Australian Government
Department of Infrastructure and Regional Development

House Standing Committee on Infrastructure and Communications Inquiry into Infrastructure Planning and Procurement

Submission by the
Department of Infrastructure and Regional Development
April 2014

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1. Introduction

The Department of Infrastructure and Regional Development (the Department) is pleased to make this submission to the House Standing Committee's Inquiry into infrastructure planning and procurement. The Department is responsible for providing policy advice, and for delivering programmes, administering legislation and regulation according to the following outcomes:

- **Outcome 1**: Improved infrastructure across Australia through investment in and coordination of transport and other infrastructure.
- **Outcome 2:** An efficient, sustainable, competitive, safe and secure transport system for all transport users through regulation, financial assistance and safety investigations.
- **Outcome 3:** Strengthening the sustainability, capacity and diversity of regional economies including through facilitating local partnerships between all levels of government and local communities; and providing grants and financial assistance.
- **Outcome 4:** Good governance in the Australian territories through the maintenance and improvement of the overarching legislative framework for self-governing territories, and laws and services for non-self-governing territories.

1.1 Overview

Many of the matters raised in this submission overlap with issues that have been addressed in detail by the Department in its submissions to two recent Productivity Commission inquiries:

- Public Infrastructure, which is examining infrastructure costs and financing in Australia (a summary of the Department's submission and the draft report's findings is provided at Attachment A). The Department's submission responds in detail to its involvement in infrastructure planning and investment.
- Major Project Development Assessment Processes, completed in December 2013 (a summary of the inquiry findings and the Department's submission is provided in Attachment B). The submission canvased a range of infrastructure planning issues.

To avoid duplication, the Department has not fully reproduced these submissions, however, a complete view of the Department's activities is best obtained by considering those submissions with this one.

Both submissions can be accessed in full at: http://www.pc.gov.au/

This submission focuses on the role of the Australian Government in long term planning for infrastructure and the importance of adequate identification and protection of land that meets future development needs.

It has been prepared with a predominant focus on the Department's responsibilities in relation to transport infrastructure, however, also considers the network-wide impacts on other infrastructure sectors to ensure a city or region addresses long term infrastructure challenges. The approach takes account of:

- the fiscal gap being experienced by all levels of government;
- the need for evidence based decision making; and
- ensuring that funding and financing is not viewed in isolation from how we plan, select and deliver future infrastructure.

It also highlights the importance of collaborative planning in conjunction with state, territory and local governments, and profiles some recent initiatives aimed at reducing the cost and timeframes for the delivery of projects.

2. Infrastructure Context

2.1 Productivity and provision of infrastructure

The Australian Government recognises that Australia's future productivity growth will be significantly influenced by our capacity to efficiently deliver improvements to existing infrastructure and transport and to develop new infrastructure which creates an integrated transport network across Australia.

One of the most pressing economic challenges Australians face is lifting our productivity. Over the last decade, labour productivity has lagged with growth slowing to 1.4 per cent, compared with 2.1 per cent in the 1990s. Failure to address systemic inefficiencies and impediments will undermine other labour productivity improvements.

The Australian Government plays a major role in funding road and rail infrastructure through the Infrastructure Investment Programme. Over the last decade infrastructure investment has been a continuing series of rolling programmes beyond a single term of government, primarily involving the provision of grants to the states (and local government) to deliver specific road, rail and road/rail intermodal freight terminal facility projects.

Australia is particularly dependent on the supply and efficient use of transport infrastructure, given our large distances from major international markets and dispersed industries and population. Continued pursuit of a seamless, integrated transport network is essential to ensuring that people and goods are moved into, around and out the country as quickly and cost-effectively as possible.

2.2 Key infrastructure reforms and investigations

A number of high level reform initiatives are likely to have a bearing on the processes used to identify future infrastructure needs, including planning and prioritising infrastructure investment requirements and governance arrangements.

2.2.1 Council of Australian Governments (COAG)

COAG is pursuing an agenda to reduce duplication between governments and improve regulation and reduce unnecessary red tape.

At its meeting in December 2013, COAG commissioned work on infrastructure from the then Standing Council on Transport and Infrastructure, (now the Transport and Infrastructure Council) including:

- practical options to accelerate project delivery, including how planning and approval timeframes can be fast-tracked;
- advice on the next major transport reforms, including proposals for heavy vehicle charging and investment reform;
- options to increase private sector investment in infrastructure projects; and
- ways to prioritise projects that improve productivity or unlock economic growth potential including in regional economies.

