

# Infrastructure Australia Review

Submission from NT Department of Infrastructure,  
Planning and Logistics (includes Infrastructure NT)

<b>Document title</b>	Infrastructure Australia Review
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# 1 Terms of Reference

The Australian Government is undertaking a review of Infrastructure Australia. The Review will examine Infrastructure Australia's (IA's) role as an independent adviser to the Commonwealth on nationally significant infrastructure priorities, and its capacity to deliver on this role. The Review will make recommendations on reforms that may be required to ensure IA is able to fully deliver on its responsibilities, including but not limited to:

- a. Functions
  - i. the advice and products for which IA is responsible, and whether these remain fit-for-purpose
  - ii. how IA's work relates to the work of state-level infrastructure bodies, and
  - iii. how IA's work addresses the priorities and requirements of the Australian Government.
- b. Governance and administration
  - i. the optimal size, mandate, responsibilities, and composition of the IA Board, including the experience, skills, and expertise of members
  - ii. whether IA's administrative arrangements are appropriate to support delivery of its role and functions, and
  - iii. IA's relationship with the responsible Minister.
- c. Legislation
  - i. any legislative changes that may be required.

The Review will be conducted by Independent Reviewers and supported by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The Review will provide a report to the Minister for Infrastructure, Transport, Regional Development and Local Government.

## 2 Department of Infrastructure, Planning and Logistics NT Comments

The Department of Infrastructure, Planning and Logistics NT (which includes Infrastructure NT, the NT's infrastructure body) has been requested to provide comment to inform the review of IA. Outlined below are the Department of Infrastructure, Planning and Logistics comments related to the Terms of Reference for each of the areas of the review.

### 2.1 Functions

The Department of Infrastructure, Planning and Logistics in its various forms has held a relationship with Infrastructure Australia since it was created in 2007. During this time, the Department of Infrastructure, Planning and Logistics has interacted with IA through the advice and products IA provides. A summary of the Department of Infrastructure, Planning and Logistics comments for each is provided below.

**In a broad sense, the Department of Infrastructure, Planning and Logistics recommends that IA continues to be an independent advisor to the Australian Government on infrastructure policy, issues and projects of national significance; and IA continues to work closely with jurisdictional infrastructure bodies.**

### 2.1.1 Infrastructure Priority List and Assessment Framework

Historically, the IA Assessment Framework relied on traditional benefit-cost analysis when considering projects for inclusion on the National Infrastructure Priority List. This significantly impeded projects in northern and remote parts of Australia being included as national priorities, as achieving a favourable outcome through benefit-cost analysis relies on monetising benefits which are primarily driven by volumes - i.e. the more people you have utilising an item of infrastructure, the greater the benefit for the same infrastructure cost. Furthermore, the cost of delivering infrastructure in remote and northern Australia tends to be more expensive due to the deficit of infrastructure currently in place. Given this historical approach, projects in places of low population and high infrastructure costs may rarely be considered viable at the national level. Traditionally benefit-cost analysis has not adequately captured broader social benefits of projects, or the need to deliver projects on equity grounds, even if the projects were addressing key government policies such as Closing the Gap.

In acknowledgement of this, the Department of Infrastructure, Planning and Logistics has worked with its Commonwealth colleagues managing the National Partnership Agreement on Land Transport Infrastructure to develop programs of work to achieve the strategic outcomes over a longer period of time. This can be seen through the current delivery of rolling roads programs where the ultimate goal of sealing an entire length of road occurs through many projects (all under the \$250M threshold) over a longer period of time.

More recently, IA acknowledged the significant issues with only applying benefit-cost analysis for regional and remote Australia and worked closely with the Northern Territory Government and other jurisdictions in the review of the Assessment Framework. The review broadened the assessment to include strategic fit in achieving Government policy outcomes (both at the Commonwealth and NT Government level) and not only assess projects solely on the benefit-cost ratio. This was welcomed strongly by the NT Government and projects listed on the Infrastructure Priority List increased from three to eight for the NT. Recently, two projects also achieved investment ready status. Continuing this work going forward is important. As such, **the Department of Infrastructure, Planning and Logistics, including Infrastructure NT, strongly recommends that IA continues to assess projects on Strategic Fit and policy alignment and not just benefit-cost analysis.**

### 2.1.2 Market Capacity Work

The Department of Infrastructure, Planning and Logistics finds the Market Capacity work very valuable. A Collaboration Deed between IA and Department of Infrastructure, Planning and Logistics was signed in early 2022. Given the current pressures nationally with workforce and skills shortages, this work is critical for everyone. **The Department of Infrastructure, Planning and Logistics strongly recommends the work on market capacity continue in the national interest.**

### 2.1.3 Infrastructure Plan and Audit

Infrastructure NT is the newest Infrastructure Body in Australia. Infrastructure NT undertakes strategic infrastructure planning and development that co-ordinates and aligns infrastructure needs with economic and population growth. As part of establishing the new NT Infrastructure Framework, Infrastructure NT worked closely with IA as well as the work of other Infrastructure Bodies. The new NT Infrastructure Framework (Figure 2) was purposefully aligned with Infrastructure Australia's framework (Figure 1). The reasons for this were to:

