



iBodies INFRASTRUCTURE GOVERNANCE IN AUSTRALIA

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ABOUT US

49,995
firms

240,000
employees

\$40 billion
in revenue

\$1.5 billion
in export.

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EXECUTIVE SUMMARY

Consult Australia calls on all governments in Australia to enact model legislation to establish independent statutory infrastructure bodies ('IBodies'). The model legislation needs to be structured around these four core components:

- Independence;
- Planning;
- Assessment; and
- Prioritisation.

Where I Bodies have already been created, governments must confirm their ongoing support of them, and amend their legislation accordingly to ensure that these four core components are adopted, as set out in the model proposed below.

The creation of I Bodies across all jurisdictions will:

- Take the politics out of infrastructure development by establishing long-term strategic plans.
- Provide independent and expert advice about current and future infrastructure needs.
- Create a pipeline for the roll-out of infrastructure projects that will deliver jobs and growth.
- Make infrastructure decision-making transparent and evidence-based.

The Model

The I Bodies will be established by an Act of Parliament, which will set out its functions and structure based on four core components, independence, planning, assessment, and prioritisation.

Independence

- 1) To be enacted as an independent statutory body. Its functions will be set out in legislation, and the government (via the Premier/Minister) will not be allowed to direct or control its activities.
- 2) All strategies and plans prepared by the I Body will be responded to by the government within a specified period. The strategy, plans, and government response must be presented to parliament, thus promoting bipartisan support and accountability to parliament.
- 3) If the government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek parliamentary approval.
- 4) The Board will be a balance of representatives from the public and private sectors. Private sector representatives must have appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

Planning

- 1) Ibodies are to be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy.
- 2) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.
- 3) The strategies and plans will be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other Ibodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.

Assessment

- 1) Ibodies will provide project implementation plans for major infrastructure projects (the amount to be defined in the legislation).
- 2) Project evaluation and benefit realisation will be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia and the other Ibodies, are to work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

Prioritisation

- 1) Ibodies will assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) Ibodies will have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

INTRODUCTION

Responsibility for infrastructure in Australia is spread across all three tiers of government and the private sector.

Traditionally state-owned corporations have provided much of the electricity, water, urban transport, and ports. Investment has been funded from retained profits and by borrowing, although some such as urban public transport entities are often subsidised from the budget.

The private sector has become increasingly involved in the financing, construction and operation of infrastructure, for example, in areas such as toll roads and electricity generation. This has evolved through asset sales and the use of Public Private Partnerships (PPPs).

Responsibility for infrastructure governance lies mainly with the Commonwealth and the states. In practice, the following pattern of responsibility has evolved:

Infrastructure Providers	Economic infrastructure	Social infrastructure
Commonwealth	Aviation services (air navigation etc) Telecommunications Postal services National roads (shared) Local roads (shared) Railways (shared)	Tertiary education Public housing (shared) Health facilities (shared) Urban development (City Deals)
State	Roads (urban, rural, local) (shared) Railways (shared) Ports and sea navigation Aviation (some regional airports) Electricity supply Dams, water and sewerage systems Public transport (train, bus, ferry, light rail)	Educational institutions (primary, secondary and technical) (shared) Community health facilities (base hospitals, small district hospitals, and nursing homes) (shared) Public housing (shared) Sport, recreation and cultural facilities Libraries Public order and safety (courts, police stations, traffic signals etc) Urban development (City Deals)
Local	Roads (local) (shared) Sewerage treatment, water and drainage supply Aviation (local airports) Electricity supply Public transport (bus)	Libraries Community centres and nursing homes Recreation facilities, parks and open spaces
Private sector	Roads Ports Water Energy	Schools Hospitals Housing

Sources: Australian Airports Association (2012); PC (2011b); Webb (2008)

The involvement of multiple layers of government and private sector participants in infrastructure makes the delivery of a fully integrated system of infrastructure extremely challenging.

In response to this challenge, and the growing need to invest in Australia's infrastructure the Australian Labor Party announced that it would establish Infrastructure Australia if elected to government, and that it would have the following responsibilities:

- to deal with policy and regulatory issues, driving reform on legal, tax, planning and infrastructure finance matters, to audit the adequacy of the nation's infrastructure, identify weaknesses and prioritise projects, and
- to evaluate the business cases of projects, project financing options including PPP (Private Public Partnerships) and manage the probity process.

Infrastructure Australia has since become well established, and this has led to a number of states and territories reviewing both how they engage with Infrastructure Australia, and how they prioritise and assess their infrastructure needs.

This paper looks the mechanisms in place to plan, prioritise, and assess infrastructure development in each of the jurisdictions, including Infrastructure Australia. By doing this we can see how much progress has been made, and how the systems differ.

This review is important because in recent years, Australia's population growth has been amongst the fastest in the developed world. Both Sydney and Melbourne are projected to be home to almost eight million people by 2050 and our four biggest cities, on current projections, will increase their overall share of the national population¹.

The right infrastructure decisions have the capacity to shape the population distribution of this country. A growing population can be a source of dynamism for the economy. It provides a larger domestic market for business, increases the size of the labour force and facilitates innovation. Our population provides the ideas, the capital and the labour to innovate, build and grow².

It is critical that Australia has the right framework in place to enable holistic infrastructure strategies that are interconnected, integrated, and sustainable. Consult Australia believes that there are four core components that are required in order to deliver Australia's infrastructure needs, now and into the future:

Independence, Planning, Assessment, and Prioritisation

This paper considers each of these components in turn and makes recommendations to establish best practice.

¹ Australian Bureau of Statistics (ABS) 2013, Population Projections, Australia, 2012 (base) to 2101, Catalogue no. 3222.0, Series B, ABS, Canberra.

² The Australian Government's Response to Infrastructure Australia's Australian Infrastructure Plan November 2016

CORE COMPONENT ONE: INDEPENDENCE

In September 2015 the OECD published, 'Towards a Framework for the Governance of Infrastructure'³. The report noted that political and business cycles strongly impact the phases of infrastructure,

"It is difficult to reconcile the short term vs. long term challenges at stake. Infrastructure involves long-term agenda and needs predictability but infrastructure is extremely sensitive to political and economic/business cycles.

The local public investment cycle is for example highly correlated to the local election cycle usually, the level of public investment rises the year that precedes municipal elections, and then declines the first years that follow the election. In the case of France, an analysis of three decades of local mandates (6 terms of 6 years) shows that public Gross Fixed Capital Formation FBCF rises on average by 5.9% on average the year that precedes the election, and declines by 0.5% just after the election, and 1.4% the year after (INSEE, 2002). Public investment is also highly sensitive to the economic cycle: it was for example used as the adjustment variable by many governments in the fiscal consolidation period that followed the crisis (OECD, 2013)."

In the United Kingdom in 2013 Sir John Armit CBE reviewed the institutional structure that would best support the type of long term strategic decision making that is demanded by infrastructure planning and implementation. The review also considered how cross-party consensus can be achieved, which is fundamental to the delivery of any long-term strategy. The central recommendation from the review was to form a National Infrastructure Commission with statutory independence. It would undertake an evidence-based assessment of the UK's infrastructure needs over a 25-30 year horizon.

The review's recommendation for a National Infrastructure Commission included the statement that, *"To prevent any potentially damaging drift in policy, once the Commission has completed its assessment of needs, it would continue to pay a key challenge and monitoring role."*

The UK's National Infrastructure Commission (NIC) was established in January 2017. Established by Royal Charter as an executive agency of HM Treasury it must operate independently and at arm's length from HM Treasury. Importantly its Charter contains the UK Government's commitment to issue a formal response to all the recommendations contained in the NIC infrastructure reports, stating clearly whether the Government accepts or rejects the recommendations. The UK Government must respond as soon as practicable, which means within 6 months in the vast majority of cases, and never longer than a year. The NIC reports and the UK Government's response must be put before Parliament as soon after their publication as practicable.

³ [Towards a Framework for the Governance of Infrastructure](#)

The 'arm's length' nature of NICs relationship with HM Treasury, and the requirement for its reports to be tabled in Parliament, are critical to maintaining its independent status and limiting the impact of changes in policy and political decision-making.

In 2008 Infrastructure Australia was established as an independent statutory body with a mandate to strategically audit Australia's nationally significant infrastructure, and develop 15-year rolling Infrastructure Plans that specify national and state level priorities. In 2014, the Infrastructure Australia Act 2008 was amended to give Infrastructure Australia new powers, and to create an independent board with the right to appoint its own Chief Executive Officer. The Board has 12 members bringing experience from business, academia, the public and private sectors.

Infrastructure Australia's governance arrangements allow the relevant Government Minister to give written directions to Infrastructure Australia about the performance of its functions. The Minister may have regard to any decisions by the Council of Australian Governments in giving such directions. Importantly directions given by the Minister must be of a general nature only. Importantly the Minister must not give directions about the content of any audit, list, evaluation, plan or advice to be provided by Infrastructure Australia.

The independent nature of statutory bodies, such as Infrastructure Australia (IA) is a core element of good governance. This principle was reiterated in the findings of the Productivity Commission in their report into Public Infrastructure⁴, regarding final infrastructure project decisions,

"To be useful in the long term, it is important that an independent and capable IA provide public clarity on the quality of those decisions, and hence discipline on the temptation for short-term and politically expedient decision making."

The independence of IA could be enhanced by adopting the UK's 'arms-length' approach from any government agency or minister requiring the Government to table the IA reports, and the Government's response in Parliament.

Long-term planning of infrastructure within Australia does not start and finish with IA because the state and territory governments have a central role in the delivery of infrastructure. The influence of politics and election cycles on infrastructure projects amongst state/territory governments has been an ongoing issue. For example, the Western Australian Economic Regulation Authority has reported that, *"Political imperatives often cause projects to be rushed through proposed planning processes, with the result that project outcomes are materially compromised."*⁵

Some but not all have recognised the value of establishing an independent infrastructure body to assess the needs of the state/territory, and to ameliorate the impact of the political cycle on infrastructure decision making. The approach across jurisdictions varies significantly, even between those jurisdictions where an independent body has been established.

⁴ Productivity Commission 2014, *Public Infrastructure*, Inquiry Report No 71, Canberra

⁵ Economic Regulation Authority, *Inquiry into Microeconomic Reform in Western Australia*, Final Report, 30 June 2014 page 70.

Independence of the State/Territory statutory infrastructure bodies

	Infrastructure NSW	Infrastructure Victoria	Building Queensland
Statute	Infrastructure NSW Act 2011	Infrastructure Victoria Act 2015	Building Queensland Act 2015
Reporting Line	Subject to the control and direction of the Premier in the exercise of its functions	Ministerial Note: The Minister cannot direct or control outside the provisions in the Act	Ministerial
Board Make-Up	11 Board Members (inc.CEO) 5 from private sector	7 Board Members 4 from outside public service (2 part-time)	8 Board Members 5 from private sector (part-time)

Only Victoria specifies in its legislation that the Minister cannot direct or control the activities of Infrastructure Victoria. In addition, only in Victoria does the legislation require its Strategy and Plan to be published to the Victorian Parliament.

The other jurisdictions in Australia have not established independent infrastructure bodies by statute. There has been notable advocacy to establish independent statutory bodies in Western Australia⁶ and South Australia. In Western Australia the Labor Party published a policy paper with the commitment to establish an Infrastructure WA⁷. The South Australian Liberal Party has published a policy paper committing to establish an Infrastructure South Australia, if elected in 2018⁸.

Infrastructure governance in the Northern Territory, Tasmania, and ACT remains at ministerial and departmental level.

Most jurisdictions have recognised the value of having representatives from outside government involved in infrastructure strategy/planning. Infrastructure Australia, Infrastructure NSW, Infrastructure Victoria and Building Queensland all have a balance of government and non-government representatives on their boards.

The Western Australian Planning Commission has 15 members including an independent chair and 4 others with specific expertise in related fields. WA's Infrastructure Coordination Committee however only has 2 independent representatives (recently appointed) out of a total membership of 22.

The South Australian Planning Commission has 6 members, including the Chairperson, 5 are independent of the Department for Planning, Transport and Infrastructure and one ex officio.

⁶ [Building the West, Infrastructure Coalition, November 2016](#)

⁷ Infrastructure Western Australia, WA Labor Policy Paper, March 2015

⁸ Infrastructure South Australia 2036, SA Liberal Policy Paper, 2017

Tasmania, the Northern Territory and the Australian Capital Territory do not make mention of any independent representation within their structures.

It is important that the right mix of skills are represented on the Board, with equal numbers of public and private sector representatives. The Infrastructure NSW Act 2011 specifies that the private sector representatives must have skills and experience in infrastructure planning, funding and delivery. Consult Australia has noted that some of the I-bodies have a majority of finance/banking sector expertise from the private sector on their Boards, and therefore lack input from the delivery-side, e.g. design and construction. It is important that the Boards have a good cross-section of skills, with more weight being given to those with working knowledge of planning and project delivery.

RECOMMENDATIONS: INDEPENDENCE

- 1) All jurisdictions must enact an independent statutory body (note where an I-body has already been established amendments must be made to adopt these recommendations). Its functions will be set out in legislation, and the government (via the Premier/Minister) will not be allowed to direct or control its activities.
- 2) All strategies and plans prepared by the I-body will be responded to by the government within a specified period. The strategy, plans, and government response must be presented to parliament, thus promoting bipartisan support and accountability to parliament.
- 3) If the government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek parliamentary approval.
- 4) The Board will be a balance of representatives from the public and private sectors. Private sector representatives must have appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

CORE COMPONENT TWO: PLANNING

The Organisation for Economic Co-operation and Development (OECD) has conducted a considerable amount of work into best practice for the governance of infrastructure. This includes the development of a Framework for Better Governance⁹. The first recommendation for the Framework is:

“A long-term national strategic vision for the use of infrastructure should be in place, which takes into account the multi-dimensionality of the challenges.”

To be successful the OECD Framework states that the strategy should be politically sanctioned, co-ordinated across levels of government, take stakeholders views into account and be based on clear assumptions. It should also be aligned with spatial and land-use planning policies.

All Australian jurisdictions have developed some form of long term strategy for infrastructure, except for Tasmania (although a plan has been developed for the City of Hobart). There is no consistency in the timeframe to which the strategies apply, they range between 10 and 40 years.