2.2.2 Infrastructure Australia legislative changes

Infrastructure Australia (IA) remains a key advisor to government on infrastructure project and policy reforms. The Government has introduced into Parliament legislation to reform the operations of IA to help improve certainty, transparency, focus and national purpose into how infrastructure is planned, developed and delivered. The Government sees this reform as pivotal in its strategy to lift Australia’s productivity. The reforms aim to strengthen IA by creating a more independent, transparent and expert advisory body through a change in its governance structure and through better clarification of its functions.

The Infrastructure Australia Amendment Bill 2013 was introduced to Parliament to give effect to these reforms. The Bill is scheduled for debate in the Senate during the 2014 Winter Sittings.

The Bill will increase IA's independence through its new governance structure which will provide for an independent governing entity that is both legally and financially separate from the Commonwealth. It also proposes to create a Chief Executive Officer (CEO) position that reports to a Board, effectively abolishing the existing Infrastructure Coordinator role and the IA Council. In accordance with other Government boards, the CEO position will be responsible for implementing the Board's strategic objectives.

The Deputy Prime Minister and Minister for Infrastructure and Regional Development, has asked IA to undertake a full audit of Australia's asset base, in conjunction with the states and territories, but independent of their project priorities. This audit will feed into a comprehensive 15-year infrastructure plan which is critical in prioritising investment to maximise productivity improvements. Both will be updated every five years to accommodate changes in Australia's infrastructure needs.

The 15-year plan will include clearly defined service standards for project delivery, outline short and long term productivity gains and identify any complementary projects required to maximise productivity gains. The plan will also articulate a timeframe in which projects will be brought to market, commencing with those projects of highest productivity value.

IA will also assess all projects across both economic and social infrastructure (excluding Defence projects) seeking Commonwealth funding of over $100 million.

3. Infrastructure Planning and Coordination

3.1 Importance of long term strategic planning and collaboration

With Australia's population set to grow to 30 million and the national freight task predicted to double by 2030, the demands on transport infrastructure will continue to grow, as documented within the Department's recent publication *Trends: Infrastructure and Transport to 2030*, available at:

http://www.infrastructure.gov.au/infrastructure/publications/files/Trends_Infrastructure_and_Transport_to_2030.pdf

Long term planning provides a crucial framework for identifying, protecting and delivering the infrastructure that Australia needs. It is also a mechanism to provide more confidence for the private sector to invest in infrastructure projects.

Collaboration on infrastructure planning across all tiers of government is essential to ensure the development of seamless transport networks across the country. Australian governments have already made significant progress in improving the planning and delivery of infrastructure, with further progress to be made. The Australian Government is working with jurisdictions to ensure a national focus for infrastructure planning, through:

- the development of national port and freight initiatives;
- safeguarding the operation of nationally significant airport infrastructure from adjoining development;
- mapping of national freight networks;
- alignment of planning across all modes and levels of planning to optimise opportunities for coordination; and
- prioritising infrastructure projects on a national basis.

As well as a funding partner in project delivery under the Australian Government's Infrastructure Investment Programme, the Department works closely with state, territory and local governments, and the private sector to ensure that the right projects are selected for delivery at the right time based on robust, evidence-based analysis and using an appropriate model for delivery.

The Department is also working to implement infrastructure-related reform initiatives, facilitating harmonisation on planning methodologies and forecasting techniques contained within existing national transport planning and infrastructure investment guidelines. This includes working with jurisdictions to update the National Guidelines for Transport System Management to ensure they reflect the latest thinking in project identification, assessment and prioritisation. The work extends to cost benefit analysis methodology, and estimating the wider economic benefits and productivity impacts of projects.

This collaboration reflects an acknowledgement that delivering the infrastructure Australia needs cannot be met by a single government and must involve a partnership across the all levels of government and the private sector. Given the importance of long term strategic planning to infrastructure investment, it is important that all jurisdictions continue to focus more on investment planning and developing long term infrastructure strategies. In the longer term such efforts will save money, ensure timely delivery of new or upgraded infrastructure and maximise existing investments.

3.2 Infrastructure priorities

The Australian Government's Infrastructure Investment Programme to 2018/19 is currently being finalised in conjunction with the state and territory governments to fund productivity enhancing

transport infrastructure investments. This provides certainty for all governments and the public on the projects to be delivered under this Programme.

The National Infrastructure Audit and 15-year plan, being undertaken by Infrastructure Australia, will inform the development of future programmes.

3.3 Consequences of not adequately addressing infrastructure planning challenges

A range of undertakings over the past decade (such as an increased focus on higher level strategic planning reforms) have improved the process of developing robust integrated planning documents at state and territory level. However, historic fragmentation in planning responsibilities has led to less than optimal transport networks, and, in some cases, incompatible network implementation across Australia with freight trips spilling onto local networks. Infrastructure Australia's *2013 State of Play* highlighted that the delivery of national road infrastructure in particular is facing fragmentation challenges.
(See http://www.infrastructureaustralia.gov.au/state-of-play/index.aspx).