- Integrate strategic infrastructure planning at the Northern Territory and Australian Government level

- Ensure less duplicative effort and maximise resource usage between the Northern Territory and Australian Government level
- Provide Northern Territory projects the best chance possible to be awarded Australian Government funding

Figure 1 – Infrastructure Australia Framework

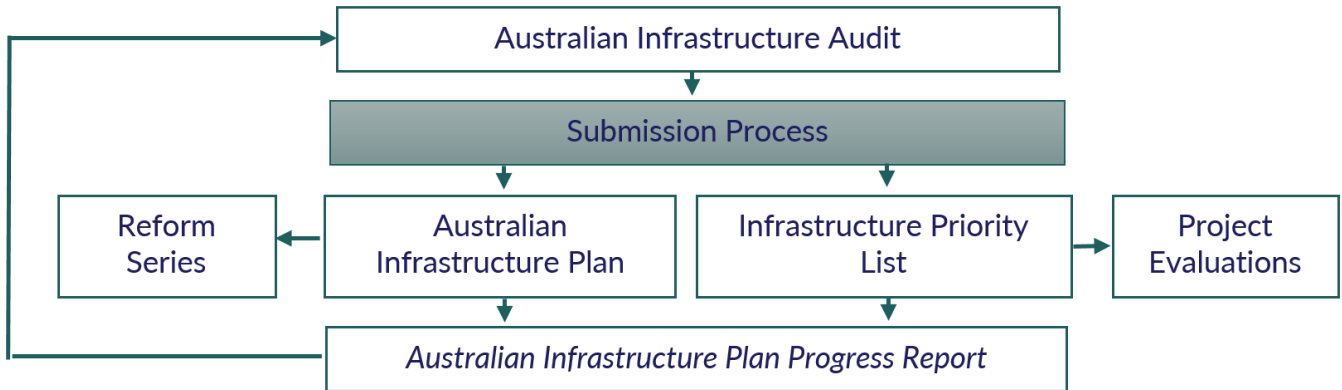
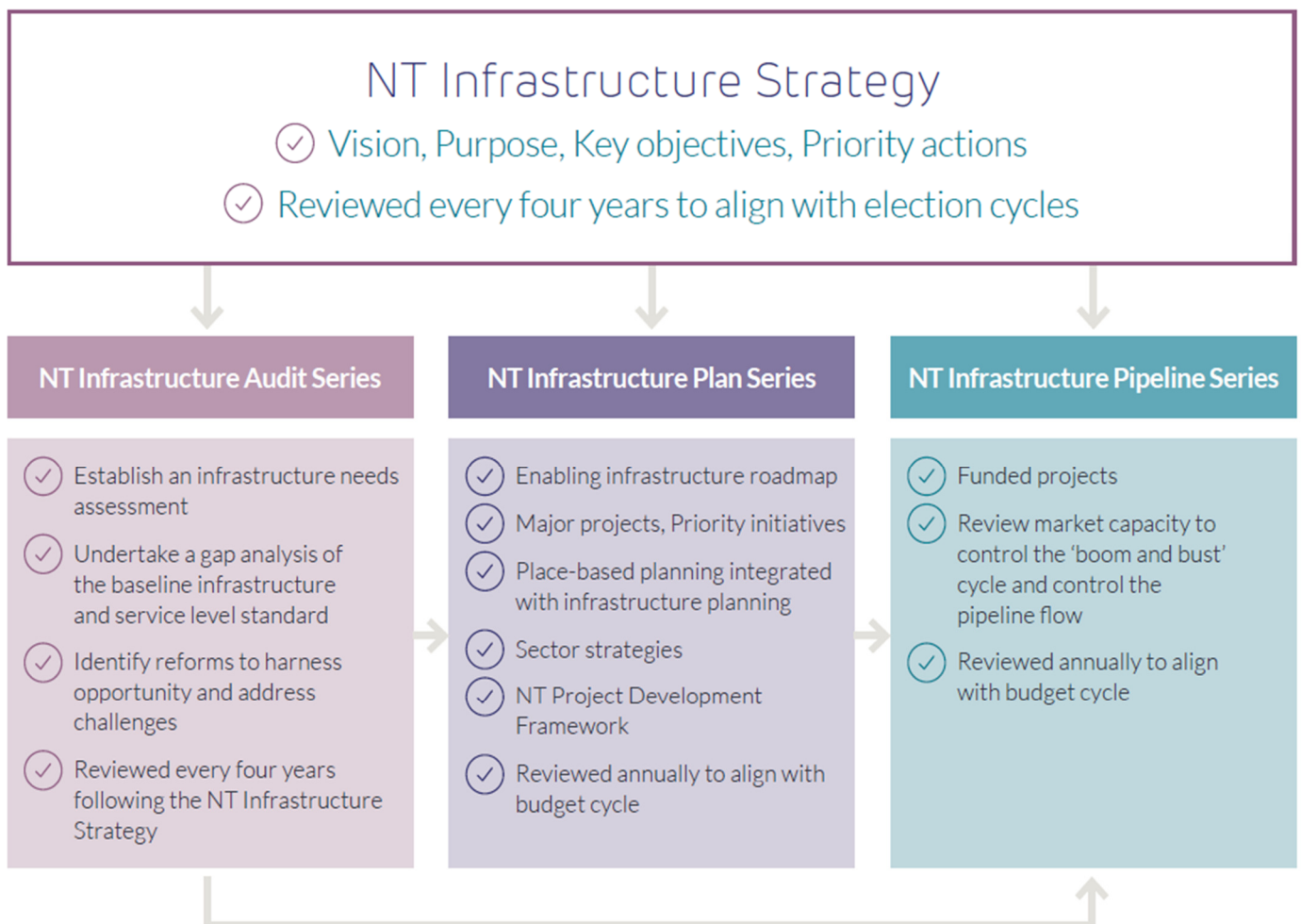


