

*Inquiry into the Infrastructure Australia Amendment Act 2014*  
*Submission by the Bus Industry Confederation*

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# **Inquiry into the Infrastructure Australia Amendment (Costs Benefit Analysis and Other Measures) Act 2014**

## **Submission by the Bus Industry Confederation to the Senate Standing Committees on Rural and Regional Affairs and Transport**



**OCTOBER 2014**

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## About this Submission

This submission highlights elements of the proposed Infrastructure Australia Amendment Bill that

### Overview

The BIC supports the role of Infrastructure Australia (IA) as an advisory body to the Commonwealth Government.

We support the commitment from the Government to strengthen the role of Infrastructure Australia and the process of reform being undertaken to make Infrastructure Australia more effective in its role.

The BIC believes that the outcomes of the previous process of amendment to the Infrastructure Australia Act (2008) served to make IA more transparent and effective in its functions as an advisory body.

The BIC seeks clarification on the intent and purpose of proposed amendments contained in the current Amendment Act. The measures we seek clarification on are outlined below.

Relevant Provisions	Points for Clarification
<b>Insertion of Section 5A (2)</b> Without limiting the function referred to in subsection (1), that function includes evaluating proposals for investment in, or enhancements to, nationally significant infrastructure that involve Commonwealth funding of at least \$100 million.	There is no specific reference in this section to time frames for evaluation. For example are the projects evaluated before or after the commitment of funding by the Commonwealth?
<b>Insertion of Section 5AA (2)</b> Infrastructure Australia may approve a method for preparing cost benefit analyses of proposals. The method must enable proposals to be compared.	The ambiguity in reference to “a method” is of concern to the BIC. The BIC strongly supports the adoption of a single and stable method for evaluation of land transport infrastructure proposals that considers fully the external benefits and costs of infrastructure projects. (See attached BIC submission to IPART) Another matter of concern is whether there is scope within this provision for methods to be varied according to project type. We are concerned that the cost benefit analysis methodology can too easily be manipulated to achieve outcomes unrelated to the public interest.
<b>Insertion of Section 5AA (3)</b> Infrastructure Australia must cause a method approved under subsection (2) to be reviewed: (a) no later than 6 months after the commencement of this section; and (b) every 24 months after that first review.	There is no specification of whether the review process will be applied in standard form to each method approved under subsection (2). The BIC is concerned that reviews may vary according to approved method in order to validate the method.

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**Potential for Reform**

As highlighted in the Moving People Taskforce's submission to the Infrastructure Australia Amendment Bill (January 2014), the BIC sees significant potential for positive reform to the role of Infrastructure Australia.

In the context of the Infrastructure Australia Amendment (Costs Benefit Analysis and Other Measures) Act 2014 we see the capacity for the cost benefit analysis of Commonwealth funded infrastructure projects to be standardised and to include an evaluation of benefits that have been undervalued or ignored in traditional cost benefit analyses of land transport investment.

These include agglomeration benefits, social inclusion benefits and emissions reduction benefits that arise from investment in transport infrastructure.

The BIC has attached a recent submission to the IPART (NSW) Review of External Benefits of Public Transport which provides further detail around the benefits that we believe should be considered when assessing investment in land transport infrastructure.

**Hearing Availability**

If invited to appear before the Committee Michael Apps, Executive Director of the Bus Industry Confederation will be available to address the comments provided in this submission.