

22 January 2014



Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Secretary,

It is our pleasure to submit a response to the Standing Committee on Rural and Regional Affairs and Transport as part of its inquiry into the Infrastructure Australia (IA) Amendment Bill 2013 (the Bill).

The Committee for Melbourne (CFM) has long held the remit to enhance the future prospects of Melbourne. Founded 29 years ago, CFM is an apolitical not-for-profit, member network that unites a cross-section of Melbourne's leaders and organisations to work together to enhance Melbourne's economic, social and environmental future.

Our members represent over 150 organisations drawn from the city's major companies, academic institutions and civic organisations across a broad range of industries. We represent no single interest and seek to challenge conventional thinking and develop innovative policy that continues to enhance the world's most liveable city.

Melbourne's economy has a profound influence on the National economy, generating approximately 17 per cent of Australia's Gross Domestic Product over the 22 years to 2012. There are clear signs however, that Melbourne, like other major cities across Australia, is struggling to cope with its rapid growth. Strong pressures from population increases, traffic congestion, freight bottlenecks, declining housing affordability and the sprawling nature of recent urban development (which for numerous reasons often lacks basic infrastructure support and connectivity), are impacting on productivity and liveability.

As such, infrastructure is vital to the liveability and sustainability of our cities as they expand geographically and their populations increase. The nation's competitiveness and attractiveness is dependent on the quality of this infrastructure and as national priorities compete, the role of the Commonwealth to provide efficient provision of infrastructure increases.

CFM has been a long supporter of IA and the role it plays as a visionary oversight body that aims to bring additional evidence based analysis, transparency and independence to nationally significant infrastructure prioritisation and investment decision making.

CFM comments on the proposed amendments to the Bill:

Amendments relating to Section 4, Establishment

CFM is supportive of appropriate amendments that will strengthen IA's position as an independent statutory body and will increase the effectiveness as a politically unbiased adviser to governments.

Amendments relating to Section 5A, Functions-evaluating infrastructure proposals

CFM believes independence and transparency to be central to IA's effectiveness as an expert adviser and is concerned with the inclusion of subsection 5A (2), which would allow the Minister to limit the classes of infrastructure that IA can evaluate.

CFM believes this amendment is directly opposed to the fundamental objectives of IA and would significantly limit the potential for productivity gain and public benefit to flow from unbiased decision-making.

CFM strongly recommends that Section 5A (2) be removed from the Bill.

Amendments relating to Section 5B, Functions-developing Infrastructure Plans

CFM is supportive of the inclusion of a much longer term planning timeframe and is supportive of 5 year revision intervals.

Whilst the Bill notes a 15 year timeframe, given the long-term nature of infrastructure development and the need to have a long-term network wide vision, CFM questions if 15 years is in fact a far enough horizon.

CFM recommends that longer planning timeframes be contemplated considering the scale and scope of nation building infrastructure projects and the size of the investment required to support delivery.

Amendments relating to Section 5C, Functions-providing advice on infrastructure matters

CFM is supportive of IA providing advice on infrastructure matters.

Amendments relating to Section 5D, Functions only performed when directed by the Minister

CFM is opposed to any amendments that reduce the effectiveness of IA in achieving the objectives set out in this Bill and as stated earlier, this includes the independence and transparency of the organisation.

Therefore CFM does not support the inclusion of Section 5D because it diminishes the transparency of the advice that IA provides and could reduce the public benefit that follows from the provision of that advice.

Amendments relating to Subsections 6(3)

CFM is opposed to amendments that would limit the scope of work, matters to be considered and the manner in which IA performs its functions.

CFM is of the view that providing the Minister with the capacity to direct IA on the matters outlined in part (c)...

- (i) The scope of any audit, list, evaluation plan or advice;
- (ii) Any matters that IA must or must not consider in performing its function; and
- (iii) The manner in which IA is to perform;

...would significantly reduce the independence and hence, effectiveness of IA and the subsequent benefit to the broader Australian community.

CFM recommends removing Subsection 6(3) from the Bill and preserving the current subsection within the existing Act.

Amendments relating to Section 6B, Consultation

CFM is supportive of any amendments that increase the level of consultation between IA and key stakeholders and recommends that the community also be considered as part of the consultation process.

In closing and broadly speaking, CFM commends the Government for its commitment to improving the effectiveness of IA to deliver better strategic long-term planning and provision of infrastructure for Australia.

However, to ensure that productivity and well-being are maximised for the benefit of all Australians, infrastructure investment decisions need to be definitively prioritised over the long-term via rigorous evaluation on a genuine productivity enhancing business case basis. Central to achieving this outcome is a decision-making process that is free from short-term political influence, one that takes into account the full range of infrastructure types, costs and benefits.

CFM believes that some of the changes to this Bill will inhibit the effectiveness and perceived credibility of IA and create additional risk for the efficient allocation of Commonwealth resources.

I thank you for your consideration and welcome the opportunity to expand on any of the points within this submission.

Regards,

Kate Roffey
Chief Executive Officer
Committee for Melbourne