



Director - Engagement, Advisory and Projects Section
Department of Infrastructure, Transport, Regional Development, Communications and the Arts

via email: IA.Review@infrastructure.gov.au

Dear Mr Mrdak AO and Ms Lockwood

Re: Independent review of Infrastructure Australia

Thank you for your correspondence of 29 July 2022 in relation to the current independent review of Infrastructure Australia. We are responding on behalf of the ACT Government.

At the outset, we wish to acknowledge the collaborative approach adopted by Infrastructure Australia under the stewardship of former CEO, Ms Romilly Madew. We look forward to Infrastructure Australia continuing to work with States and Territories in a highly collaborative manner.

There are three views we put forward for your consideration:

1. Funding and Assessment of Social and Cultural Infrastructure: The economic health and liveability of our nation is supported by a wide array of infrastructure, including social and cultural infrastructure. Indeed, some of the highest priority infrastructure needs of the ACT are health and education related infrastructure. This infrastructure is needed both today and to support future growth.

The ACT Government believes it would be appropriate for the Commonwealth Government to co-fund to a much greater degree social and cultural infrastructure with States and Territories. In turn, the ACT Government believes Infrastructure Australia could give greater focus to assessing and prioritising social and cultural infrastructure projects.

2. Project Timing Co-ordination Role: Where a large project in a specific infrastructure class is either procured or delivered at the same time as another very similar large project in another jurisdiction, this can be problematic. It may result in a sub-optimal application of limited industry resources with attendant pricing, program, quality and risk challenges. For a smaller jurisdiction such as the ACT, where key resources for large projects may be drawn from other capital cities, this may be especially troublesome.

Ideally, there would be some coordination between the Commonwealth Government, States and Territories on the timing of mega-projects so as to facilitate the orderly functioning of the Australian infrastructure market. Of course, the ACT Government recognises that each government will have its own project timing imperatives, and Infrastructure Australia should not have power to compel governments to undertake projects at a particular point in time. However, coordination of the timing of projects between different governments may yield benefits for all over the longer term. Infrastructure Australia may be an obvious body to facilitate cross-government project coordination activities.

3. Economic Assessment and Discount Rates: The ACT Government recognises that in recent years Infrastructure Australia has taken steps to temper the outsized prominence of economic modelling in its assessment of individual projects given the constraints with such modelling. The ACT Government supports the use of multiple tools to assess the merits of projects. In this respect:
- a. Economic modelling produces more favourable results for projects which are addressing an immediate, critical need. Ideally, infrastructure projects should instead be well-timed so that problems do not become so dire that they need urgent infrastructure responses. Infrastructure Australia's assessment of projects could give greater weight to projects that prevent future problems arising in the first place; and
 - b. On a related measure, the use of a 7% discount rate (as opposed to a lower rate) as the primary discount rate is less favourable in the assessment of worthy projects which deliver long-term future benefits and prevent the emergence of future problems. The ACT Government is of the view that a lower discount rate would be appropriate for use in economic modelling, and Infrastructure Australia could be more agile and flexible in its determination of an appropriate discount rate.

Given the timeframe for submissions, this response is succinct. We and other ACT Government representatives would be pleased to discuss your review and the matters set out in this letter with you in more detail should you so wish.

Yours sincerely



Duncan Edghill
Chief Projects Officer
Major Projects Canberra
ACT Government



Stuart Hocking, PSM
Under Treasurer
Chief Minister, Treasury and Economic
Development Directorate
ACT Government

15 August 2022