-24) asks project proponents to provide cost-benefit analysis results at both 4 per cent and 7 per cent discount rates. The use of two different rates is a sensitivity test which provides a fuller picture of the potential benefits of a project. Similarly, Infrastructure Australia uses 7 per cent as the central rate for assessments, and requires sensitivity tests at 4 per cent and 10 per cent discount rates.



**Recommendation 37**

The Committee recommends that the Australian Government develop a system of value capture as an organising principle of infrastructure planning and procurement, and progress the reform of the taxation system to match the requirements of value capture, in conjunction with State and Territory Governments, to provide a single, seamless, transparent system of taxes, charges and contributions, which allows for the costs of infrastructure development, where appropriate, to be met on the beneficiary pays principle.

The Australian Government **notes** this recommendation.

The issues raised in this recommendation were addressed in the Government's response to the House of Representatives Standing Committee on Infrastructure, Transport and Cities report entitled *Harnessing Value, Delivering Infrastructure*.

The Australian Government is committed to working with state, territory and local governments, where appropriate, to explore the potential for innovative funding and financing mechanisms, including value capture, for infrastructure projects.

The Infrastructure and Project Financing Agency supports the Government's infrastructure investment decisions, including through investigating and advising on opportunities for value capture.

Additionally, in October 2019 the Minister for Population, Cities and Urban Infrastructure, the Hon Alan Tudge MP, asked the Standing Committee on Infrastructure, Transport and Cities to inquire into options for financing faster rail. The inquiry is underway.