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Dear Ms Lockwood and Mr Mrdak

### **Property Council feedback to independent review of Infrastructure Australia**

The Property Council of Australia welcomes the opportunity to comment on the independent review of Infrastructure Australia (IA) and looks forward to engaging with the review panel.

The Property Council is the peak body for Australia's \$670 billion property industry, an industry which helps shape our cities and which has a long-term interest in infrastructure and cities policy. We represent owners, fund managers, superannuation trusts, developers, and investors across all four quadrants of property investments: debt, equity, public and private. Our members span commercial, retail, industrial, residential and education sectors of the industry.

The Property Council believes IA has a critical role to play as the nation's principal and independent advisor and authority on the infrastructure needed to support a growing Australia. Our three key messages to your review of IA are as follows:

- 1. Strengthen the impact of the Infrastructure Priority List on infrastructure decision making of governments at all levels** by reverting to the practice of launching an annual publication, requiring IA to publish a post-budget report on the Government's announced infrastructure commitments and require Government disclosure of the status of IA's assessment upon the commitment of funding to all projects.
- 2. Reinforce and elevate the status of IA's role and advice with respect to the Government's own infrastructure planning.** An obligation should be placed on the Government to produce its own long-term infrastructure strategy and investment plan, built on IA's Infrastructure Plan and its recommendations.
- 3. Ensure the new cities functions of IA are structured in a highly integrated manner to maximise the synergies between infrastructure and cities policy.** The Government's welcome commitment to incorporate a cities function into IA and lead a revitalised City Deal/City Partnership agenda can best be achieved by pursuing a highly integrated structure within IA. IA should become the Government's recognised strategic advisor on cities issues, tasked with thought leadership and leading public discourse, informing business case assessments, and assisting the development of City Partnerships.

We have provided further responses to the consultation questions below and would welcome the chance to meet with the review panel and discuss our views in more detail. Please don't hesitate to coordinate with Frankie Muskovic – National Policy Director at [REDACTED] to arrange a meeting.

Yours sincerely



Ken Morrison  
**Chief Executive**

## Infrastructure Australia Review – responses to guiding topics and questions

### Infrastructure Australia's role

1. *IA was established to advise the Australian Government on nationally significant infrastructure matters including transport, energy, communications and water infrastructure.*

*- Do you consider IA best placed to provide advice on nationally significant infrastructure and do you use IA's advice when considering infrastructure matters?*

**Response:** We believe IA is the right body to provide such advice, however there is the opportunity to reinforce and elevate its role in shaping infrastructure and city decision making. We strongly suggest obligations be put on both the Government and IA as part of this review such that:

- IA must provide an annual report, released publicly after the Federal budget, on the Government's infrastructure spending commitments and alignment with the Infrastructure Plan and high priority projects identified in the IPL, and
- the Government must disclose all its infrastructure spending commitments and clearly identify whether they have been assessed by IA and if they are high priority or priority projects. The Government should also make clear which projects it has committed to above IA's threshold that have not been assessed by IA or identified as a priority.

*- How can IA best support infrastructure investment into the future?*

**Response:** The most impactful role IA can play is to be the recognised, trusted advisor to the Government on long term infrastructure planning. IA's three key deliverables are very important in performing this role: an annual infrastructure priority list, the infrastructure audit and an infrastructure plan.

However, there is the opportunity and a need to strengthen the impact of this work on the decision-making process of the Commonwealth Government and state and territory governments.

By any measure, there are far too many instances of governments funding projects which have not been assessed as priority projects by IA, while other projects which have been assessed as high priority or priority projects go unfunded. The result is a lower level of economic productivity as less worthy projects supplant higher impact ones.

There is a need to strengthen the influence of the Infrastructure Priority List on infrastructure decision making of governments at all levels. This can be supported by:

- reverting to the practice of launching an annual IPL publication (the impact of which has been downgraded recently),
- ensuring the 'high priority' assessment category is retained to differentiate the most valuable potential projects,
- requiring IA to publish a post-budget report on the Government's announced infrastructure commitments, and
- requiring the Commonwealth Government to disclose the status of IA's assessment of a particular project upon the commitment of funding to that project.

The practice of producing a national Infrastructure Plan is a valuable one, however the fact that this document is not a plan of the executive arm of Government, merely the publication of an independent advisory body, means policy making is lacking a Government-endorsed long term infrastructure strategy. This is unlike the practice in many states and territories which do publish such long-term strategies, many with the involvement of their I-Bodies.