Infrastructure NSW and Infrastructure Victoria have ownership over the development of infrastructure strategy and plans:

- Infrastructure NSW: 20-Year State Strategy, and 5-Year State Plans
- Infrastructure Victoria: 30-Year State Strategy, and 5-Year State Plans

Although Building Queensland has been established as an independent statutory body, it has responsibility for priority planning only, the Queensland Department of Infrastructure, Local Government and Planning remains responsible for the development of the State Infrastructure Plan.

The other jurisdictions have not yet established independent statutory bodies. The planning, prioritisation, and assessment of infrastructure is divided between government agencies. Some have established councils/commissions, which report to a ministerial portfolio (typically planning).

The strategies/plans in each jurisdiction vary in terms of their core components, in other words their overall aims. Although there are some common themes. Set out below are the objectives from each:

⁹ OECD (2017), Getting Infrastructure Right: A framework for better governance, OECD Publishing Paris.

Jurisdiction	Infrastructure Strategy Components
<p>Commonwealth Infrastructure Australia 15-Year plan (2016)</p>	<ul style="list-style-type: none"> • Productive cities, productive regions; • Efficient infrastructure markets; • Sustainable and equitable infrastructure; and • Better decisions and better delivery
<p>New South Wales Infrastructure NSW 20-Year strategy (2012)</p>	<ul style="list-style-type: none"> • Connectivity • A better life • Resilience
<p>Queensland Department of Infrastructure, Local Government and Planning 15-Year plan (2016)</p>	<ul style="list-style-type: none"> • Improving prosperity and liveability. • Infrastructure that leads and supports growth and productivity. • Infrastructure that connects our communities and markets.
<p>Victoria Infrastructure Victoria 30-Year strategy (2016)</p>	<ul style="list-style-type: none"> • Prepare for population change • Foster healthy, safe and inclusive communities • Reduce disadvantage • Enable workforce participation • Lift productivity • Drive Victoria's changing, globally integrated economy • Promote sustainable production and consumption • Protect and enhance natural environments • Advance climate change mitigation and adaptation • Build resilience to shocks
<p>Western Australia Department of Planning (on behalf of the WA Planning Commission) State Planning Strategy 2050 (2014) and Perth and Peel @35million (2016)</p>	<ul style="list-style-type: none"> • Liveable • Prosperous • Connected • Sustainable • Collaborative <p>(Note these are taken from Perth and Peel @35million, and they differ slightly from the aims of the State Planning Strategy 2050).</p>
<p>South Australia Department of Planning, Transport and Infrastructure 30-Year plan (2005)</p>	<ul style="list-style-type: none"> • Maintain and improve liveability • Increase competitiveness • Drive Sustainability and Resilience to Climate Change

<p>Tasmania City of Hobart Council Hobart 2025 Strategic Framework (2015)</p>	<ul style="list-style-type: none"> • Offers opportunities for all ages and a city for life; • Is recognised for its natural beauty and quality of environment; • Is well-governed at regional and community levels; • Achieves good quality development and urban management; • Is highly accessible through efficient transport options; • Builds strong and healthy communities through diversity, participation and empathy; and • Is dynamic, vibrant and culturally expressive.
<p>Northern Territory Department of Infrastructure, Planning and Logistics 10-Year Infrastructure Plan (2017)</p>	<ul style="list-style-type: none"> • Growing and diversifying the economy • Enabling greater Aboriginal participation • Creating jobs • Connecting our jurisdiction, regions and communities • Enhancing liveability
<p>Australian Capital Territory Chief Minister's Office 10-Year Infrastructure Plan (2011)</p>	<ul style="list-style-type: none"> • Health and Education; • Economic Growth and Diversification; • Suburban Renewal and Better Transport; and • Liveability and Social Inclusion

All Australian jurisdictions would benefit from a clearly defined long-term strategy, with a focus on productivity, livability, and sustainability. The strategy should then be delivered through a series of shorter-term infrastructure plans (as per the approach in NSW and Victoria).

As identified by the OECD, collaboration and connectivity between the jurisdictions is critical to ensuring a comprehensive approach to Australia's infrastructure needs.

It is important to note that a key risk to the success of the state/territory strategies is lack of buy-in from:

- Government agencies responsible for delivery;
- Private sector infrastructure owners;
- The communities to which the strategy applies.

Integration with planning policy is arguably the biggest stumbling block for many long-term strategies if the planning bodies do not buy-into the plans.

This again underscores the need to depoliticise infrastructure governance to ensure that there is strong bi-partisan support for its aims. At present project identification, procurement and delivery predominately remains agency-led across the jurisdictions.

Given the complexity of developing long term infrastructure strategies, given the number of stakeholders involved, it is a concern that without independent centralised Ibodies with the authority to develop strategy, plans, and monitor progress, a siloed approach will be taken to its delivery. There must be over-sight to ensure that plans are being delivered to achieve the aims set out in the strategy.

To achieve buy-in from all stakeholders there also needs to be much greater transparency regarding infrastructure governance, for example:

- Transparency of deliberation
The way that Infrastructure Victoria has shared its research documentation is an example of best practice – if this level of information is available from each agency it will enrich the debate. All IBodies should follow this example; and
- Transparency of responsibility
Each jurisdiction should be required to produce a clear explanation of the responsibilities of each infrastructure and project department/agency/organisation.

The importance of consultation and participation cannot be understated in regarding to buy-in for the infrastructure strategies and plans. Broad engagement of the public and stakeholders is essential, and more achievable than ever given the advances in technology and expansion of on-line social networks.

Consult Australia has published a Guide to Procuring Engagement Services¹⁰ and, with PwC, an economic Framework for Valuing Better Engagement¹¹ on projects. Both these tools provide essential resources to support the delivery of social licence as part of any strategy/plan created with effective public participation.

RECOMMENDATIONS: PLANNING

- 1) Ibodies are to be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy.
- 2) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.
- 3) The strategies and plans will be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other Ibodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.

¹⁰ [Guide to Procuring Engagement Services](#), Consult Australia 2013

¹¹ [Valuing Better Engagement](#): An economic framework to quantify the value of stakeholder engagement for infrastructure delivery, Consult Australia and PwC, 2015

CORE COMPONENT THREE: ASSESSMENT

Effective regulatory and policy structures, which include procurement and delivery methods, will result in more sustainable infrastructure, which is aligned with the economic, social and environmental objectives set out in the infrastructure strategies.

The Productivity Commission has published a 5 Year Productivity Review¹² this references the 2014 Report, which observed a number of serious shortcomings in decision-making, particularly on electricity, water and telecommunications infrastructure;

“These included:

- *the existence of inadequate incentives and accountabilities for ensuring that projects are properly analysed;*
- *decisions being driven by political or other considerations rather than by economic and social merit; and*
- *the existence of incentives for preferred projects to be selected at an early stage and maintained even if new information showed them to be deficient.*

It recommended an overhaul of the processes used in the development and assessment of infrastructure investments, highlighting in particular the need for:

- *sound cost-benefit studies for large projects and public consultation on proposals (noting that a cost-benefit study is not a yes/no decision-making document, as is sometimes misrepresented. It is instead an essential information source for those who are paying, usually taxpayers, and those who are deciding);*
- *more involvement in resource allocation processes by those who pay;*
- *ex-post evaluation of project outcomes;*
- *better long-term planning to avoid developments encroaching on transport routes and subsequent selection of sub-optimal routes or expensive alternatives.”*

The Productivity Commission notes that since 2014, the Australian Government has made several changes to the governance arrangements and tasks expected from Infrastructure Australia, and that there have been some changes to governance and institutional arrangements at the State level. However, it found that despite these changes, there have been continuing instances of poor, very costly, decisions, concluding that,

“Overall, there has been little change in infrastructure planning, management and governance arrangements, and hence the underlying concerns raised in relation to the quality of infrastructure decisions in the 2014 report remain.”

¹² Productivity Commission 2017, Shifting the Dial: 5 Year Productivity Review, Report No. 84, Canberra

State Auditor General's Reports have also been critical.

For example, Infrastructure NSW has the authority to review and evaluate proposed major infrastructure projects and to oversee and monitor the delivery of major infrastructure projects. Capital projects valued at an estimated total cost of \$10 million and above are required to be registered with Infrastructure NSW via the Reporting and Assurance Portal.

The responsibilities of Infrastructure NSW were expanded as a result of the 2015 Auditor General's Report into Large Construction Projects: Independent Assurance¹³. This found significant non-compliance with Gateway review requirements and shortcomings in reporting to Treasury and Infrastructure NSW and monitoring by Treasury. NSW Treasury remains the owner of the Gateway policy but Infrastructure NSW is the Gateway policy delivery agent for capital projects. The Audit found that there were no real incentives or penalties for non-compliance with the Gateway assurance process by sponsor agencies, except possibly at the final business case stage where securing funding approval is the prime motivator.

In the majority of jurisdictions, the Treasury owns the gateway review process, and compliance with gateway reviews is typically mandated for projects greater than \$100million. Beyond this there are significant variations in how the jurisdictions monitor compliance with procurement policies. For example, the Northern Territory has established a Procurement Review Board that independently reviews government procurement activity to ensure adherence to procurement policy (includes an independent member). Queensland has appointed an Office of the Chief Advisor - Procurement, but it is not clear how this will interact with Building Queensland, which also has procurement within its remit. The Audit Offices in each state also play a role in the review process.

The fragmented approach to procurement and monitoring of compliance increases the risk that the objectives of the infrastructure plans will not be met. The agency-led approach increases the potential for lack of buy-in to state/territory plans and recognition of the role played by the infrastructure bodies. For example, Western Australia's approach has been criticised for its lack of transparency in development of agency owned plans.

A transparent, robust and consistent approach to building business cases is critical to delivering fit for purpose infrastructure. The Australian Sustainable Built Environment Council (ASBEC) has produced a report into delivering better business cases¹⁴, and found that,

"Technical methodologies for business case development are in urgent need of investment and reform. Approaches to business case development are inconsistently applied, often based on limited evidence, out-of-date information, poor quality data, and in urgent need of reform across government."

¹³ NSW Auditor-General's Report to Parliament - Large construction projects: Independent assurance - Key findings, May 2015

¹⁴ Bang for Buck: Delivering better business cases to realise more value from our infrastructure investments, Report by ASBEC 2017

Regarding business case development the ASBEC report found that,

“There is limited use of options analysis and whole-of-life costing in business case development. Projects should be evaluated against an appropriate range of alternative options, aimed at delivering strategic outcomes, as part of the assessment process. Use and reliance on benefit-cost ratios create a pass/fail culture for decision-makers that in and of itself motivates the delivery of a business case above a benefit-cost ratio of ‘1’.

There is lack of uniformity in business case development both within governments and between jurisdictions. Existing guidelines like the Australian Transport Assessment and Planning (ATAP) Guidelines are inconsistently applied across jurisdictions.”

The ASBEC report recommends that project evaluation and benefit realisation be embedded within the decision making processes, as a condition of funding and as a core component of project scoping.

The I-bodies should play a key role in business case development, which should be consistent with Infrastructure Australia’s assessment models. Infrastructure Australia and the I-bodies could work together to produce national guidelines for business case development.

It is noted that Infrastructure NSW and Building Queensland can also carry out project delivery, where so directed. This is not a desirable role for the I-bodies, as it detracts valuable resources away from their core functions. It also arguably creates a conflict of interest regarding their strategy/planning and monitoring role.

Not only is there a need for robust procedures for assessing projects as they are developed, but also projects should be assessed once in operation and measured against the assessment components set out in the state/territory plans, i.e. how well has the infrastructure met the objectives in the plan?

According to an OECD Survey into the State of Play in Infrastructure Governance¹⁵ half of the countries surveyed, including Australia, said that they did not have a formal policy ensuring that the relevant line ministry or agency conducts performance assessment of each project. The Czech Republic, Finland, Germany, Ireland, Italy, Japan, Mexico, New Zealand, Korea, and Spain said that they do have such a policy.

It is noted that the Australian Government’s Department of Prime Minister and Cabinet is designing a Framework¹⁶ to measure the performance of our cities against a range of policy priorities and performance indicators, which will go some way to monitoring the performance of our infrastructure. In addition, the Bureau of Infrastructure, Transport and Regional Economics (BITRE) is leading the development of a National Infrastructure Data Collection and Dissemination Plan¹⁷.

¹⁵ OECD 2016, OECD Survey of Infrastructure Governance

¹⁶ National Cities Performance Framework: www.cities.dpmpc.gov.au

¹⁷ BITRE National Infrastructure Data Collection and Dissemination Plan (draft), September 2017

This is intended to improve and coordinate information and data collection across key transport and infrastructure stakeholders, and provide improved and more timely information for infrastructure investment decisions and monitoring of the performance of Australia's infrastructure networks.

RECOMMENDATIONS: ASSESSMENT

- 1) Ibodies will provide project implementation plans for major infrastructure projects (the amount to be defined in the legislation).
- 2) Project evaluation and benefit realisation will be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia and the other Ibodies, are to work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

CORE COMPONENT FOUR: PRIORITISATION

Appropriate strategic planning is an essential requirement, this means identifying what investment should be undertaken, determining the essential components and how they should be prioritised. This must then be underpinned by a pipeline of projects, which can be rolled-out in accordance with the priority list and overall strategy.

A key policy question raised in the OECD Framework is, "Is there a dedicated unit or institution responsible for monitoring, generating, assessing, costing and creating debate around infrastructure policy?"

Prioritisation of infrastructure projects, provides visible proof of governments commitment to strategies consistent with fiscal conditions. Institutionalising a systematic approach to prioritising infrastructure is justified by demands for evidence, value, and legitimacy in infrastructure decision-making. This rationale has been endorsed by the World Bank Group, which has developed an Infrastructure Prioritisation Framework¹⁸.

While many infrastructure projects are prioritised through clear and rational assessment, often decision-making risks being misconstrued, and may appear to be driven by political exigency where no clear process or guidelines for assessment have been developed. When communities are competing for funding, clear processes are essential to assess, rank and prioritise projects. Decisions must be robust and stand the test of changing political and economic circumstances.

It is important that safeguards exist in the establishment of infrastructure bodies that negate the effects of political exigency. At a state, territory, and federal level the establishment and/or preservation of independent statutory authorities with the authority to provide expert and transparent advice to governments and industry is essential. This also requires an interagency focus with commitment and buy-in to roll-out the projects identified by those authorities via a pipeline that draws from the priorities and the long-term infrastructure strategies.