There is a clear national interest for the Australian Government in ensuring that inadequate planning to identify and protect land does not:

- compromise the current or future operation of nationally important economic networks; and
- inflate the cost of infrastructure projects, particularly those receiving Commonwealth funding.

3.4 Infrastructure planning for nationally significant corridors and precincts.

Reconciling land use planning and interface issues such as noise complaints, traffic congestion, and urban amenity immediately adjacent to freight intensive activities (major intermodal terminals, industrial zones or port precincts) and their adjoining infrastructure corridors has been identified by the freight industry, as being amongst the most significant future challenges in major metropolitan and developing regional centres. Such pressures will only intensify with predicted growth in urban development as well as the freight task, and therefore effectively protecting land for freight and reserving land for future transport corridors in general is essential to protecting economic growth.

CASE STUDY 1 URBAN ENCROACHMENT AT AUSTRALIAN PORTS

Ensuring the access required for future needs is protected, means early identification of the land use planning decisions that may impede the efficiency of current and future freight operations.

The performance of nationally significant freight corridors and precincts can be compromised where noise, vibration or air quality sensitive uses are allowed on adjoining properties. Despite their national economic importance, many of the strategic freight routes that service Australia's ports are under threat from urban encroachment.

In the case of the Inner Harbour at Fremantle Port (which handled more than 670 thousand containers (TEU) in 2012–13) high density development has been permitted next to the freight railway serving the port's inner and outer harbours. This development has led to new residents lobbying to have freight traffic restricted or prohibited (BITRE, 2014).

In the case of Port Hedland (which handled 288 million tonnes in 2012–13 and is the world's largest bulk export port), the viability of the Port operations has been put at risk for the second time in less than twelve months with plans to re-zone land around the port, in one case from industrial zoning to short-term accommodation and commercial use and, in the second case, to form a marina (including tourist, commercial and residential development).

http://www.abc.net.au/news/2013-08-13/port-hedland-dust/4884212

http://www.abc.net.au/news/2014-02-19/port-hedland-dust/5270038

Similar concerns have arisen in other jurisdictions, such as coal dust in the Hunter Valley transport corridors and at the Port of Newcastle—the world's largest coal export port. The proximity of residential areas to the coal-handling facilities at the port inevitably leads to dispersion, of the coal dust in the unloading, loading activities at the port.

http://www.miningaustralia.com.au/news/greens-want-coal-terminal-expansion-stopped

3.5 Coordinated strategic planning

State and territory governments have lead responsibility for infrastructure and land use planning, supported by local government. The ability, however, to respond to nationally significant infrastructure pressures systematically is becoming increasingly complex as cities grow and passenger and goods movement networks expand across State and sectoral boundaries.

Commonwealth /state/territory interaction is occurring around transport planning for infrastructure recognised for its national significance. For example, over recent years the Department has led several national transport investment planning initiatives including the Joint Study on Aviation Capacity for the Sydney Region, the East Coast High Speed Rail Study, and the Inland Rail Freight Study.

The early identification of land to be set aside or appropriately buffered to facilitate future corridors associated with such projects is critical to future delivery, and a suite of jurisdictional land use mechanisms can be used to manage such protection.

3.6 Land reservation

The fiscal circumstances facing all governments means that corridor protection is becoming recognised as an increasingly important part of infrastructure planning.

Recent experience in jurisdictions indicates inadequate planning and acquiring land at the time of project delivery adds a premium to the cost of providing the infrastructure, and early selection of routes for strategic infrastructure delivers large material benefits to the government and the economy including:

- provides certainty for planning and forward estimates;
- allows certainty for private sector planning and investment and development;
- gives maximum flexibility to the programming and scheduling of outlays;
- maximising integrated transport and land use opportunities; and
- makes urban development more competitive.

Early and systematic protection and acquisition of the land required for infrastructure has many benefits over last minute purchases and resumptions including:

- the lifetime cost of the project is much less; and
- avoids or minimises resumptions involving hardship, delays, higher costs and bad publicity.

A key barrier associated with corridor reservation is the perceived uncertainty of investing current budget resources in long term future propositions including:

- conflict between the 'buy now' and 'buy later' arguments;
- resistance to investing resources to protect long term strategic corridors well in advance of detailed investigations to demonstrate current need and/or refine the locations; and
- difficulties in accurate strategic long term planning predicting growth, including the form that future infrastructure(s) might take, as well as which sectors might use a future corridor.

3.7 Airports

Building upon Aviation White paper reforms for federally leased airports, (which require airport master planning to align with landside infrastructure planning); progress has been made through the National Airport Safeguarding Advisory Group (NASAG) to protect airports around Australia from urban encroachment or inappropriate development. In 2012, an Australian Government proposal to develop a national land use framework was agreed to by state and territory governments to protect airports and communities from inappropriate off-airport development.

