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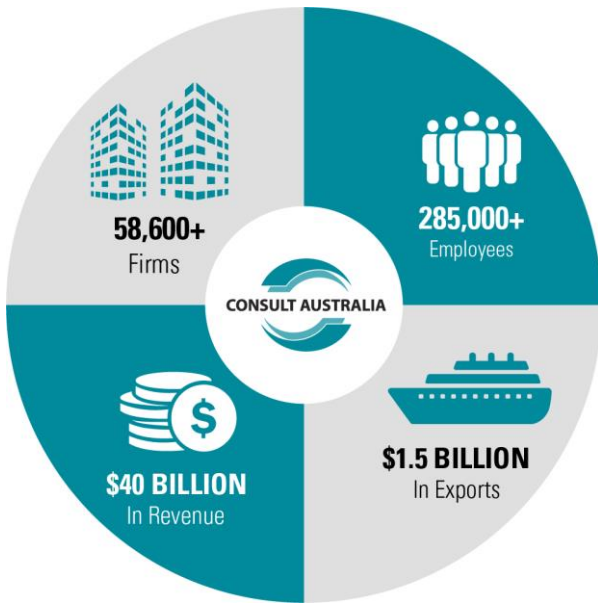
# **Infrastructure Australia Review**

SUBMISSION TO THE DEPARTMENT OF  
INFRASTRUCTURE, TRANSPORT, REGIONAL  
DEVELOPMENT, COMMUNICATIONS AND THE  
ARTS

**Consult Australia**

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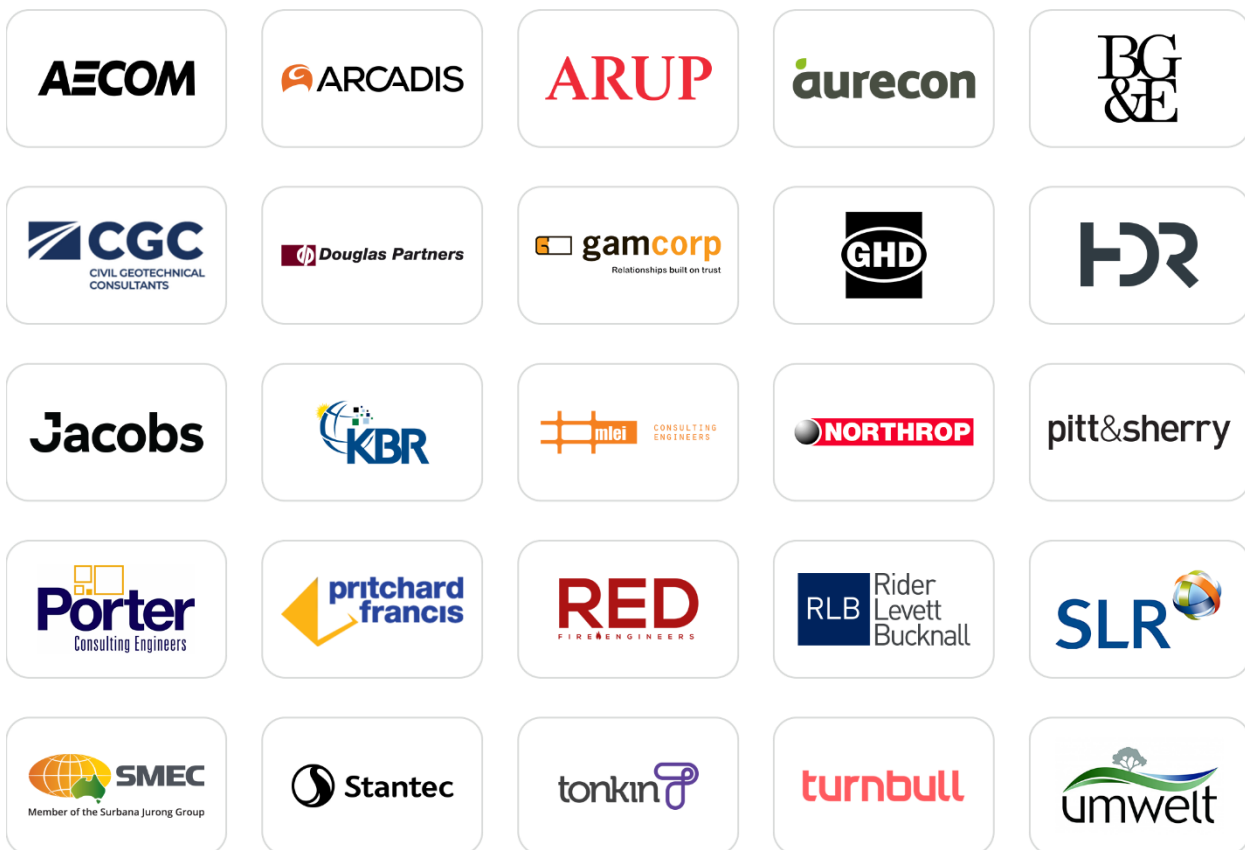
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## ABOUT US

Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia’s top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy, the services we provide unlock many more jobs across the construction industry and the broader community.

### Our members include:



A full membership list is available at: <https://www.consultaustralia.com.au/home/about-us/members>

## INTRODUCTION

Consult Australia is a long-term advocate of independent statutory infrastructure bodies (I-bodies) because they:

- 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

In 2018 we published a thought leadership report on [Infrastructure Governance in Australia](#). In the report we set out a model for 'i-bodies' to follow based on four components:

- 1) Independence
- 2) Planning
- 3) Assessment
- 4) Prioritisation

We informed this work by reviewing the way in which Infrastructure Australia's statutory authority had been developed (and the other i-bodies in place at that time). We also considered the Organisation for Economic Co-operation and Development's (OECD) 2017 report 'Getting Infrastructure Right: A Framework for Better Governance'<sup>1</sup> and the principles therein.

Since that time, the OECD Council in July 2020 adopted recommendations on the Governance of Infrastructure, which to quote:

Provides countries with practical guidance for efficient, transparent and responsive decision-making processes in infrastructure investment. It supports a whole-of-government approach and covers the entire life cycle of infrastructure projects, putting special emphasis on regional, social, gender, and environmental considerations.

There are ten recommendations to the whole of government approach<sup>2</sup>:



Develop a long term strategic vision for infrastructure



Guard fiscal sustainability, affordability and value for money



Ensure efficient procurement of infrastructure projects



Ensure transparent, systematic and effective stakeholder participation



Co-ordinate infrastructure policy across levels of government



Promote a coherent, predictable and efficient regulatory framework



Implement a whole of government approach to manage threats to integrity



Promote evidence informed decision making



Make sure the asset performs throughout its life



Strengthen critical infrastructure resilience

<sup>1</sup> OECD (2017), Getting Infrastructure Right: A framework for better governance, OECD Publishing Paris.

<sup>2</sup> [OECD Recommendation on the Governance of Infrastructure - OECD](#)

In reviewing Infrastructure Australia (IA), it is Consult Australia's recommendation that the OECD's recommendations be used as the benchmark.

It is Consult Australia's opinion that IA's work over the last two years in particular scores highly against this benchmark. IA's approach is international best practice.

## INFRASTRUCTURE AUSTRALIA'S ROLE

In 2008 IA 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 to bring experience from business, academia, the public and private sectors.

Responsibility for infrastructure development in Australia is spread across three tiers of government, and across multiple agencies operating within those tiers. 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, state, and territory governments. It is because of the complexity of the governmental system, and the vulnerability to politicisation, that the i-body model was created, and IA established. There remains no other model/organisation better placed to provide advice on nationally significant infrastructure now and into the future. It provides an essential role in not only in the provision of advice but also because of the transparency it brings to the process.

Noting the complexity of developing long term infrastructure strategies and the number of stakeholders involved, IA must continue to operate independently and with ongoing authority to develop strategy, policy, plans, and monitor progress.

IA must continue to support infrastructure investment into the future through:

**1) Transparency of deliberation**

Open consultation and sharing its research documentation is critical and should be adopted across all the i-bodies. The importance of consultation and participation cannot be understated in regarding to buy-in for the infrastructure strategies and plans.

**2) Transparency of responsibility**

Each jurisdiction should be required to produce a clear explanation of the responsibilities of each infrastructure and project department/agency/organisation.

With these principles embedded IA is well placed to develop a national investment plan aligned to the 15-year infrastructure planning cycles. This would more closely align its functions to the following OECD recommendations:

- guard fiscal sustainability, affordability, and value for money
- make sure the asset performs throughout its lifecycle

## EFFECTIVENESS

The work that IA has done in delivering the 2021 Infrastructure Plan is exemplary. There is no other organisation in Australia that has developed the depth of policy work needed to progress infrastructure assessment, planning, and delivery.