These do provide a framework for government decision-making, long-term city planning, private investment and community expectations. We believe this is a significant shortfall and should be addressed in this review.

We recommend that consideration be given to the Government having an obligation to produce and regularly review and update its own infrastructure plan, built on IA's Plan.

*- Is there a role for a national investment plan, and if so, what role should IA take in this?*

**Response:** Australia is a growing nation and as the population grows it is imperative for the Government to take a long-term view and plan appropriately for this growth. Staying ahead of the demand for infrastructure is an important element of this and IA should play a role in informing a national investment plan to support population growth.

## Effectiveness

2. *IA publishes a range of products including: the Australian Infrastructure Audit; the Australian Infrastructure Plan; the Infrastructure Priority List; Infrastructure Market Capacity reports; business case evaluation summaries; and other research reports as requested by the Government.*

*- Which of IA's products is the most effective for your work or organisation, and why?*

**Response:** the Infrastructure Audit, Plan and IPL remain the most important outputs from IA and should merit the most focus in terms of public communication and accountability.

*- If you could change any of IA's products, which would you change, and why?*

**Response:** As stated in our response to Question 1 there should be an accompanying effort and obligation for IA to publicly report on the Government's infrastructure spending commitments and clearly identify whether they are aligned to projects identified on the IPL as "high priority".

*- Do you think the frequency and volume of IA's products provide the best outcome? Why or why not?*

**Response:** The frequency of the Plan is appropriate and should be maintained. We strongly believe the IPL should be updated and released annually and should be the focus of considerable public awareness and scrutiny alongside the Government's infrastructure commitments.

3. *IA is required to review infrastructure proposals where more than \$250 million in Australian Government funding has been committed.*

*- Do you think this is the right threshold? Why or why not?*

**Response:** The threshold should be lowered back to \$100m, many projects of national significance do not require over \$250m funding and we believe the threshold was previously raised to avoid scrutiny of infrastructure spending decisions.

## Governance

4. *IA was established as an independent body, to ensure the integrity of Commonwealth investment in infrastructure.*

*- Is IA fulfilling this role?*

**Response:** IA's success has been limited by the Government's willingness and commitment to incorporate IA's advice into its own thinking. IA needs to continue to be a credible, independent body producing quality work, but equally there needs to be a stronger obligation or commitment from Government to accept its advice and incorporate IA's work into its own policies.

5. *Part of IA's role is to ensure infrastructure investment is prioritised for nationally significant projects that deliver maximum benefits for Australia.*

*- Is IA achieving its objective on providing useful advice on nationally significant projects?*

**Response:** See response to Question 1. This would suggest IA needs to be better resourced to deliver more business case assessments, and Governments need to be held to more account over their spending decisions.

6. *Since IA was established in 2008, most jurisdictions have established their own infrastructure body.*

*- How has this changed IA's role over time?*

**Response:** One of the key value propositions of IA as a national body having a strong focus on policy and research is to be the single source of truth for information and data underpinning nationally significant infrastructure priorities delivered at different levels of government. This has remained a core focus over time and is important to retain.

*- What further changes are needed to ensure IA works efficiently with other infrastructure bodies to minimise duplication and maximise outcomes?*

**Response:** Resourcing for IA needs to improve, particularly within its policy and research function. IA's operating budget was halved in 2014 and needs to be increased to ensure IA can provide a national database (single source of truth) and evidence base for more cohesive decision making on infrastructure planning and investment between jurisdictions.

7. *How can the IA Board be most valuable, and what experience, skills and expertise is needed?*

*- Should the Board be completely independent, or should it have representatives from government and industry?*

**Response:** We welcome the Government's commitment to an expanded focus on cities and its integration into IA. Considering this expanded mandate, IA's Board needs suitably qualified people to bring expertise in cities to IA's strategic agenda.

*- Is there another, more effective structure for IA's governance?*

**Response:** Alongside IA's Board we have several recommendations regarding governance:

- there should be a formal mechanism for IA's board to engage with industry,
- retain innovations that promote cross-jurisdiction collaboration, including the I-Bodies Chairs' meeting, I-Bodies CEO meeting and monthly cross-jurisdiction meeting.

## Other Functions

8. *As part of the Government's six-point plan for cities policy, the Government has committed to the creation of an Australian Cities and Suburbs Unit (CSU).*
- *What role and responsibilities would best place a Cities and Suburbs Unit to support the Australian Government's Vision for Cities?*
  - *What could be the focus and form of this role in delivering on the Australian Government's Vision for Cities?*
  - *What and where are the options for the structure and location for the CSU?*

**Response:** We strongly welcome the Government's commitment to expand the ambit of Infrastructure Australia to also include cities. The Government is lacking an independent source of advice on cities issues, a significant gap in one of the most urbanised nations in the world and particularly when the Government has committed reinvigorating the City Deal/City Partnerships agenda.