These authorities and their interaction should facilitate a more informed debate across industry and the community about government priorities, supported by strong evidence, research and public advice to government published independently. Delivering an integrated strategic approach to infrastructure planning and prioritisation will facilitate better urban and regional development through support for a long-term pipeline of coordinated infrastructure projects, supporting productivity and jobs growth.

Infrastructure Australia has adopted a methodology for prioritising infrastructure. The following jurisdictions also have an advisory role in developing an infrastructure pipeline, with specific reference in their role definition to the prioritisation of infrastructure:

- Infrastructure NSW,
- Building Queensland,
- Infrastructure Victoria,
- Infrastructure Tasmania.

¹⁸ An Alternative Approach to Project Selection: The Infrastructure Prioritization Framework Darwin Marcelo, Cledan Mandri-Perrott, Schuyler House, Jordan Z. Schwartz World Bank PPP Group, 14 April 2016

The other jurisdictions all have processes for assessing projects, but without clear responsibility for publishing a pipeline of priority projects.

RECOMMENDATIONS: PRIORITISATION

- 1) Ibodies will assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) Ibodies will have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

APPENDIX 1: STATE / TERRITORY RECOMMENDATIONS

Western Australia, South Australia, Northern Territory, Tasmania, and the Australian Capital Territory

Consult Australia recommends that in Western Australia, South Australia, Northern Territory, Tasmania, and the Australian Capital Territory an independent infrastructure body be created, in each, by an Act of Parliament. The Acts will set out the function and structure of the infrastructure bodies based on four core components, independence, planning, assessment, and prioritisation.

Independence

- 1) The functions of the infrastructure body will be set out in legislation, and the government (via the Premier/Minister) will not be allowed to direct or control its activities.
- 2) All strategies and plans prepared by the infrastructure body will be responded to by the government within a specified period. The strategy, plans, and government response must be presented to parliament, thus promoting bipartisan support and accountability to parliament.
- 3) If the Government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek Parliamentary approval.
- 4) The Board of the infrastructure body will be a balance of representatives from the public and private sectors. Private sector representatives must have appropriate skills relevant to infrastructure strategy/ planning/delivery, including design and construction.

Planning

- 1) The infrastructure body will be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy.
- 2) The strategies and plans will be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other infrastructure bodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.
- 3) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.

Assessment

- 1) The Infrastructure body will provide project implementation plans for major infrastructure projects (the amount to be defined in the legislation).

- 2) Project evaluation and benefit realisation will be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia and the other infrastructure bodies, are to work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

Prioritisation

- 1) The infrastructure body will assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) The infrastructure body will have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

New South Wales, Victoria, and Queensland

Consult Australia is an advocate for infrastructure bodies that have been established in New South Wales, Victoria and Queensland, however there are improvements that can be made to the governance structure and functions of the existing infrastructure bodies to ensure their successful operation.

New South Wales

Infrastructure NSW was established under the Infrastructure NSW Act 2011. The Act needs to be reviewed to ensure that its functions and structure are based on four core components, independence, planning, assessment, and prioritisation.

Independence

- 1) The NSW Government (via the Premier) must not be allowed to direct or control its activities.
- 2) All strategies and plans prepared by Infrastructure NSW must be responded to by the Government within a specified period. The strategy, plans, and Government response must be presented to Parliament, thus promoting bipartisan support and accountability to Parliament.
- 3) If the Government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek Parliamentary approval.
- 4) The Board of Infrastructure NSW must maintain a balance of representatives from the public and private sectors. However, it should be clarified that the private sector representatives must have appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

Planning

- 1) Infrastructure NSW must continue to be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy
- 2) The strategies and plans must be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other Ibodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.
- 3) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.

Assessment

- 1) Infrastructure NSW must provide project implementation plans for major infrastructure projects (as defined in the legislation).
- 2) Project evaluation and benefit realisation must be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia, Infrastructure NSW, and the other Ibodies, must to work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

Prioritisation

- 1) Infrastructure NSW must assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) Infrastructure NSW must have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

Victoria

Infrastructure Victoria was established under the Infrastructure Victoria Act 2015. The Act needs to be reviewed to ensure that its functions and structure are based on four core components, independence, planning, assessment, and prioritisation.

Independence

- 1) The Victoria Government (via the Minister) must not be allowed to direct or control its activities, as set out in the Infrastructure Victoria Act 2015.
- 2) All strategies and plans prepared by Infrastructure Victoria must be responded to by the Government within a specified period. The strategy, plans, and Government response must be presented to Parliament, thus promoting bipartisan support and accountability to Parliament.
- 3) If the Government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek Parliamentary approval.
- 4) The Board of Infrastructure Victoria must maintain a balance of representatives from the public and private sectors. However, it should be clarified that the private sector representatives must have appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

Planning

- 1) Infrastructure Victoria must continue to be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy
- 2) The strategies and plans must be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other Ibodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.
- 3) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.

Assessment

- 1) Infrastructure Victoria must provide project implementation plans for major infrastructure projects (as defined in the legislation).
- 2) Project evaluation and benefit realisation must be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia, Infrastructure Victoria, and the other Ibodies, must to work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

Prioritisation

- 1) Infrastructure Victoria must assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) Infrastructure Victoria must have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

Queensland

Building Queensland was established under the Building Act 2015. The Act needs to be reviewed to ensure that its functions and structure are based on four core components, independence, planning, assessment, and prioritisation.

Independence

- 1) The Queensland Government (via the Premier/Minister) must not be allowed to direct or control its activities.
- 2) All strategies and plans prepared by Building Queensland must be responded to by the Government within a specified period. The strategy, plans, and Government response must be presented to Parliament, thus promoting bipartisan support and accountability to Parliament.
- 3) If the Government wants to deliver an infrastructure project that is not included in the pipeline, or change the order of priority, it must seek Parliamentary approval.
- 4) The Board of Building Queensland must be a balance of representatives from the public and private sectors. Private sector representatives must have appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

Planning

- 1) Building Queensland must be responsible for developing:
 - o Long-term infrastructure strategies, and
 - o Shorter-term plans to underpin and deliver against the aims of the strategy.
- 2) The strategies and plans will be developed with a formal process of engagement across all stakeholders, political, public sector, business, interest groups, community groups etc. The other I-bodies should also be included to ensure that the strategy and plans have cross-jurisdictional alignment and interconnectedness.
- 3) The plans will have consistent assessment components (objectives) formed around productivity, livability, and sustainability (including integrated land-use) that can be reported and measured against.

Assessment

- 1) Building Queensland must provide project implementation plans for major infrastructure projects (as defined in the legislation).
- 2) Project evaluation and benefit realisation must be embedded within the decision-making processes, as a condition of funding and as a core component of project scoping.
- 3) Infrastructure Australia, Building Queensland, and the other I-bodies, must work together to develop national guidelines for business case development, consistent with Infrastructure Australia's assessment guidelines.

Prioritisation

- 1) Building Queensland must assess and publish a pipeline of priority infrastructure projects.
- 2) The methodology for the assessment of priority projects should be based on an agreed framework of assessment principles.
- 3) Building Queensland must have responsibility for the review, evaluation, oversight, and monitoring of infrastructure delivery (but not project delivery).

APPENDIX 2: REVIEW OF EACH JURISDICTION

Infrastructure Australia

Role

Established under the [Infrastructure Australia Act 2008](#) (*the Act*) as an independent statutory body with a mandate to strategically audit Australia's nationally significant infrastructure, and develop 15-year rolling Infrastructure Plans that specify national and state level priorities.

It has the following functions:

- a) to conduct audits to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account;
 - i. forecast growth; and
 - ii. economic, social and environmental sustainability;
- b) to develop lists (to be known as Infrastructure Priority Lists), based on audits conducted under paragraph (a) and any additional research by Infrastructure Australia, that prioritise Australia's infrastructure needs;
- c) to evaluate infrastructure proposals for investment in, or enhancements to:
 - i. nationally significant infrastructure;
 - ii. other infrastructure determined by the Minister;

as soon as practicable after the end of each quarter, Infrastructure Australia must make a summary of each proposal evaluated during the quarter available on its website.

- d) to develop plans (to be known as Infrastructure Plans) to be given to the Minister that,
 - i. specify priorities for nationally significant infrastructure for Commonwealth, State, Territory and

- ii. local governments for the period covered by the plan; and
- iii. specify the following for proposals relating to those priorities during that period:
 - productivity gains that may be anticipated from each proposal;
 - any complementary infrastructure required to maximise productivity gains from the proposals;
 - any complementary infrastructure required to maximise productivity gains from the proposals;
 - timeframes for delivering the proposals; and
 - includes a cost benefit analysis of each such proposal, and
 - take into account:
 - o the audits, lists and evaluations mentioned in paragraphs (a), (b) and (c); and
 - o consultations with Commonwealth, State, Territory and local governments; and
 - o any other matters Infrastructure Australia considers relevant.
- iv. A plan must cover a period of 15 years from the time the plan is prepared, or such other period as the Board determines.
- v. A cost benefit analysis included in a plan as mentioned in paragraph (d)(ii) must be prepared using the method approved by Infrastructure Australia. The method must enable the proposals to be compared.
- vi. A plan must be prepared under this section every 5 years, or at such other intervals as the Board determines.

vii. Within 14 days of a plan being given to the Minister, the plan must be made available on Infrastructure Australia's website.

viii. Infrastructure Australia must cause the approved method for cost benefit analysis to be reviewed:

- no later than 6 months after the commencement of the Act; and
- every 24 months after that first review.

The review must consider whether the cost benefit analyses take into account social, environmental and economic costs and benefits adequately.

ix. The report of the review must be made available on Infrastructure Australia's website within 14 days of the report being given to Infrastructure Australia.

e) to provide advice on infrastructure matters to the Minister, Commonwealth, State, Territory, and local governments, investors in infrastructure and owners of infrastructure on matters relating to infrastructure including;

- Australia's current and future needs and priorities relating to nationally significant infrastructure;
- policy, pricing and regulatory issues that may impact on the utilisation of infrastructure;
- policy issues arising from climate change;
- impediments to the efficient utilisation of national infrastructure networks;
- options and reforms, including regulatory reforms, to make the utilisation of national infrastructure networks more efficient;
- the needs of users of infrastructure;
- mechanisms for financing investment in infrastructure;
- the delivery of infrastructure projects; Infrastructure Australia may evaluate the delivery of an infrastructure project, including the evaluating:
 - the delivery against any targets set before or during delivery; and

- any relevant assumptions made before or during delivery.

ix. Infrastructure Australia also has the function of promoting public awareness of the matters mentioned in subsection (e), including by publishing information on its website.

f) to identify any impediments to investment in nationally significant infrastructure and identify strategies to remove any impediments identified;

g) to promote investment in infrastructure;

i. to review and provide advice on proposals to facilitate the harmonisation of policies, and laws, relating to development of, and investment in, infrastructure;

ii. to review Commonwealth infrastructure funding programs and their alignment with Infrastructure Plans given to the Minister under section 5B;

h) to undertake or commission research relating to Infrastructure Australia's other functions;

i) any other functions conferred on Infrastructure Australia by or under this Act or any other law.

15-Year Plan

In 2016 Infrastructure Australia developed the first Australian Infrastructure Plan, which provides a reform and investment roadmap. It sets out infrastructure challenges and opportunities that Australia will face over the next 15 years. The reforms in the Plan are guided by four aspirations:

- Productive cities, productive regions;
- Efficient infrastructure markets;
- Sustainable and equitable infrastructure; and
- Better decisions and better delivery.

Governance

Independent Board, comprising 1 chair (appointed by the Board) and 11 other members.

Each member must have knowledge of, or experience in, a field relevant to Infrastructure Australia's functions.

9 members (one of whom is the Chair) are to be nominated by the Commonwealth;

- a) 5 of whom must have acquired the knowledge or experience in the private sector;
- b) 1 of whom must have acquired the knowledge or experience in local government; and
- c) 3 of whom have been nominated by agreement between the States, ACT and the NT.

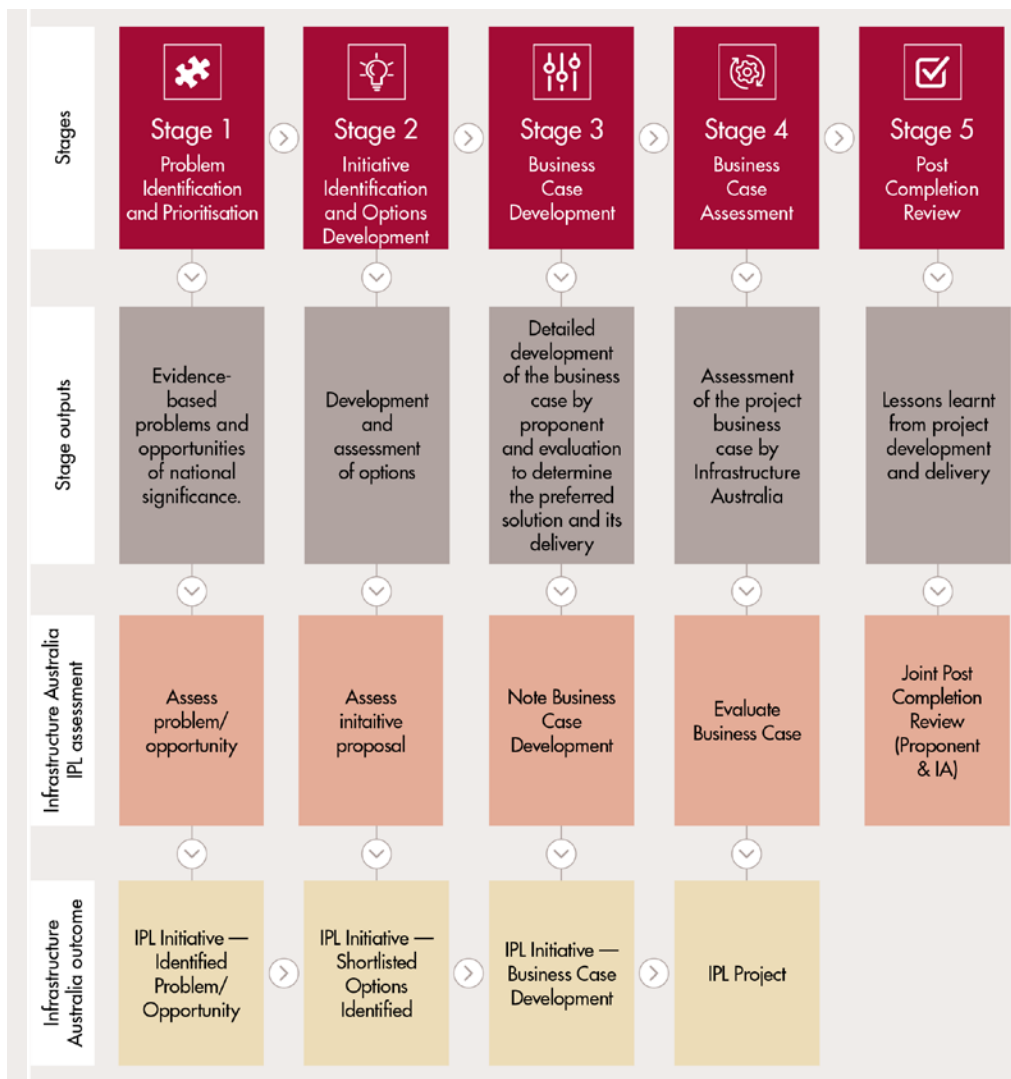
Members hold office for a period not exceeding 3 years.

