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Your ref

Our ref 2014/0086-0001

Mr Tim Watling
Committee Secretary
Senate Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

By Email: rrat.sen@aph.gov.au

Dear Mr Watling

RE: INFRASTRUCTURE AUSTRALIA AMENDMENT BILL 2013

Thank you for the opportunity to lodge a submission regarding the Infrastructure Australia Amendment Bill 2013.

The Northern Territory Department of Infrastructure supports the bill and offers the following observations relating to the issues identified in the bill:

1. The Territory recognises that the bill seeks to ensure new infrastructure projects will be assessed on their long term impact and potential for productivity improvement. Importantly this assessment will ensure projects in Northern Australia are assessed on their ability to grow the national economy and improve the lives of all Australians. In recent years the Federal Government, through Infrastructure Australia, has relied on a cost-benefit analysis (CBA) approach to selecting infrastructure projects for development. This disadvantages the Northern Territory with some states seemingly arguing for projects based on reducing road traffic congestion. Basing infrastructure investment decisions on narrow CBA criteria can negatively impact the likelihood of greenfield/economic enabler infrastructure projects proceeding, as quantifying the benefits of these investments is inherently difficult. The Northern Territory is strongly of the opinion that future selection of infrastructure projects should be based on broader criteria than CBA.
2. The bill is silent on the issue of procurement options analysis. It is recommended that the scope of Infrastructure Australia's (IA) assessment include procurement options as a standard part of its assessment with State and Territory representatives. As with risk

assessment, the conclusions drawn from this process must be supported by experienced assessment if they are to add value.

3. In assessing future Public Private Partnership offers IA should be required to look at the performance and ongoing cost to the public of the last 5-10 projects delivered under this methodology.
4. The proposal to "fundamentally change the way projects are identified as national priorities" is welcomed and IA should be required to consider Government policy such as the Northern Australia policy in its assessment of proposed projects. The key issue is with s5A and 5B, which relate to evaluating infrastructure proposals and developing infrastructure plans. As it currently stands the provisions specifically refer to 'nationally significant infrastructure'. The Northern Territory has always considered that this stipulation puts it at a disadvantage when projects are being assessed by Infrastructure Australia, as it does not fully recognise the reality that the Northern Territory is a developing jurisdiction with a significant infrastructure deficit relative to other jurisdictions. The key risk is that this infrastructure 'deficit' may be constraining economic growth potential given infrastructure's role as an enabler of economic development and social sustainability.

I am informed that at the December Council of Australian Government meeting, the Northern Territory was successful in broadening the infrastructure discussion (as outlined in the communique – see <https://www.coag.gov.au/node/516>) to include "ways to prioritise projects that improve productivity or unlock economic growth potential including in regional economies". It would seem appropriate that this change in stance is subsequently recognised in the legislation that underpins Infrastructure Australia's guiding principles.

Yours sincerely

DAVID McHUGH
Chief Executive

 January 2014