An area of particular concern for Consult Australia, which aligns with the OECD's recommendations is the need to, 'ensure efficient procurement of infrastructure projects'. IA's 2021 Infrastructure Plan has a chapter on industry productivity and innovation. This highlights a range of reform recommendations to improve industry productivity and innovation, most notably procurement reform and the need for governments to be model clients.

It is essential that IA is sufficiently resourced and has the support of governments in Australia to continue this essential policy work. IA also needs sufficient authority to lead and collaborate with jurisdictions on the implementation of procurement and industry reforms and measure their efficacy on whole of life outcomes. At present across Australia there remains too much focus on short term time and cost considerations to get shovels in the ground to deliver projects. As highlighted in IA's report there needs to be much more alignment to whole-of-life outcomes, i.e. operation, maintenance, and end-of-life (including sustainability and environment principles – aligned to the OECD recommendations).

Consult Australia believes that IA has brought a spotlight to these issues in a way that hasn't been done before. They have filled a void in policy and set out an achievable reform agenda that has been widely endorsed by industry and welcomed by the other i-bodies and delivery agencies. We would like to see funding for IA's role in policy increased so that it can assist jurisdictions to adopt the actions set out in their Deliverability Report published earlier this year<sup>3</sup>.

Without sufficient resourcing and support for this critical function within IA, we will continue a siloed approach to infrastructure investment and policy and squander the opportunities that the current levels of investment give us.

Another area of exemplary policy work has been the market capacity reports to measure skills capacity constraints. This is a critical issue for consulting businesses all of whom are experiencing critical skills shortages to meet the demands of infrastructure pipelines across the country. IA is best placed to bring together jurisdictions and industry to provide critical data and assist with pipeline sequencing and planning.

## GOVERNANCE

As the OECD states, the quality of public governance is essential to achieve national and international commitments on sustainable and inclusive economic growth, and to ensure equal opportunities and access to services for citizens.

Consult Australia would not support a step back from the independent nature of IA and the way in which it has been constituted. It should be noted that the United Kingdom followed in Australia's footsteps setting up the [National Infrastructure Commission \(NIC\)](#) in January 2017. Established by Royal Charter as an executive agency of HM Treasury, the NIC 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 UK 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.

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<sup>3</sup> [Delivering Outcomes | Infrastructure Australia](#)

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.

The independent nature of statutory i-bodies, such as IA, is a core element of good governance. This principle was reiterated in the findings of the Productivity Commission in their report into Public Infrastructure<sup>4</sup> 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 structure of the Board is important to the independence and arms-length nature of a statutory i-body. Consult Australia supports the Board's make up being a balance of representatives from the public and private sectors, with private sector representatives having appropriate skills relevant to infrastructure strategy/planning/delivery, including design and construction.

The selection of the CEO is also important, noting the skill set they need to maintain an arms-length approach from the politicisation of infrastructure investment decisions and their ability to work collaboratively with their i-body counterparts and jurisdictions to realise the Infrastructure Plans. The last two years has seen a substantial increase in the amount of collaboration between the jurisdictions which the IA leadership is to be commended for and Consult Australia would like to see this continued through a selection process that recognises these key leadership abilities.

## OTHER FUNCTIONS

Consult Australia applauds the approach taken in IA's 2021 Infrastructure Plan to take a place making approach to infrastructure, which considers social as well as economic infrastructure. The measurement of social and environment impacts and benefits in business cases is supported by Consult Australia, noting our thought leadership reports, [Business Case Development in Australia](#), and [Considering Social Impacts in Infrastructure Business Cases](#).

The UK's NIC adopts a place-based approach because it notes that the results of social research showed that 8 in 10 people believe good infrastructure is necessary to support a good quality of life<sup>5</sup>.

A coherent infrastructure plan and strategy needs to consider social and economic infrastructure in order to avoid unintended consequences and poor decision making. Such an approach provides for more equitable decision making and provides better provisioning for environmental and resilience considerations.

## NEXT STEPS / HOW CONSULT AUSTRALIA CAN HELP / CONTACT

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<sup>4</sup> Productivity Commission 2014, *Public Infrastructure*, Inquiry Report No 71, Canberra.

<sup>5</sup> [Place - NIC](#)