The Act states that the Minister must not give directions about the content of any audit, list, evaluation, plan or advice provided by Infrastructure Australia.

Challenges

- Buy-in from State agency project owners;
- Differences in assessment framework approach, e.g. cost benefit analysis, gateway review procedures.

Assessment Framework



Source: Infrastructure Australia

Infrastructure NSW

Role

Established as an independent statutory agency under the [Infrastructure NSW Act 2011](#) to assist the NSW Government in identifying and prioritising the delivery of critical public infrastructure for NSW, namely:

- a) to secure the efficient, effective, economic and timely planning, co-ordination, selection, funding, implementation, delivery and whole-of-lifecycle asset management of infrastructure that is required for the economic and social well-being of the community, and
- b) to ensure that decisions about infrastructure projects are informed by expert professional analysis and advice.

It has the following functions:

- c) to prepare and submit to the Premier:
 - a 20-year State infrastructure strategy,
 - 5-year infrastructure plans and other plans requested by the Premier,
 - sectoral State infrastructure strategy statements,
- d) to prepare project implementation plans for major infrastructure projects, 'major infrastructure project' means a project to provide infrastructure:
 - that has a capital investment value of more than \$100 million, or
 - that is nominated by the Premier as a special project requiring oversight or co-ordination by Infrastructure NSW,
- e) to review and evaluate proposed major infrastructure projects by government agencies or the private sector and other proposed infrastructure projects (including recommendations for the role of Infrastructure NSW in the delivery of those projects),
- f) to oversee and monitor the delivery of major infrastructure projects and other infrastructure projects identified in plans

- g) adopted by the Premier,
- g) to carry out or be responsible for the delivery of a specified major infrastructure project in accordance with an order of the Premier,
- h) to assess the risks involved in planning, funding, delivering and maintaining infrastructure, and the management of those risks,
- i) to provide advice to the Premier on economic or regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors,
- j) to provide advice to the Premier on appropriate funding models for infrastructure,
- k) to co-ordinate the infrastructure funding submissions of the State and its agencies to the Commonwealth Government and to other bodies,
- l) to carry out reviews of completed infrastructure projects at the request of the Premier,
- m) to provide advice on any matter relating to infrastructure that the Premier requests.
- n) Infrastructure NSW is the Gateway Coordination Agency (GCA) for capital investments.

20 Year State Infrastructure Strategy

The 20-year State infrastructure strategy must assess the current state of infrastructure in NSW and the needs and strategic priorities for infrastructure in NSW for the next 20 years. The strategy may include the following:

- a) economic, social and environmental objectives against which the performance of the State's infrastructure network can be assessed and benchmarked,
- b) the identification, on the basis of detailed, objective and quantitative evidence, of current land use plans and population projections, deficiencies in the State's infrastructure and the areas in which

- deficiencies in the State's infrastructure network are causing the most serious economic, social or environmental costs,
- c) an assessment of options available to deal with those identified deficiencies and to reduce those economic, social and environmental costs, including options relating to demand management and other policy, pricing and regulatory reform options,
 - d) the identification of projects and policies that will best deal with those identified deficiencies and reduce those economic, social and environmental costs.

Infrastructure NSW must, in preparing or reviewing the strategy, have regard to any State strategic priority of which Infrastructure NSW has been advised by the Premier.

5 Year Infrastructure Plans

- a) The plan is to identify specific major infrastructure projects to be undertaken as a priority in the following 5 years.
- b) Infrastructure NSW is to review the plan each year (and at such other times as the Premier directs or it considers appropriate) and submit a revised plan to the Premier.
- c) The content of the plan may include the following:
 - the rationale for the selection of the priority projects,
 - the estimated cost of the priority projects,
 - the recommended funding and delivery arrangements for the priority projects,
 - the estimated timeframe for the delivery of the priority projects.

Sectoral State Infrastructure Strategy Statement

Infrastructure NSW must prepare and submit to the Premier a sectoral State infrastructure strategy statement for any particular sector or sectors that the Premier considers significant for the State. It may include the following:

- a) an analysis of existing infrastructure in the sector,
- b) an analysis of current and future needs in the sector,
- c) options available to deal with those needs or to influence demand in the sector,
- d) criteria for evaluating those options and

- e) selecting the preferred options,
- e) consideration of impacts on land use planning in the sector, on other sectors and on key stakeholders in the sector,
- f) the preferred long term infrastructure strategy for the sector.

Project implementation plans for major infrastructure projects

- a) Infrastructure NSW may determine that a project implementation plan should be prepared for a major infrastructure project in order to facilitate the oversight and monitoring of the delivery of the project by Infrastructure NSW.
- b) In deciding whether a project implementation plan is required for a project, Infrastructure NSW is to take into account the importance of the project to the State and the resources of the relevant government agency to deliver the project on time and within budget.
- c) Infrastructure NSW may prepare a project implementation plan in consultation with the government agency responsible for the delivery of the project or may direct the agency to prepare the plan to the satisfaction of Infrastructure NSW.
- d) The Treasurer is to be consulted on the preparation of a project implementation plan.
- e) Content of a project implementation plan may include the following in relation to the project concerned:
 - the government agency or agencies responsible for the construction and delivery of the project,
 - the funding envelope for the project cost,
 - the funding and procurement model for the project,
 - the project delivery method, including the role (if any) of the private sector,
 - the timeframe for the delivery of the project,
 - the ongoing operation and maintenance of the project,
 - other matters relating to the delivery of the project.

Capital projects valued at an estimated total cost of \$10 million and above are required to be registered with Infrastructure NSW via the Reporting and Assurance Portal (RAP) - [Treasury Circular \(TC16-09\)](#).

Governance

The Board must consist of the following members:

- a) a person appointed by the Premier as the Chairperson of the Board,
- b) not more than 5 persons appointed by the Premier from the private sector who together have skills and experience in infrastructure planning, funding and delivery,
- c) the Chief Executive Officer,
- d) the Secretary of the Department of Premier and Cabinet,
- e) the Secretary of the Treasury,
- f) the Secretary of the Department of Industry, Skills and Regional Development,
- g) the Secretary of the Department of Planning and Environment.

Board members are appointed for a period not exceeding 4 years.

20-Year State Plan

In developing the first 20-year State Infrastructure Strategy (2012), Infrastructure NSW applied a strategy evaluation method and an investment planning and prioritisation framework developed with Deloitte consisting of three criteria:

- a) Connectivity
Infrastructure worthy of consideration must deliver economic growth and productivity improvements by better connecting people and business with markets and services.
- b) A better life
If the State is to continue to be an attractive place to work, live or start and run a business, infrastructure to be supported must improve the quality of life for the people of NSW, and the benefits must exceed the costs.
- c) Resilience
Resilient infrastructure ensures NSW has a reliable backbone, which meets the State's needs now

and into the future. It covers the capacity of public and private infrastructure to withstand disruption, absorb disturbances, act effectively in crisis and deal with climatic variability. Infrastructure that fails at times of greatest need is not resilient and is not serving the public interest because it destroys economic value.

Infrastructure NSW stated that this approach is in line with that applied by Infrastructure Australia in its Reform and Investment Framework. Also, that the three criteria align with the NSW Department of Planning and Infrastructure, Draft Metropolitan Strategy for Sydney: liveability, productivity and prosperity, healthy environment, accessibility and connectivity.

Economic assessment

The 20-year State Infrastructure Strategy (2012) recognises that economic benefit cost analysis is the standard tool for rigorous and objective project assessment. To the extent possible it monetises all financial and non-financial impacts of a project to determine whether it offers net benefits to society. Projects or reforms that demonstrate a potential to generate positive economic returns have been prioritised accordingly by Infrastructure NSW.

"It should however be noted that in some cases projects are at an early development stage and economic merit is correspondingly uncertain. In these cases the recommended priority determined by Infrastructure NSW is necessarily more indicative, and could change in light of further detailed analysis."

In the 2014 Strategy Update, it was reported that at the project level, Infrastructure NSW applies an independent, three part test:

- a) Strategic fit
Alignment with the principal State planning instruments such as the 2012 State Infrastructure Strategy, the State Plan, Long-Term Transport Master Plan and Regional Growth Plans.
- b) Economic merit
As demonstrated through a cost benefit analysis and reflected in the benefit-cost ratio or net present value of net benefits.

- c) Completed assurance processes
Including a compliant business case, completed Gateway review process and appropriately implemented risk mitigation and management strategies.

The 2014 Strategy Update also records that it is now accepted policy in NSW to prepare business cases for major projects prior to final decisions being made by the Government on their funding and implementation. Agencies generally develop project proposals in a staged manner, moving progressively towards the production of a final, detailed business case that contains all the data and analysis the Government requires to take properly assured decisions on a particular project or program's scope, budget, timing and means of procurement.

In a number of instances, Infrastructure NSW recommends a timeframe within which a business case should be prepared; such recommendations are intended to enable the Government to ensure that critical infrastructure projects and programs are 'investment decision ready' at the point where funding for them becomes available. Projects are deemed to be 'investment decision ready' when they have passed through Stage 2 of the major project assurance framework. At this point, funding can be substantively committed to the project and the process of procurement can commence.

Note in October 2017 the Minister for Transport and Infrastructure released the Future Transport 2056 draft strategy alongside the release of the Greater Sydney Commission's draft Greater Sydney Region Plan.

Assessment Framework

Infrastructure Investor Assurance Framework (IIAF)

[Click here for full document](#)

Introduced in 2016 the Infrastructure Investor Assurance Framework (IIAF) is a risk-based assurance process for the State's capital projects, the State being in the role of the investor.

In July 2016, NSW Treasury issued a [Treasury Circular \(TC16-09\)](#) advising all relevant delivery agencies that they are required to adhere to the protocols as outlined in the IIAF policy document administered by Infrastructure NSW.

Infrastructure investor assurance is not an audit, approval or an endorsement process. It is a process to complement project development and delivery to aid prevention of project failure.

The IIAF does not take away from:

- a) Delivery agency project management or assurance requirements to meet internal governance arrangements; or
- b) The need to prepare business cases to support funding decisions in the event that a project does not require a Gateway Review under the IIAF.

Initial Project Tier assessments are made by delivery agencies through an online Project Risk Profile Tool when registering a project on the Infrastructure NSW Reporting and Assurance Portal (RAP).

Delivery agencies also lodge an initial Project Assurance Plan for endorsement when registering. The Project Assurance Plan must meet the minimum requirement for Gateway Reviews outlined in the Framework.

Following review by the Infrastructure NSW Assurance Team and advice from the Risk Review Advisory Group, Infrastructure NSW will make recommendations to the Infrastructure Investor Assurance Committee (IIAC) seeking endorsement of the Project Tier and Project Assurance Plan for each project.

The IIAC is convened, chaired and managed by Infrastructure NSW. The IIAC comprises the Secretaries of the Department of Premier and Cabinet, NSW Treasury, Transport for NSW, NSW Health and Department of Planning and Environment.

Where the Risk Review Advisory Group advice in relation to the Project Tier and Project Assurance Plan is contrary to that nominated by the delivery agency, the delivery agency will be offered a 'right of reply'. The 'right of reply' provides the agency

with an opportunity to contest the nomination with justification before the advice is provided to IIAC for endorsement.

The Project Tier and Project Assurance Plans will be reported to Cabinet for noting. Delivery agencies will then be notified of the endorsed Project Tier and Project Assurance Plan for each project.

Gateway Review and Health Check reports are confidential between the nominated delivery agency Senior Responsible Officer (SRO) and Infrastructure NSW.

Expert Reviewers, engaged by Infrastructure NSW, prepare Gateway Review and Health Check Reports on behalf of Infrastructure NSW.

The IIAF risk-based assurance approach means that different levels of assurance and reporting are applied proportionate to a potential risk profile. The initial risk profiling self-assessment process is undertaken by delivery agencies. The process involves giving each project a risk-based score against specified criteria (see IIAF document), and undertaking further qualitative analysis, enabling projects to be grouped into risk-based tiers to which different levels of project assurance can be applied.

There are three main components to the independent investor assurance process:

- a) Gateway Reviews and Health Checks;
- b) Project reporting based on inputs provided by delivery agencies; and
- c) Monitoring conducted by Infrastructure NSW.

NSW Gateway Policy

See: [NSW Treasury Gateway Policy \(February 2017\)](#)

The policy is owned by NSW Treasury. Infrastructure NSW is the coordination agency for capital projects, meaning a project primarily comprised of one or more of the following elements:

- Infrastructure
Meaning: the basic services, facilities and installations to support society. Can include water, wastewater, transport, sport and culture, power, policy, justice, health,

education and family and community services.

- Equipment
Meaning: the necessary assets used on or to support an infrastructure system and can include fleet and rolling stock.
- Property developments
Meaning: the wholesale and/or retail urban renewal or Greenfield developments managed by the Government where a capital investment over \$10 million has been made to facilitate those developments.
- Operational technology that forms a component of a capital project, can include systems that relate to service delivery, such as tolling systems, rail signalling or technology to support a new school or hospital.

