

IA Review

From: Rod Hook [REDACTED]
Sent: Monday, 15 August 2022 1:43 PM
To: IA Review
Subject: SUBMISSION ON IA REVIEW

Dear Mike and Nicole,

Thank you for the invitation to make a submission on the IA Review. My comments follow.

IA was initially established with a role to provide the Australian Government with advice on infrastructure matters. This included a mandate to introduce some rigor, independence and transparency into project assessments and the application of cost benefit analysis into assessments. As a South Australian public service officer at the time I understood and supported the IA initiative. There was, however, a general lack of respect for the IA personnel employed in those early years. It is fair to say that we enjoyed better and more respectful relationships with officers in the Commonwealth Department than we did with IA.

Since that time there have been three major changes which now need to be factored into the review, namely:

1. Every State jurisdiction has established their own State iBodies, requiring an adjustment in approach to avoid duplication of effort and competing interests.
2. The threshold for IA assessments has been increased to \$250 million, reducing the reach of IA's role in project assessment, but also allowing IA to grow other aspects of its responsibilities, such as the Infrastructure Audit, the Infrastructure Plan and the Infrastructure Priority List
3. Over the past three years in particular, under the leadership of Romilly Madew as CEO, IA staff have responded brilliantly to the changing circumstances, growing a positive culture and setting up a new era of collaboration and cooperation between Australia's iBodies.

A key issue for IA going forward is to find suitable replacements for some quality people who have recently resigned from their key roles in the organisation.

Infrastructure Australia's (IA) role

The Australian Government benefits by having access to an independent advisory body in the form of IA.

This of course includes access to independent advice on major project assessments, although the breadth of this role has diminished with the elevation of the benchmark for IA review to \$250m and the broader access to the various iBodies in all jurisdictions around Australia.

Importantly, IA also produces regular overview documents foreshadowed in legislation, such as the Infrastructure Priority List, the Infrastructure Audit and the Australian Infrastructure Plan. The preparation and release of these documents continues to position the Australian Government as informed and as operating with an appropriate overview of infrastructure issues Australia wide. Further, IA is well positioned to follow up and report on matters referred to it by the Government, such as undertaking an investigation into Market Capacity and a report on Regional Strengths and Infrastructure Gaps.

Many companies and agencies throughout Australia look for the leads that can credibly come from the Australian Government with the support and backing of IA and its staff. This includes appearances and presentations at

conferences and agency briefing sessions, as well as published reports. IA represents the interests of the Australian Government, and the sector more broadly, at these events in a very competent way.

With the right staff and a collaborative approach, IA offers the Australian Government and the incumbent Infrastructure Minister a source of advice and credibility which continues to be important if Australia is to be seen as an integrated whole, rather than a series of competing jurisdictions.

Effectiveness

The published reports prepared and produced by IA have stood up very well to public scrutiny as quality documents. I am not aware of any IA policy documents that were not well received or that were embarrassing for the Government. Rather, these reports give credibility to the Government as having a good understanding of its infrastructure portfolio from an Australian wide perspective.

Project assessment reports prepared by IA over the years have been a bit more problematic. There was a period where IA project assessments were prepared and released almost as competitive documents to State assessments. It appeared at times there was almost a contest over whose work was more credible. I believe IA has now successfully addressed this through the release of its updated assessment framework and by the adoption of a more collaborative approach to assessments with State jurisdictions.

At the same time we have seen over recent years an increasing number of proposals where political decisions have been made and announced for funding a project, prior to any realistic assessment of its costs and benefits. It has been a prudent move by IA in these circumstances to not proceed to develop an assessment of any project that is already funded and announced. The other initiative has been the more recent move to increase the threshold for IA assessment to \$250m minimum.

Raising of the threshold works well as it allows IA to focus on the more significant project assessments and also means that IA assessments are less likely to be preempted by prior political announcements which are more likely to be made on smaller projects.

Governance

The construction of IA as an independent body with accountability to a Board is sound and works well for Government. IA Board and staff know their role to be advisory only and that at times there will be political decisions made that have not been tested through IA. This is the way the system works as ultimately it is only the politicians who are accountable to the electorate.

The IA Board and Chairs, in particular, have generally been well placed to guide and support IA's role. There is a need to ensure that Board appointments in the future continue to be an outcome of broad consultation between Australia's various jurisdictions and less motivated by political allegiances.

IA's role has had to adjust over time as iBodies have been established in all jurisdictions. IA has responded to this challenge by undertaking its own review of its assessment framework in consultation with all jurisdictions. This has also required IA to change its approach and culture of working in cooperation with the State's iBodies rather than trying to pre-empt or trump a State assessment.

Other Functions

I have no particular insight into where a Cities and Suburbs Unit might be established, but I would expect it would fit as a unit with the Government's Infrastructure Department. I would think such a unit would primarily focus on policies and planning for cities. This may lead in turn to some ideas for projects or other initiatives which may need to be worked through with State jurisdictions and ultimately IA. I don't see this as necessarily being a conflict with IA's role.

I would support IA's examination of social infrastructure within its assessment framework. An assessment focussing only on physical costs and benefits is incomplete if it can't also examine social impact issues.

The Future Investment Challenge

The role of IA in advising on national investment challenges raises broader budget issues and will be a matter for the Government to assess. It seems logical to me for the Government to specifically look to IA to assist and advise in this area. The current Labor Government may be more inclined to do so, but the Government will need to ensure it has confidence in the Board and staff of IA to work these issues through in a non-threatening manner.

Regards

Rod Hook

Former IA Board Member

Former Chief Executive, Department of Planning, Transport and Infrastructure - South Australia

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