While the Government has committed to establishing a Cities and Suburbs Unit within IA, the Property Council believes there would be considerably synergies in pursuing a highly integrated approach to the expansion of IA's ambit into this space.

The previous Major Cities Unit was established within the Department and its outputs and work were quite separate from that of IA at the time. Given the very strong synergies between infrastructure planning, prioritisation and funding with the future shape of Australia's cities (where the majority of Australians live and which generate the majority of national GDP), it would make sense to structure IA to maximise integration of these perspectives.

We believe there is benefit in structuring IA to enable it to both bring a cities and suburbs focus to policy making, as well as benefiting from the integration of the two adjacent but complementary policy areas. To this end we would propose that the cities function not be isolated into a largely separate unit but be as integrated as possible.

Key elements of this model would be:

- IA be positioned as the Commonwealth's strategic advisor on cities issues, including a watching brief on key mega trends, productivity, liveability, sustainability and post-pandemic changes to cities' operation and successful models for growth.
- The IA Board incorporate appropriately senior and experienced professionals with a background in cities issues.
- IA be charged with leading national discourse as a thought leader on key challenges and opportunities for the ongoing growth and success of cities. This should include, but not be limited to, the reinstatement of an annual 'State of our Cities' report. This could be augmented by occasional papers on other priority issues.
- IA to convene experts and industry leaders through a formal engagement mechanism to provide advice and input to IA's work from a cities perspective.
- IA's cities and suburbs focused work be used to inform its traditional infrastructure advisory roles, especially the Infrastructure Audit and Infrastructure Plan.
- Consider how the disciplines and rigour of infrastructure benefit/cost assessments could be developed to better inform the understanding of city shaping decisions of governments, including the public's understanding of these issues.
- Contribute to the development of City Deals/City Partnerships with the Commonwealth, recognising that the commitments made by the Commonwealth as part of an individual City Deal/City Partnership need to be made by the executive arm of Government.
- Take a sophisticated and nuanced view of place. The CSU should build on the understanding of place developed in the most recent Infrastructure Plan.

9. *IA is currently legislated to focus its work on nationally significant infrastructure, which is defined to include transport, energy, communications and water infrastructure categories.*
- What benefits might there be in including social infrastructure as an additional focus area for IA's work, where the Commonwealth is not generally involved in delivering or directly funding social infrastructure?*

**Response:** We believe the inclusion of social infrastructure and waste infrastructure should be reinstated into IA's statement of expectations. While the Commonwealth may not be directly involved in delivering most social infrastructure, the Commonwealth is both responsible for the country's overarching planning around population growth, a vision for the growth of cities and suburbs with the establishment of the CSU and its contribution to funding social infrastructure through City Partnerships.

Social infrastructure is critical to support the growth of communities and requires a long-term view of capital investment, so should appropriately form part of IA's focus. Further, a focus on housing within social infrastructure should also be identified with links created to the new Housing Affordability and Supply Council.

## **The future investment challenge**

10. *How effective will the current IA role and responsibilities, and business approach be to handling the national investment challenges Australia faces in the coming decades?*
- What role should IA take in integrating the national decarbonisation, energy transition, productivity and sustainable economy policies the Federal, state and local governments are pursuing?*

**Response:**

- Australia's cities contribute over 60% of Australia's GDP. Access to opportunity – the 'economics of agglomeration' – will remain a powerful force shaping our success as a largely urban nation. The importance of our cities and urban areas in underpinning Australia's economic productivity has been highlighted by the Productivity Commission in their report 'Shifting the Dial' however this has not received the focus from policy makers warranted. We commend this report as the best existing blueprint for a cities-focused productivity agenda to inform IA's early thinking.
- Australia is committed to net zero emissions by 2050 and this transition has enormous implications for our cities and the infrastructure required to support this transition. In relation to national decarbonisation, there is a role for IA to consider the interconnectivity of different sectors of the economy in the transition to zero emissions and their infrastructure needs.
- While energy market authorities appropriately have carriage of forecasting the generation and transmission assets required to meet our projected needs through the Integrated System Plan, IA should be looking at the intersection of the energy, buildings and transport sectors as the energy system decarbonises and electrifies to provide a national view on planning for electric vehicle charging infrastructure.