Note: ICT does not fall within the responsibilities of Infrastructure NSW. The Gateway Coordination Agency for ICT is Department of Finance, Services and Innovation (DFSI).

The IIAF sets out how it applies for the relevant investment type and the arrangements and processes to be followed for external assurance. Projects must then be risk assessed and classified into tiers to determine when, and at what decision points, Gateway reviews must be undertaken.

Challenges

- Buy-in from State agency project owners;
- Differences in assessment framework approach, e.g. cost benefit analysis, gateway review procedures.

Building Queensland

Role

Building Queensland was established as an independent statutory body under the [Building Queensland Act 2015](#).

Functions of Building Queensland:

- a) To provide independent expert advice to the State and government agencies about infrastructure including advice about:
 - i. the State's current and future needs and priorities relating to infrastructure;
 - ii. policy, pricing and regulatory issues that may impact on the use of infrastructure;
 - iii. impediments to the efficient use of infrastructure;
 - iv. options and reforms, including regulatory reforms, to make the use of infrastructure more efficient;
 - v. emerging national and international trends in policies about infrastructure;
 - vi. the needs of users of infrastructure;
 - vii. procurement, project finance and other emerging national and international trends in the delivery of infrastructure projects;
 - viii. the delivery of an infrastructure project.

The advice about infrastructure must be based on rigorous analysis taking into account forecast growth; and

- i. economic, social and environmental sustainability; and
- ii. cost benefit analysis; and
- iii. community benefits, including social return on investment.

Advice about procurement or the delivery of an infrastructure project may include an evaluation of:

- i. the project against any set targets; or
- ii. any relevant assumptions made during procurement or the delivery of the project.

- b) To develop a framework for assessing the costs and benefits of infrastructure projects.
- c) It may assist a government agency in the preliminary preparation of an infrastructure proposal (prior to the development of a business case) if it likely to become a proposal where:

- i. The estimated capital cost is between \$50mil and \$100mil, or if the net present value of financial commitments entered into by the State for the proposal is estimated to be between \$50mil and \$100mil; or
- ii. The estimated capital cost of \$100 million or more, or if the net present value of financial commitments entered into by the State for the proposal is estimated to be \$100 million or more; or
- iii. Directed by the Minister to do so.

Within 28 days after the end of each 6-month period after the commencement, Building Queensland is to give the Minister a summary, as approved by the board, of each infrastructure proposal it assisted with during that period (which is to be made public).

- d) It may evaluate proposals for investment in new infrastructure or enhancements to existing infrastructure, and to provide a summary of each proposal evaluated to the Minister within 28 days after the end of each 6 month period (after commencement). The summary is to be made public.
- e) To assist in the preparation of the business case for an infrastructure proposal with an estimated capital cost between \$50mil and \$100mil or if the net present value of financial commitments entered into by the State for the proposal is estimated to be more than \$50mill (but less than \$100mil).
- f) To lead the preparation of the business case for an infrastructure proposal with an estimated capital cost of \$10mil or more, or if the net present value of financial

commitments entered into by the State for the proposal is estimated to be \$100mil or more.

- g) If directed by the Minister, it is to
- i. assist in the preparation of the business case for any other infrastructure proposal; or
 - ii. lead the preparation of the business case for any other infrastructure proposal.
- h) Where it is leading the preparation of a business case in relation to an infrastructure proposal, it must give the Minister:
- i. details of the productivity gains that may be anticipated from the proposal, including if any complementary infrastructure may be required to maximise the productivity gains from the proposal;
 - ii. the time-frames for delivering the proposal;
 - iii. a cost-benefit analysis for the proposal (a summary of which is to be made public).

The cost benefit analysis for an infrastructure proposal must be prepared using a method, approved by Building Queensland, that enables any infrastructure proposals to be compared.

- i) It is to prepare and maintain a document (the infrastructure pipeline document) that is to state the following for each infrastructure proposal or infrastructure project Building Queensland considers to be a priority for the State:
- i. The state of development of the proposal or project;
 - ii. An estimate of the cost to deliver the proposal or project.

Building Queensland must give a copy of the document, or an update to the document, to the Minister every 6 months after it is first prepared. It is also to be made public.

- j) Where the Minister has directed Building Queensland to lead the procurement or delivery of a particular infrastructure project, the Minister is required to consult with each responsible Minister for the project about the extent to which Building

Queensland is to lead the procurement or delivery of the project.

Governance

The board is made up of 8 persons, which includes:

- a) The chair
- b) 4 part-time members, who must have qualifications or experience in a field relevant to a function of Building Queensland.
- c) The Chief Executives (or senior executive) of the Department of Premier and Cabinet, the Treasury, the Department of Infrastructure, Local Government and Planning.
- d) The Chief Executive of Building Australia.

Board members may hold office for a term no longer than 3 years.

Queensland Government Procurement Strategy

The Queensland Department of Housing and Public Works has published a Procurement Strategy (from 1st September 2017). The Strategy is intended to ensure that informed decisions are made about how government funds are used to prioritise QLD businesses, support local jobs in regional QLD and achieve more positive outcomes on behalf of tax payers. It applies to all procurement including the commissioning of major projects and infrastructure.

The Government Procurement Strategy is supported by the Queensland Procurement Policy which will be applied across all government agencies and government owned corporations.

The Queensland Procurement Policy principles centre on:

- putting Queenslanders first when securing value for money—recognising that value for money is more than price paid
- working together to achieve outcomes—providing a flexible procurement framework based on an agency-led procurement model
- governance and planning—focusing on a category management approach with

- a strong governance framework and integrated planning
- *leaders in procurement practice—professionalising the procurement discipline and building procurement capability*
- integrity, probity and accountability—ensuring procurement is undertaken with integrity, that probity is appropriately managed, and that accountability for outcomes is maintained
- advancement of government objectives—providing the procurement framework to advance.

The Office of the Chief Advisor-Procurement (OCA-P) supports an agency-led, centrally enabled procurement model where agencies are responsible for their own procurement.

The OCA-P supports agencies to deliver better outcomes for Queenslanders through their procurement. It provides advice and support to help agencies make informed decisions, and drive consistent and effective outcomes across the public sector.

Specifically, the Office of the Chief Advisor-Procurement:

- provides informed and strategic advice to senior stakeholders regarding Queensland's procurement direction, policy and practice, as well as related whole-of-government issues
- provides guidance materials, practical tools and templates
- supports whole-of-government procurement governance bodies
- facilitates improved stakeholder engagement, both across government and with industry
- builds foundations for improved procurement-related information and knowledge management including gency spend, performance management and reporting framework, procurement-related

data management, and supports category councils to build and publish forward procurement pipelines

- focuses on building procurement leadership and capability across the sector including a procurement professional accreditation framework
- manages and oversees the delivery of critical business systems supporting procurement and contract management operations.

Infrastructure Pipeline

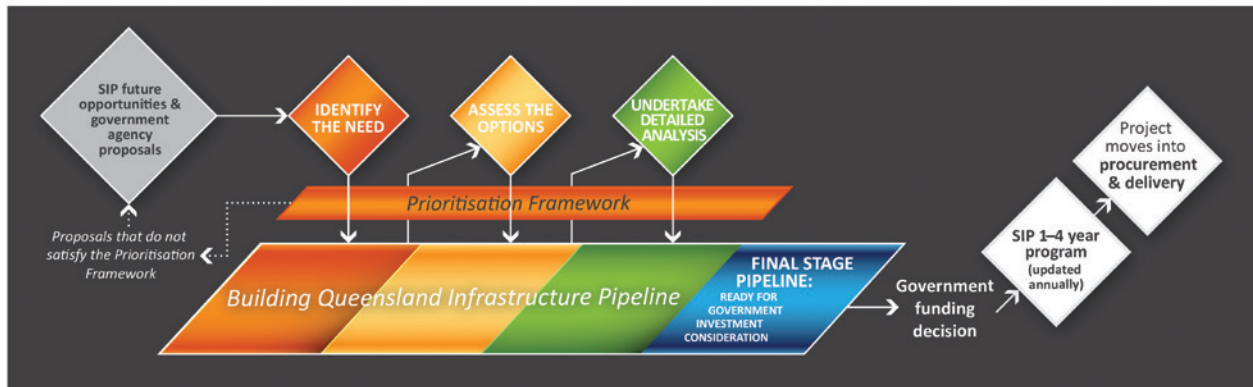
Building Queensland is not responsible for developing an overall strategic plan for infrastructure in Queensland, this remains the responsibility of the Department of Infrastructure, Local Government and Planning (DILGP) and is reflected in the State Infrastructure Plan (SIP).

The SIPs objectives are:

- Improving prosperity and liveability.
- Infrastructure that leads and supports growth and productivity.
- Infrastructure that connects our communities and markets.
- Improving sustainability and resilience.

Building Queensland is however responsible for developing an Infrastructure Pipeline that reflects priority proposals identified by government agencies.

Market Led Proposals are not considered for inclusion in the Infrastructure Pipeline as they are appraised by Queensland Treasury under a separate framework.



Relationship between SIP and the Infrastructure Pipeline
(Source: [Building Queensland Infrastructure Pipeline Support 2016](#)).

Figure 1. The Infrastructure Pipeline

Building Queensland’s prioritisation methodology comprises four key criteria:

a) Strategic Appraisal

It examines how a proposal aligns with State and Federal Government goals and objectives. It also considers if a proposal is ingrained in long-term planning such as infrastructure strategies and sectoral plans. This appraisal considers whether a proposal has developed, analysed and communicated present and future problems and needs. Depending on a proposal’s development stage, the strategic appraisal considers what other options have been assessed to clearly justify any preferred option. The strategic appraisal is a threshold test. If this test is not satisfied a proposal will not appear in the Infrastructure Pipeline.

b) Economic and Financial Appraisal

The Economic and Financial appraisal considers whether a proposal’s monetised benefits outweigh its costs. Does the proposal provide a net benefit to the community as a whole?

Proposals should identify the full range of potential costs and benefits, including quantifying impacts with a dollar value. The benefit cost ratio is a key indicator for this appraisal. Building Queensland looks for a ratio greater than one to confirm a proposal generates a net benefit. Where it is difficult to monetise benefits (as can be the case for social infrastructure) a qualitative

judgement of value may be substituted for a quantitative estimate.

The Economic appraisal is based on Building Queensland’s Cost Benefit Analysis Guide which outlines the approach to quantifying the economic benefit and cost of a proposal. Other key considerations of this appraisal include financial indicators such as capital and whole of life costs, net present cost and internal rate of return.

c) Social and Environmental Appraisal

The Social and Environmental appraisal assesses a proposal’s impacts to the community and environment. Proposals must demonstrate an extensive understanding across key social factors including local and regional settings; impacts on elements of the human and natural environment; and social issues.

They must also provide an analysis of all reasonable alternatives. Proposals must ensure that social impacts are identified and appropriately considered where they cannot be incorporated in the cost benefit analysis. This includes consideration of hard-to-monetise but socially significant impacts associated with infrastructure development and operation.

This appraisal also considers the environmental impact of a proposal, including any associated environmental

studies and approvals. The Social and Environmental appraisal is based on Building Queensland's Social Impact Evaluation Guide which outlines the approach to the social assessment of benefits and/or impact of a proposal.

- d) **Deliverability Appraisal**
The Deliverability appraisal evaluates whether the proposal's delivery will realise and preserve the strategic intent and estimated benefits during the later stages of implementation and operation. The proposal's development and proposed risk management are examined from many perspectives, including design and technical aspects, procurement, construction and operational risks. Proposals appraised by Building Queensland are likely to need major investment, so the Deliverability appraisal considers whether public sector funding is appropriate or private sector participation is needed.

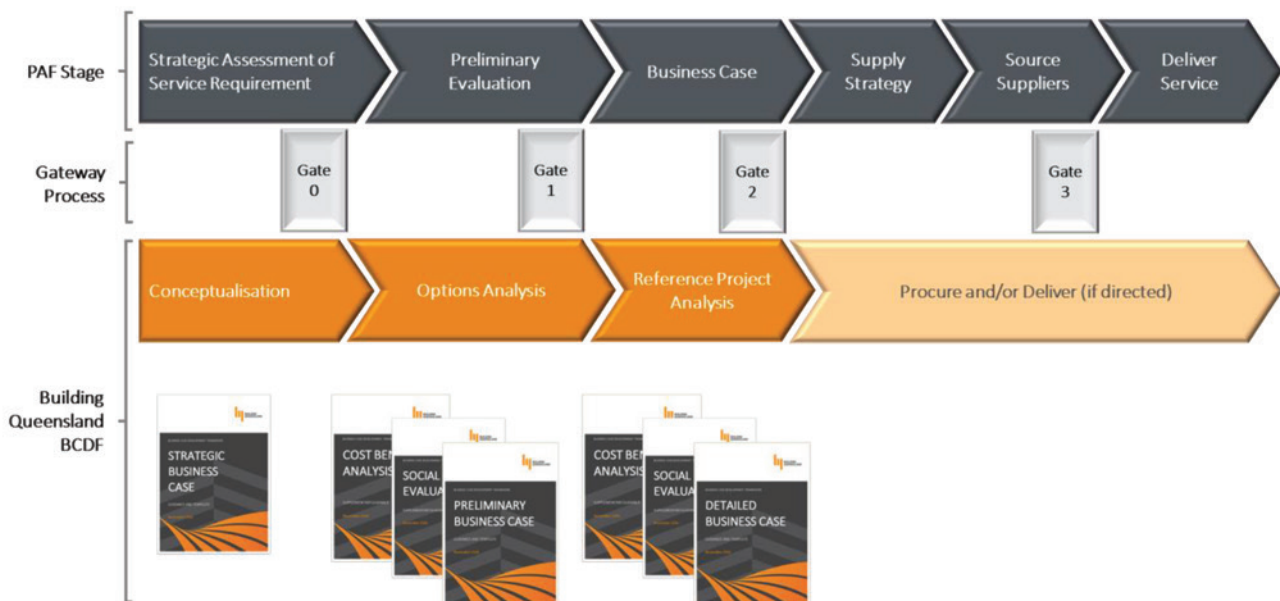
Assessment Framework

Building Queensland's Business Development Case Framework (BCDF)

QLD Treasury is responsible for the QLD Project Assessment Framework (PAF) and works with agencies to ensure consistent application (this includes Gateway Reviews).