Figure 2 – NT Infrastructure Framework



In undertaking the development of the NT Infrastructure Framework, it became apparent that the IA Statement of Expectations did not necessarily align with reforms highlighted in the Australian

Infrastructure Plan. The experience of the Department of Infrastructure, Planning and Logistics and Infrastructure NT is that narrowing infrastructure asset classes to transport and economic infrastructure only, will only address part of the problem or not fully harness opportunities to fulfil the strategic outcomes governments may be seeking. There needs to be a balance of social and economic infrastructure investment to ensure sustainable growth and an acknowledgement that the full spectrum of infrastructure classes are not always independent. **The Department of Infrastructure, Planning and Logistics recommends that IA's Statement of Expectations be broadened to all infrastructure classes** (i.e. economic and social) to allow government the flexibility to be able to focus on the areas that will address the strategic outcomes intended.

One of the key reform areas recommended in the Australian Infrastructure Plan 2021 was to adopt a place-based approach to infrastructure planning. Infrastructure NT has adopted this its new NT Infrastructure Plan and Pipeline. Within the NT Infrastructure Plan and Pipeline, there is a section for "Nationally Significant Projects, Programs and Proposals." Within this section, Infrastructure NT articulates private sector investments and government sponsored projects of a nationally significant nature. This was intentional to signalise business cases that will be submitted to IA.

The NT Infrastructure Strategy 2022-2030 and NT Infrastructure Plan and Pipeline 2022 can be found at the following link: <https://dipl.nt.gov.au/strategies/nt-infrastructure-framework>

## 2.2 Other recommendations

The Department of Infrastructure, Planning and Logistics also values other national policy work that IA has produced. This includes the recent work on Delivering Outcomes and the Regional Strengths and Gaps as well as Northern Australia specific work. **The Department of Infrastructure Planning and Logistics strongly recommends that work that focuses on Northern Australia and other regional and remote areas specific infrastructure issues continues to be undertaken.**

The cross-sectoral nature of IA means it is well-positioned to tackling problems that cut across government. A good example of this is working towards net zero emissions, climate change, sustainable infrastructure and opportunities for synergies between sectors such as energy, transport, housing and urban development. Further work could include a deeper focus of existing infrastructure resilience in the face of evolving natural and man-made risks and develop guidelines to future proof new and/or existing infrastructures. Given this, **the Department of Infrastructure Planning and Logistics recommends that IA continues to lead national infrastructure policy.**

## 2.3 Governance and administration

Assuming that IA continues to be an independent advisor to Government on infrastructure, it would be logical to maintain a board. However, the Department of Infrastructure, Planning and Logistics recommends the following be considered in relation to the board size, mandate, responsibilities and composition:

- The board size needs to be such that effective governance and direction is provided to the CEO of Infrastructure Australia
- For projects requesting government funding, the board should consider government policy alignment (including all levels of government) in addition to the Assessment Framework
- The board should include representation from different parts of Australia to ensure there is not an east coast / southern states focus (For example, one member from Northern Australia)
- The board should meet in different parts of the country to get a better appreciation of the projects that they are assessing

## 2.4 Legislation

In terms of legislation, IA is constrained by the legislation and the method in which it can assess projects. As such, **the Department of Infrastructure, Planning and Logistics recommended legislative amendments to allow broader project evaluations and different evaluation techniques.**

## 3 Summary of Recommendations

The following are the recommendations by the Department of Infrastructure, Planning and Logistics NT for consideration in the review of IA:

- IA continues to be an independent advisor to the Australian Government on infrastructure policy, issues and projects of national significance.
- IA continues to work closely with jurisdictions.
- IA continues to assess projects on Strategic Fit and policy alignment and not just benefit-cost analysis.
- IA broadens their Statement of Expectations to include all infrastructure classes (including social infrastructure).
- IA continues to focus on Northern Australia and other regional and remote areas of the nation.
- Several recommendations relating to the board composition.
- Legislation is amended to allow broader project evaluations and different evaluation techniques.
- IA continues to lead national infrastructure policy.