The foundation for Building Queensland's BCDF is the Queensland Government's PAF. It explains that that BCDF supplements the PAF by providing, "substantially more detailed guidance on how to complete the assessments required to develop robust Business Cases". The relationship between for BCDF and the PAF is explained in [Building Queensland's Business Case Development Framework Overview](#) document.

The alignment between the BCDF and the PAF is illustrated below:



The Framework Overview document identifies that the BCDF differs slightly from the PAF at the Strategic Business Case (SBC) and Preliminary Business Case (PBC) stages. It supplements the PAF process by providing guidance on how to complete the assessments required to develop the Business Cases. In the BCDF, the SBC culminates in identifying high-level initiatives only, leaving the identification of detailed options and shortlisting to the PBC. This is designed to minimise the work required in the SBC before a decision is made to progress. It also encourages authors to focus on articulating the service need rather than on potential solutions.

The BCDF supports investment proposals that seek Infrastructure Australia involvement by generally aligning to Infrastructure Australia's Assessment Framework. Building Queensland provides guidance to proponents on the additional details required by Infrastructure Australia.

The BCDF aims to integrate effectively with the existing systems and processes of government agencies and government-owned corporations to ensure the development of investment proposals and business cases and minimise the likelihood of additional administrative burden.

The BCDF supports investment proposals that seek Infrastructure Australia's involvement by generally aligning to Infrastructure Australia's Assessment Framework. Building Queensland provides guidance to proponents on the additional details required by Infrastructure Australia.

Challenges

- Buy in from State agency project owners;
- Risk of duplication/variations in assessment, due to agency led approach and the new Procurement Strategy and role of the Office of the Chief Advisor - Procurement;
- Depth of external assurance applied;
- Application of assurance framework for projects <\$50mill.

Infrastructure Victoria

Role

An independent Statutory Body established under the [Infrastructure Victoria Act 2015](#) to provide independent and expert advice about Victoria's current and future infrastructure needs and priorities to support improved social, economic, and environmental outcomes for the State.

The functions of Infrastructure Victoria include:

- a) A 30-year infrastructure strategy, which must include:
 - i. a statement of social, economic and environmental objectives against which Victoria's infrastructure needs are able to be assessed and benchmarked; and
 - ii. an assessment of the current state of infrastructure in Victoria; and
 - iii. the identification of Victoria's short, medium and long term infrastructure needs and priorities to achieve the social, economic and environmental objectives referred to in paragraph (i), on the basis of detailed, objective and quantitative evidence, including land use plans, population projections and economic data; and
 - iv. an assessment of options available to meet the identified infrastructure needs and priorities, including:
 - new infrastructure projects; and
 - policy or reform options including demand management and regulatory reform; and
 - consideration of the balance between investing in new infrastructure and making better use of existing infrastructure in order to meet the identified infrastructure needs; and
 - v. recommendations regarding,
 - the funding options for the specified major projects, policies or reforms; and
 - the level of priority for the specified major projects, policies or reforms.
- vi. When preparing or updating the 30-year infrastructure strategy, Infrastructure Victoria must have regard to any current land use, transport or other relevant social, economic or environmental policy in Victoria.
 - i. Before the Strategy is delivered to Parliament a draft must be published for public consultation.
 - ii. The Minister must publish a response to the Strategy on behalf of the Government, setting out a 5-year infrastructure plan.
 - iii. The Strategy must be reviewed and updated every 3 to 5 years.
- b) Input into the Government's 5-year infrastructure plan, which must:
 - i. identify specific major infrastructure projects that should be undertaken as a priority in the next 5 years (the priority projects); and
 - ii. contain the rationale for selection of the priority projects, including an explanation of how the priority projects will achieve the social, economic and environmental objectives stated in the 30-year infrastructure strategy; and
 - iii. show the estimated cost of the priority projects, the proposed funding and delivery arrangements for the priority projects, and the estimated time for delivery of the priority projects; and
 - iv. contain a consideration of policy changes or reforms that may assist in meeting Victoria's infrastructure needs and priorities.
- c) An assessment of the Government's specified priorities and progress in meeting the infrastructure needs identified in the 5-year infrastructure plan must be included in Infrastructure Victoria's 5 year plan.

- d) Support as requested during the development of sectoral infrastructure strategies by public service bodies or public entities;
- e) Undertake and publish research on matters relating to infrastructure, including:
 - i. impediments to delivery; and
 - ii. improving the measurement of costs and benefits; and
 - iii. financing and funding models; and
 - iv. policy and reform issues; and
 - v. infrastructure policy issues arising from climate change, such as the measurement of greenhouse gas emissions produced by infrastructure.
- f) Provide written advice to the Minister on infrastructure matters, including Government or private sector proposals for major infrastructure projects, and intergovernmental submissions.

Governance

The Board consists of:

- a) A chair;
- b) A deputy chair;
- c) 2 other appointed directors (part time) from outside the public service that has knowledge of policy and strategy, or infrastructure planning, funding, or delivery;
- d) the Department Head of the Department of Premier and Cabinet;
- e) the Department Head of the Department of Treasury and Finance; and
- f) the Department Head of the Department of Environment, Land, Water and Planning.

Appointed directors may hold a term of 3 to 5 years.

30-Year Plan

The objectives for the 30-year plan are:

- Prepare for population change
- Foster healthy, safe and inclusive communities
- Reduce disadvantage
- Enable workforce participation
- Lift productivity

- Drive Victoria's changing, globally integrated economy
- Promote sustainable production and consumption
- Protect and enhance natural environments
- Advance climate change mitigation and adaptation
- Build resilience to shocks

The Strategy adopted for the 30-year plan in order to assess the project options involved the following factors:

- a) **Cost**
The cost of the option, both in terms of what it would cost to implement or build and what it would cost to operate over the 30-year period.
- b) **Contribution**
The expected contribution of the option to meeting one or more needs over time.
- c) **Economic, social and environmental impacts**
The likely economic, social and environmental impacts of the option.
- d) **Relationships**
The relationships between options, including how they might enable, complement or inhibit one another.
- e) **Community Support**
The level of community support for the option, drawing on ongoing public consultation and the reports of two citizen juries.
- f) **Resilience**
The resilience of the options under alternate future scenarios.
- g) **State Planning Strategies**
Any relevant interactions with current state planning strategies.

Infrastructure Victoria commissioned additional demand modelling and preliminary cost benefit analysis for a limited number of major transport projects. Further research is being undertaken on how cost benefit analysis can be applied more broadly to other sectors and how to better value social and environmental, as well as economic impacts.

Assessment Framework

The Victorian Treasury and Finance is responsible for guidance on infrastructure investment planning and evaluation (which includes Gateway reviews).

Departmental agencies are responsible for their application. Major projects which have:

- a) a total estimated investment (TEI) greater than \$100 million funded through the budget process, regardless of funding source;
- b) are identified as high risk to government using an appropriate risk assessment process; or
- c) are determined by the Government as warranting the rigour of increased oversight, are subject to greater oversight by Treasury and Finance via the High Value High Risk Framework that it has developed.

Challenges

- Lack of buy-in for the State Plan by the agencies;
- Potential for non-compliance with the assurance framework for projects <\$100million

Western Australian Infrastructure Committee

The WA Planning and Development Act 2005 ('the Act') establishes the Western Australian Planning Commission (WAPC), which has overall responsibility for strategy and planning. It is not an independent body, as it sits within the WA Government's Department of Planning, Lands and Heritage.

The Act also establishes the Infrastructure Coordinating Committee (ICC), which reports to the WAPC. An Infrastructure Steering Group and the Senior Officers Group report to the ICC.

Role of the Western Australian Planning Commission (WAPC)

The functions of the WAPC are to advise the Minister on:

- a) the coordination and promotion of land use, transport planning and land development in the State in a sustainable manner;
- b) the administration, revision and reform of legislation relating to land use, transport planning and land development;
- c) local planning schemes, and amendments to those schemes, made or proposed to be made for any part of the State;
- d) to prepare and keep under review:
 - i. a planning strategy for the State; and
 - ii. planning policies, as a basis for coordinating and promoting land use planning, transport planning and land development in a sustainable manner, and for the guidance of public authorities and local governments on those matters;
- e) to plan for the coordinated provision of transport and infrastructure for land development;
- f) to provide advice and assistance to any body or person on land use planning and land development and in particular to local governments in relation to local planning schemes and their planning and development functions;
- g) to undertake research and develop planning methods and models relating to land use planning, land development and associated matters;
- h) to keep under review the strategic planning for the metropolitan region and any other part of the State to which a region planning scheme applies and to make recommendations to the Minister on that strategic planning;
 - i) to prepare and amend State planning policies;
- j) to prepare region planning schemes;

- k) to prepare improvement plans and improvement schemes;
 - i. to keep under review each region planning scheme and
 - ii. improvement scheme, to review the scheme completely whenever requested by the Minister to do so and to submit for approval any amendment considered necessary as a result of a review;
- l) to develop, maintain and manage land held by it that is reserved under a region planning scheme or improvement scheme and to carry out such works, including the provision of facilities on the land, as may be incidental to development, maintenance or management or to be conducive to the use of the land for any purpose for which it is reserved;
- k) to establish, and exercise powers in relation to,
 - i. The Executive, Finance and Property Committee
 - ii. The Statutory Planning Committee
 - iii. The Sustainable Transport Committee,
 - iv. The Infrastructure Coordinating Committee,
 - v. The Coastal Planning and Coordination Council,
 - vi. The Regional Planning Committees,
 - vii. The District Planning Committees

Note: the WAPC also has the power to establish other committees as it sees fit.

The WAPC Strategic Plan is a rolling three-year plan structured around the following themes:

- a) Plan for growth
- b) Coordinated and collaborative land use planning
- c) Responsible economic development
- d) Land and property
- e) Simplify and reform planning processes
- f) Governance.

Role of the Infrastructure Coordinating Committee (ICC)

The ICC reports to the WAPC.

Under the Act, its role is to

- a) advise the WAPC on planning for the provision of physical and community infrastructure throughout the State, and
- b) to perform such of the functions of the WAPC as delegated to it.

The WAPC has delegated the following roles to the ICC:

- a) Co-ordination of the preparation of the Metropolitan Development Program; and (
- b) Plan for the coordinated provision of infrastructure for land development.

Its remit therefore, is to be the primary advisory body for the coordinated planning of the State's strategic infrastructure.

Member agencies have agreed to refer relevant infrastructure policy, project or planning issues to the ICC at appropriate milestone points. The issues are:

- a) Strategic or high level, single or multiple-agency strategies, plans or initiatives with an infrastructure focus/component or significant infrastructure implications.
- b) Strategic state or nationally significant policy within an infrastructure focus or with infrastructure implications for more than one agency.
- c) New infrastructure related legislation or proposed amendments to existing legislation.
- d) Infrastructure related processes or programs across government.
- e) Infrastructure project proposals of national, state or regional significance involving multiple agencies or portfolios.
- f) Any other significant components or infrastructure systems, governance or delivery.

In general, papers submitted to the ICC should address:

- a) strategic, cross-agency infrastructure and

- policy issues,
- b) strategic planning initiatives that have significant infrastructure impacts across multiple agencies,
- c) projects of State significance that require coordination across multiple agencies.

Role of the Infrastructure Steering Group

The Infrastructure Steering Group is to provide advice and make recommendations to the WAPC (on behalf of the Infrastructure Coordinating Committee) on the planning, coordination and provision of physical and community infrastructure throughout the State.

Role of the ICC Senior Officers Group (SOG)

The ICC is supported by a SOG, which provides support and advice to the ICC as well as undertaking tasks at the request of the ICC. Its objective is to strengthen the ICC's effectiveness by:

- a) facilitating greater engagement from members through inviting agenda items, circulation of draft papers and agendas for comment and input, and the preparation of consolidated cross-government advice;
- b) providing cross-government advice on infrastructure planning, prioritisation, coordination, reform, financing and implementation;
- c) identifying constraints and opportunities for the delivery of, and coordinating the requirements necessary for, priority infrastructure projects; and
- d) identifying emerging infrastructure and land use issues.

As the body responsible for the setting the ICC agenda, the ICC SOG provides guidance to the agencies on the appropriateness of agenda items to be considered by ICC. SOG may determine that a paper does not proceed to ICC and/or be referred to other committees as necessary. If a resolution can be obtained at SOG level it may not be necessary for some papers to proceed to the ICC.

Governance

The Board of the WAPC consists of:

- a) A chairperson (independent) and deputy appointed by the Governor on the nomination of the Minister;
- b) 6 members appointed by the Governor and nominated by the Minister, which includes:
 - i. one representative from a metropolitan local government;
 - ii. one representative from a non-metropolitan local government;
 - iii. one with coastal planning and management experience;
 - iv. one with practical knowledge or experience in one or more fields of urban and regional planning, property development, commerce and industry, business management, financial management, engineering, surveying, valuation, transport or urban design;
 - v. one with practical knowledge of and experience in one or more of the fields of environmental conservation, natural resource management or heritage interests; and
 - vi. one with practical knowledge of and experience in one or more of the fields of planning and provision of community services, community affairs or indigenous interests
- c) The chief executives of the departments of:
 - Planning
 - Transport
 - Water and Environmental Regulation
 - Jobs, Tourism, Science, and Innovation
 - Communities
 - Primary Industries and Regional Development

Membership of the ICC:

- a) Chairman WAPC
- b) Departments of:
 - Planning
 - Transport
 - Water
 - Finance
 - Education
 - Health
 - Regional Development
 - State Development
 - Mines and Petroleum
 - Environment and Regulation
- c) One local government representative

- d) Two independent representatives
- e) Three WAPC appointees from the Housing Authority, Water Corporation and Landcorp
- f) Five WAPC appointees from the departments of Treasury, Premier and Cabinet, Education Services, Commerce, and Finance.

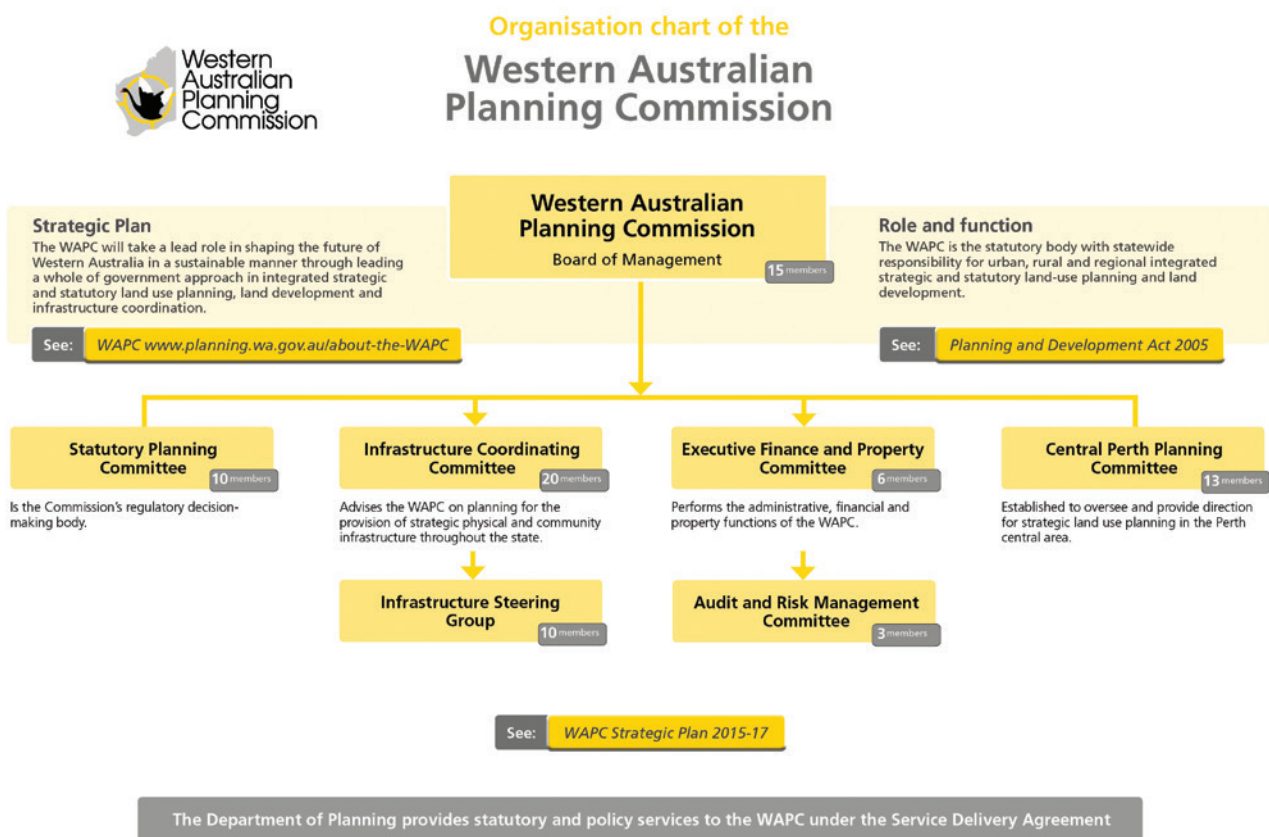
Transport
Water
Regional Development and Lands
Education
Health
Finance
Department of Finance - Utility Providers Services Committee
Main Roads WA;

Membership of the ICC Senior Officials Group includes the following WA Government departments:

Planning (in the chair)
Treasury
Premier and Cabinet
State Development

And representatives from:

Housing Authority; LandCorp; Public Transport Authority; Horizon Power; Water Corporation; Western Power; Metropolitan Redevelopment Authority; WA Police



Source: Western Australian Planning Commission

State Planning Strategy 2050

The [State Planning Strategy 2050](#) is the lead strategic planning document within the WA Government. Its purpose and function is to provide a credible State strategic context and basis for the integration and coordination of land-use planning and development across State, regional and local

jurisdictions. The Strategy was launched in June 2014 to guide and inform:

- a) Local community plans, growth plans and local planning schemes and strategies with structure planning and development assessments;

- b) project approvals through the Government's Lead Agency Framework;
- c) planning for the coordination of physical and community infrastructure;
- d) region scheme amendments, regional planning and infrastructure frameworks, regional investments and service delivery programs; and
- e) investment proposals into areas and sectors of the State most likely to generate a return in the public interest.

The State Planning Strategy 2050 seeks to achieve:

- a) A diverse State - offering a diversity of ecosystems, landscapes, enterprises, people and cultures
- b) A liveable State - the place of choice for the brightest and best
- c) A connected State - as connected to the rest of the world as any other place
- d) A collaborative State - enabling alignments that progress the State's sustained
- e) growth and prosperity

[Directions 2031 and beyond](#) is a high-level spatial framework and strategic plan for future growth for the Perth and Peel regions and guides the detailed planning and delivery of housing, infrastructure and services necessary to accommodate future population growth. This framework will be superseded by [Perth and Peel@3.5million](#) when endorsed by the State Government.

The draft planning frameworks within Perth and Peel@3.5million build on the vision of Directions 2031 and beyond and when finalised as sub-regional structure plans will provide strategic guidance to government agencies and local governments on land-use, land supply, land development, environmental protection, infrastructure investment and the delivery of physical and community/social infrastructure across Perth and Peel. The aims differ slightly from the State Planning Strategy 2050.

The aims are to achieve a city that is:

- o Liveable
- o Prosperous
- o Connected
- o Sustainable
- o Collaborative

As part of the ICC's objective to achieve efficient and coordinated infrastructure planning, an Infrastructure Monitoring Framework (IMF) has been developed. The intention is that this will facilitate greater alignment of strategic land use and infrastructure plans, the framework will support the implementation of the Government's suite of strategic planning for Perth and Peel @ 3.5 Million documents.

The IMF complements the State Government's Strategic Asset Management Framework (SAMF) by providing a whole of government infrastructure picture, and will assist State Government agencies in the preparation of Strategic Asset Plans (SAPs). SAPs are not available publically.

Assessment Framework

The WA Department of Finance owns the Gateway Review Process.

The WA Premier's Circular 2016/05 mandates the Gateway process where major projects or programs meet requirements (unless an exemption is approved by Finance):

- o infrastructure projects or programs valued at \$100 million and above;
- o ICT projects or programs valued at \$10 million and above; and
- o other projects or programs identified by the Department of Treasury.

Government agencies with projects or programs in the above categories are required to contact the Department of Finance at the earliest opportunity in the project or program life cycle, and definitely before business case approval.

Agencies can request a review for a project or program that does not meet the value thresholds but is considered high risk.

Challenges

- Lack of transparency in development of agency owned plans
- Potential for non-compliance with gateway reviews for projects <\$100million
- Lack of buy-in/compliance with IMF framework
- Discretion of SOG not to put forward projects to the ICC
- Low proportion of independent representatives

South Australian State Planning Commission

Role

The new South Australian [State Planning Commission](#) is the State's principal assessment and advisory body responsible for implementation of the bulk of the reforms under the [Planning, Development and Infrastructure Act 2016](#), ('the Act') which came into operation on 1 April 2017.

The Act establishes the Commission, but it is not an independent body. It reports to the Minister for Planning.

The Commission's primary roles include:

- a) Providing advice and recommendations on government planning policy
- b) Analysing and assessing upcoming development projects
- c) Coordinating planning with infrastructure and guidance
- d) Guiding local council and accredited professionals in the delivery of new planning services and community engagement.

The Commission has a core role in guiding the implementation of the State's planning system over the next three years (2017-2020), in line with the Minister for Planning's roadmap. In particular, they will be charged with:

- a) establishing and maintaining a number of new instruments outlined in the Act including a Community Engagement Charter, the Planning and Design Code, and Design Standards for the public realm and for infrastructure;
- b) protecting areas of rural, landscape, environmental or food production significance surrounding metropolitan Adelaide;
- c) preparing a Regional Plan for each planning region with the relevant council(s);
- d) assessing development projects in some classes of applications;

- e) providing advice about funding programs available for planning or development within the state;
- f) undertaking and publishing relevant research and providing reports as requested by the Minister or determined by the Commission;
- g) advising the Minister on the application of the Building Code, Planning Rules and Building Rules; and
- h) delivering an annual report to the Minister.

It is important to note that although the Commission has now commenced, much of the planning system will operate as 'Business as Usual' under the Development Act 1993 until further notice. This includes the assessment of all development applications made under the Development Act and the operation of the assessment and advisory committees established under the Act:

- o Development Assessment Commission (DAC),
- o Development Policy Advisory Committee (DPAC),
- o Local Heritage Advisory Committee (LHAC),
- o Building Rules Assessment Commission (BRAC) and
- o Building Advisory Committee (BAC).

Governance

The State Planning Commission consists of six members, including the Chairperson, appointed by the Governor, on the recommendation of the Minister for Planning. Under the Act the Commission must consist of at least 4 and not more than 6 people.

It includes one ex officio member from the Department of Planning, Transport and Infrastructure to assist the Commission in its administration of the Act.

Members of the Commission must collectively have qualifications, knowledge, expertise and experience in the following areas:

- o economics, commerce or finance;
- o planning, urban design or architecture;
- o development or building construction;
- o the provision of or management of infrastructure or transport systems;

- o social or environmental policy or science; and
- o local government, public administration or law.

30-Year Plan for Greater Adelaide

30-Year Plan for Greater Adelaide published in 2010, with an [update published in 2017](#). This work has been produced by the Department of Planning Transport and Infrastructure.

The Plan's objectives are to:

- o Maintain and improve liveability
- o Increase competitiveness
- o Drive Sustainability and Resilience to Climate Change

These are underpinned by 14 principles:

- o supporting Greater Adelaide's new urban form
- o reinforcing and enhancing Adelaide's reputation as a liveable and vibrant place
- o facilitating good design outcomes that ensure new development positively contributes to existing neighbourhoods
- o protecting and recognising our heritage
- o providing affordable and diverse housing choices for different household types and lifestyles
- o creating healthy neighbourhoods that promote cycling, walking and public life
- o delivering a more connected and accessible Greater Adelaide
- o supporting economic development and unlocking investment
- o maximising the efficient use of infrastructure
- o valuing our natural environment and enhancing biodiversity
- o ensuring a diverse range of quality public open space and places
- o mitigating against and adapting to our changing climate
- o protecting and securing our water resources
- o building our resilience to hazards and disasters.

Assessment Framework

The Development Assessment Commission is an independent statutory body established under Part 2 of South Australia's Development Act 1993.

The Commission independently assesses and determines specified kinds of development applications in South Australia. These are prescribed in the Development Act and Development Regulations and include:

- o Certain developments of significant regional impact eg. new landfill facilities, railway infrastructure, commercial forestry.
- o Certain types of development in key areas of the State, including the Hills Face Zone, the River Murray Flood Zone, the Adelaide Park Lands, various Conservation Zones and the Adelaide Hills water catchments, land within irrigation areas, Port Adelaide Centre Zone, Osborne Maritime Policy Area, Bowden Urban Village, the MFP (The Levels) Zone.
- o Most Housing SA applications.
- o Certain types of development by councils themselves or involving council land, and applications where the council requests (and the Minister for Planning agrees) that the DAC be the assessing authority.
- o Development in the City of Adelaide greater than \$10million. In addition, the Commission acts as if it was a council for planning and building approvals in areas of the state outside a council area (such as the Far North of the state, and many off-shore islands).

Under Section 46 of the Development Act 1993, the Minister for Planning can declare a proposed development a 'Major Development' if he or she believes such a declaration is appropriate or necessary for proper assessment of the proposed development, and where the proposal is considered to be of major economic, social or environmental importance.

This triggers a thorough state-run assessment process with opportunity for public comment before any decision is made on whether the proposal warrants an approval.

The SA State Procurement Board, sits within SA Treasury and Finance. The Board's mission is to build an effective and efficient system of public

procurement. It has a mixture of public and private sector members.

The Board's strategic focus is aimed at delivering a system of public procurement that will:

- o ensure support for the government's policy objectives and deliver value for money;
- o ensure that procurement activities are seen by all stakeholders as fair, equitable and professionally managed;
- o provide the government with an independent party to oversee procurement activities;
- o identify and disseminate opportunities for improved procurement practices;
- o establish a culture that allows good ideas to be considered and implemented; and
- o promote, support and raise awareness of those areas described above.

The Procurement and Government unit within the Department of Treasury and Finance supports the Board and prepared a 4-year Assurance Plan for the Assurance Cycle.

The Assurance Plan includes the list of public authorities to be reviewed, and the timing of the review.

Challenges

- Lack of transparency in development of agency owned plans, potential lack of buy-in to 30 Year Plan.
- Potential for non-compliance with assurance framework due to agency led approach.
- Planning Commission and Procurement Board are advisory only, no strategy or priority setting roles.

Infrastructure Tasmania

Role

Infrastructure Tasmania was created to provide a coordinated, state-wide approach to the planning and delivery of infrastructure in Tasmania, including rail, major roads, energy, ports and water and sewerage. It sits within the Government's Department for State Growth. Its CEO works within the Department for State Growth and also reports to the Treasurer.

It's core functions are:

- o to assess and prioritise all major publicly-funded infrastructure
- o co-ordinate funding submissions under State and Commonwealth budget processes and the management of Tasmania's dealings with Infrastructure Australia.
- o prioritise advice on the implementation of Government infrastructure policy and the completion of tasks and investigations at the request of the Government where relevant.

It assesses and prioritises all major publicly funded infrastructure investment proposals, and provides independent and objective advice about proposals to the Minister for Infrastructure and the Treasurer. It is also responsible for coordinating all major infrastructure funding submissions to the Tasmanian and Australian Governments.

Priority Work Program for 2015-16 focused on strategic investment in infrastructure, efficient transport and an effective freight network, to create jobs, boost productivity and encourage economic development.

Outcomes from the 2015-16 work program included the State Roads Audit 2016, Draft Freight Strategy, review of a proposed light rail system in Hobart, and Bridgewater Bridge Review.

Its Priority Work Program for 2016-17 has an emphasis on deficiencies and challenges within the infrastructure spectrum, with freight being a particular priority.

Capital City Strategic Plan 2015 - 2025

The key elements of the strategic plan are drawn from the City of Hobart's 2025 Strategic Framework developed in 2007 in consultation with the community and key stakeholders.

The City of Hobart 10-year Capital City Strategic Plan takes into account the key themes and outcomes the community identified during the 2007 project.

It underpins the Council's strategic planning framework and its purpose is to identify the community's main priorities and aspirations for the future and to plan strategies to achieve them. It guides the community and the Council on how it will make progress over the next 10 years - the last 10 years of the 2025 Vision

Assessment Framework

The Tasmanian Treasury is responsible for procurement practice and has issued a range of Treasurer's Instructions setting out good practice, which agencies are required to follow.

All government agencies and entities are required to establish a Procurement Review Committee for all building and construction and roads and bridges procurement with a value of \$100,000 or more (Treasurer's Instruction No 1218).

Challenges

- Lack of overall plan outside of the City of Hobart's strategy to 2025.
- No independent strategic input into infrastructure planning and development.
- Potential for non-compliance with procurement rules by agencies.

Northern Territory

The Northern Territory does not have a statutorily independent infrastructure body.

The Department of Infrastructure, Planning and Logistics has responsibility for development, planning, construction and maintenance of government infrastructure and roads, and transport safety, policy, strategy and compliance.

The Department of Housing and Community Development is responsible for providing infrastructure to remote areas of the NT.

10 Year Infrastructure Plan

A number of strategic plans have been prepared including:

- o Former Department of Lands and Planning strategic plan 2016 - 2020
- o Former Department of Infrastructure strategic plan 2014 - 2017
- o Former Department of Transport strategic plan 2014 - 2018

In June 2017 the Department of Infrastructure, Planning and Logistics published a [10-year infrastructure plan 2017-2026](#).

Six development levers critical to economic and social development, investment and jobs growth in the Northern Territory were identified through the 2016-17 Economic Summits process. They are:

- o Natural resources includes the land, flora, fauna, soils, water, minerals, oil, gas, waterways, inshore fisheries, coastal areas, the entire biomass in the Northern Territory, and our knowledge about these things. These resources are integral to the Territory's economic growth and underpin priority industries, in particular agriculture, energy, mining and tourism.
- o People have a two-fold impact on the economy - they are the consumers of goods and

services and are the workforce that supplies labour and knowledge. For our economy to grow, we must increase our population and find ways to engage the future workforce. Helping people reskill, upskill and reinvent their jobs will be essential.

- o Capital refers to different types of funding for businesses to invest in required technology, education, plant and equipment that support future growth. Capital also includes investment in the infrastructure that helps the economy function - road, rail, marine and air transport, pipelines, poles and wires, energy, water, buildings and telecommunications networks.
- o Better connectivity is critical to ongoing economic growth to strengthen our supply chains to improve the movement of people, goods and information, as well as connect with people who may exchange information, buy our products and services, or help us build relationships and partnerships to develop or reach markets.
- o Enterprise and innovation occurs when entrepreneurs, university and governments strive to improve the products and services they deliver. Innovative structures and management strategies can help unlock the latent economic potential of our economy. A constant focus on improving liveability is important to promote the Northern Territory as an attractive place to live, work, study, visit, research and raise families. Unless we can convince other people of this, we will find it difficult to sustain a workforce that can support business growth and grow our population. A small population limits the range of choices available to Territorians and affect the cost of living and the cost of doing business.

The 10-year plan identifies the following objects for infrastructure development:

- o Growing and diversifying the economy
- o Enabling greater Aboriginal participation
- o Creating jobs
- o Connecting our jurisdiction, regions and communities
- o Enhancing liveability

There is an Infrastructure Standing Committee that reviews the draft Capital Works Program providing a whole-of-government approach to proposals and provides comment and recommendations to Cabinet accordingly.

The Committee is made up of Agency executives responsible for infrastructure matters and chaired by the Under Treasurer.

Procurement Review Board

The Procurement Board independently reviews government procurement activity to ensure adherence to procurement policy.

The Board has 8 members, including an independent chair, and 1 independent member.

Challenges

- No independent strategic input into infrastructure planning and development.
- Potential for non-compliance with procurement rules by agencies.
- Lack of agency buy-in for the 10-year infrastructure plan.

Australian Capital Territory

The ACT does not have an independent statutory body for infrastructure.

Infrastructure Plan 2011-2021

In 2011 the ACT Government published an [Infrastructure Plan 2011-2021](#). An update to the Plan was published for [2016-17](#).

The ACT Government's four areas of priority are:

- o Health and Education;
- o Economic Growth and Diversification;
- o Suburban Renewal and Better Transport; and
- o Liveability and Social Inclusion

In June 2017 it was announced that the ACT will create a Chief Engineer position to oversee the territory's engineering and infrastructure projects. The Minister of Planning and Land Management has responsibility for developing the scope and requirements of the role.

The Department of Environment, Planning and Sustainable Development is responsible for the Territory Plan.

The Territory Plan is the key statutory planning document in the ACT, providing the policy framework for the administration of planning in the ACT. It also includes a statement of strategic directions, a map (the Territory Plan Map) which sets out zones and precincts in the ACT, objectives and development tables applying to each zone, and a series of general, development and precinct codes.

The Territory Plan also includes structure plans and concept plans for the development of future urban areas.

Assessment Framework

The Infrastructure Finance and Advisory Division (IFAD) is a division within the ACT Government that operates out of the office of the Chief Minister, Treasury and Economic Development. It brings together specialist capability in the support of selection, funding, implementation, delivery, and whole-of-life transaction management of complex

and major infrastructure projects.

To enable and facilitate the delivery of major and complex infrastructure projects in the ACT, IFAD's core functions comprise.

- o Supporting and advising on major infrastructure projects and transactions under models including Public Private Partnerships and DCMO, including procurement, transaction execution through to financial close.
- o Providing whole-of-life project transaction support
- o Developing and implementing the following policy frameworks
 - Unsolicited Proposals
 - The Partnerships Framework
 - The Capital Framework
- o Reviewing PPP contract management arrangements
- o Providing commercial support on unsolicited proposals
- o Procure and deliver major projects including PPPs as directed by Cabinet
- o Providing whole of life project governance and secretariat services

The Capital Framework (TCF) is the process for the upfront assessment of infrastructure project funding proposals and post delivery review of projects in the ACT. The framework provides practical assistance to Directorates in proposing, developing and assessing infrastructure projects. This includes a pre-funding business case review called the Single Assessment Framework (SAF).

Challenges

- No independent strategic input into infrastructure planning and development.
- Potential for non-compliance with procurement rules by agencies.
- Lack of agency buy-in for the 10-year infrastructure plan.

APPENDIX 3: INTERNATIONAL COMPARISONS

Organisation for Economic Co-operation and Development (OECD)

The OCED has done a considerable amount of research into procurement across OECD countries.

In September 2015 it published, '[Towards a Framework for the Governance of Infrastructure](#)'.

The report found that there is a set of governance principles that need to be in place regardless of the choice of procurement delivery model. They are:

- a) A long-term national strategic vision for the use of infrastructure should be in place, which takes into account the multi-dimensionality of the challenges.
- b) Regulatory frameworks, principles and processes should encourage the sustainable and affordable development, management and renewal of infrastructure.
- c) The process for managing infrastructure projects over their life-cycle delivery should be user-centric.
- d) It should rest on broad based consultations, structured engagement and access to information and have a primary focus on the users' needs.
- e) Coordination across levels of government and jurisdictions should be frank, regular and performance oriented. Coordination within levels of government should balance whole of government perspectives and sectoral views.
- f) The appropriate skills and procedures to ensure rigorous projects assurance, affordability, value for money and transparency should be in place.
- g) Project assessments should be based on data and a balanced value for money procedure.
- h) Systems should be in place to ensure a focus on the performance of the asset throughout its life.
- i) Map corruption entry points at each stage

of the public infrastructure project and enhance integrity and anti-corruption mechanisms.

- j) The choice of the appropriate delivery modality should integrate political, sectoral, and strategic aspects.

It was noted that political and business cycles issues strongly impact the phases of infrastructure. The report says,

"It is difficult to reconcile the short term vs. long term challenges at stake. Infrastructure involves long-term agenda and needs predictability but infrastructure is extremely sensitive to political and economic/business cycles.

The local public investment cycle is for example highly correlated to the local election cycle usually, the level of public investment rises the year that precedes municipal elections, and then declines the first years that follow the election. In the case of France, an analysis of three decades of local mandates (6 terms of 6 years) shows that public Gross Fixed Capital Formation FBCF rises on average by 5.9% on average the year that precedes the election, and declines by 0.5% just after the election, and 1.4% the year after (INSEE, 2002). Public investment is also highly sensitive to the economic cycle: it was for example used as the adjustment variable by many governments in the fiscal consolidation period that followed the crisis (OECD, 2013)."

Further work was conducted and an update published in May 2017 entitled [Getting Infrastructure Right, A Framework for Better Governance](#)

Based on a survey of 27 countries, the report provides an overview of current practices in infrastructure governance and presents practical

tools to help policy makers better manage infrastructure.

It identified ten principles objectives for better infrastructure governance:

1. Establish a national long-term strategic vision that addresses infrastructure services needs
2. Manage the integrity and corruption that threatens at all stages of the process, from project conception to delivery
3. Establish clear criteria to guide the choice of delivery mode (PPP vs direct public provision, etc.)
4. Ensure good regulatory design and maintain a predictable regulatory framework for investment
5. Integrate a consultation process early enough so that decisions benefit from real stakeholder engagement
6. Coordinate infrastructure policy across levels of government in such a way that investment decisions by central and subnational governments are coherent
7. Guard affordability and value for money by using an applying cost-benefit and other methods rigorously and consistently
8. Generate, analyse and disclose useful data to increase transparency and ensure accountability
9. Integrate mechanisms to evaluate the performance of assets throughout their lifecycle.
10. Review existing infrastructure resilience in the face of evolving natural and man-made risks and develop guidelines to future proof new infrastructures.

The survey findings showed that there was a deficit amongst respondees with respect to long term planning, prioritisation and coordination practices.

“While most countries have sectoral plans, this silo approach can make it difficult to achieve cross sectoral policy objectives such as regional development or adaptation to climate change and can miss chances for synergies between sectors such as energy, transport, housing and urban development.”

In considering whether there is good coordination around infrastructure planning, the report found that key policy questions for policymakers include:

- a) Is the overall regulatory framework for infrastructure sectors conducive to good governance of infrastructure?
- b) Are there multiple layers of regulatory requirements perceived as overly burdensome?
- c) Is there appropriate coordination between various regulatory bodies, as well as mechanisms for cooperation between regulators across borders?
- d) Are the functions, powers and capacities of regulators aligned with the role of regulators in the broader infrastructure permitting and approval process?
- e) What key data and information including on costs of capital, asset depreciation and infrastructure consumer base, are available to inform tariff setting?
- f) Does the overall governance of regulators facilitate confidence and trust in the infrastructure investment regime?

One indicator is the use of evidence-based tools for regulatory decisions, i.e. impact assessment, ex-post evaluation. A second indicator is the independence, accountability of regulators and whether they have sufficient scope of action.

Half of the countries surveyed said they had a long-term vision in the form of a strategic infrastructure plan. Only the following countries said that the plan integrates both central government and sub-national government: Australia, Italy, Japan, New Zealand, Republic of Korea, Sweden, Turkey and the United Kingdom.

United Kingdom

National Infrastructure Commission (NIC)

(See: www.nic.org.uk)

The NIC is responsible for establishing a long-term vision for infrastructure. The UK Government then determines which projects are delivered.

The NIC will hold the UK Government to account for taking forward the plans that result from its work.

The NIC was established as an Executive Agency of HM Treasury in January 2017.

Role

To provide advice and make independent recommendations to the UK Government on national infrastructure priorities, to support sustainable economic growth across all regions of the UK, improve competitiveness and improve quality of life.

The NIC is required to produce a National Infrastructure Assessment once in every Parliament, setting out the NIC's assessment of long-term infrastructure needs with recommendations to the UK Government.

It undertakes specific studies (which include recommendations to the UK Government) on pressing infrastructure challenges as set by the Government taking into account the views of the NIC and stakeholders.

It also produces an annual monitoring report, taking stock of the Government's progress in areas where it has committed to taking forward recommendations of the NIC.

Governance

The Commission is made up of 10 members including a Chair.

It has an Oversight Board, to supervise its financial management.

It has 2 Expert Advisory Panels, one analytical and one technical.

Infrastructure and Projects Authority (IPA)

The IPA is the UK Government's centre of expertise from infrastructure and major projects. It sits within the UK Government reporting to the Cabinet Office and HM Treasury.

Role

See: "[About the IPA](#)"

The IPA works with the UK Government and industry to improve the efficiency, effectiveness and performance of projects over time. The project delivery function includes the following:

- Develops capacity and capability in all government departments,
- Drives excellence by setting standards and measuring performance,
- Deploys expertise in project delivery and project finance,
- De-risks projects by providing independent assurance.

Its key activities are as follows:

- 1) Finance & International
The Finance and International team is comprised of project finance specialists that provide advice to the UK Government on the availability and policy implications of private finance and support Public Private Partnerships (PPPs) across government. Where necessary, they oversee financial market interventions such as the UK Guarantee Scheme (UKGS). The International team provides training and advice to foreign governments on their infrastructure plans and programmes.
- 2) Operations
The Operations team is comprised of project delivery experts. They support UK Government departments in delivering their projects, pay particular attention to

projects at the early stages of development and provide independent assurance to the UK Government Major Projects Portfolio (GMPP) - the most complex and strategically significant projects across the UK Government.

- 3) **Project Profession & Standards**
The Project Profession and Standards team is responsible for building the capability needed to deliver government projects. They lead the project delivery profession by setting the standards for how the UK Government delivers projects, developing career pathways, growing and managing talent, accrediting people to assure projects and delivering leadership programmes such as the Major Project Leadership Academy (MPLA).
- 4) **Strategy and Policy**
The Strategy and Policy team sets the policy agenda for the successful delivery of infrastructure and major projects. They coordinate IPA's input into policy development and measure project performance across government. They publish strategically important documents such as the National Infrastructure and Construction Pipeline (NICP), Government Construction Strategy and the Government's Annual Report on Major Projects.
- 5) **Infrastructure Delivery**
The Infrastructure Delivery team is comprised of commercial specialists in economic and social infrastructure and housing. They provide expert support to the UK Government on the most critical and complex infrastructure projects, particularly those which require collaboration across government and industry. Recent examples include Thames Tideway Tunnel, Mersey Bridge, Rural Broadband and HS2.



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