CASE STUDY 2 NATIONAL AIRPORTS SAFEGUARDING FRAMEWORK

Sites for airports are scarce and finding new land to replace or expand existing airports is difficult. Existing sites in many cases pre-dated significant urban development. More recently, urban expansion and densification has increased tensions between residential and industrial development and airport operations. Population growth, development demands and increased aviation activity combine to make complementary planning more difficult and therefore more important. The main challenge is to balance the needs of airports and the aviation industry to meet growing demand with urban growth pressures around airports.

The National Airports Safeguarding Framework (NASF) provides a nationally consistent land use planning approach in order to protect airports and military airfields in the interests of public safety and amenity, aviation safety and airport longevity. NASF includes guidelines for managing a range of impacts and risks to aviation including aircraft noise, building-induced windshear, wildlife strikes, wind turbines, distraction to pilots from lighting and protected airspace.

In each jurisdiction, there are different ways in which NASF provisions have been, or will be, incorporated into legislative and regulatory arrangements. Local Governments and planning authorities have to consider relevant state and regional planning policies when preparing strategic plans or making statutory decisions.

A practical example of how this can be applied at the state level is the Queensland State Planning Policy (SPP). Established in December 2013, the SPP defines the Queensland Government's policies about matters of state interest in land use planning and development and how they must be dealt with in planning schemes, council development assessment processes and in designating land for community infrastructure. Specific Guidance on NASF has been included in the strategic airports and aviation facilities as a part of the State Transport Infrastructure section.

3.8 Ports planning

There is increasing recognition by governments and industry of the need for integrated, long term approaches to address the challenges of moving domestic and export freight. The Department is working with other jurisdictions and industry on an integrated national approach to address port and freight challenges.

The Department is supportive of the work of the ports industry to promote the development of integrated long-term master plans for ports. Ports Australia developed guidelines for best practice in ports master planning in August 2013. The Department was actively engaged in the process of developing the guidelines, along with the Department of Environment, which advised Ports Australia on best practice approaches for the protection of sensitive coastal values under Commonwealth legislation.

3.9 Understanding the freight task

As transport and infrastructure investment is characterised by long lead times, the capacity to identify, measure and report an accurate picture of current and future infrastructure needs and requirements is fundamental to developing a strategic approach to future decision making regarding land protection. Although a level of uncertainty will always be a feature of protecting long term freight corridors and assets, the Department is engaged in improving and expanding the data and analysis that informs quality strategic planning.

CASE STUDY 3 NATIONALLY CONSISTENT FREIGHT DATA AND MAPPING

The Department is taking a lead role in broader efforts to develop a more comprehensive understanding of the national land freight system.

The long term outlook for commodities and goods will underpin much of the future freight network planning at state and territory level. However, because of the breadth and diversity of the freight task, detailed freight data is generally costly to collect, and even where data is collected, commercial confidentiality can limit availability of more detailed information required to inform planning. The Department, through the Bureau of Infrastructure, Transport and Regional Economics (BITRE), has been progressing production of nationally consistent freight data through its freightline data series.

The freightline series is intended to partly fill the gap in knowledge about the size and scope of the Australian freight task, providing a series of overviews of different aspects of Australia's freight task. Over forthcoming issues, this series will explore in, more detail, different commodity or sectoral-specific aspects of Australia's freight task, outlining the size and location of major freight movements. Commodity/sector-specific tasks that will be considered over forthcoming issues will include:

- Coal
- LPG
- Grains (wheat, coarse grains & pulses)
- Sugar
- Livestock & meat
- International container movements
- Iron ore
- Metallic minerals
- Cotton
- Fertilisers
- Other agricultural products
- Inter-capital freight task

Aligned efforts are underway to map key freight routes. The key freight route maps are a coordinated effort by states, territories and Commonwealth,with industry, to develop a more comprehensive understanding of land freight system and to have an evidence basis for informing future policy, including state-based long term strategic freight plans, freight corridor planning and protection measures. They are anticipated for completion mid-2014.

3.10 Infrastructure resilience

The cost of repairing and reconstructing disaster damaged infrastructure is a significant cost for all levels of government. Having long term infrastructure plans in place prior to any disaster event can assists asset owners to understand what should be replaced and how, reducing the time to commence reconstruction.

In order to better manage both foreseeable and unforeseen or unexpected risks in critical infrastructure assets, supply chains and networks, the Australian Government has developed a National Critical Infrastructure Resilience Strategy. (A copy of the strategy can be found at www.tisn.gov.au.) This strategy adopts an "all hazards" approach. Within an all hazards approach, the engagement of governments is focussed on assisting owners and operators of critical infrastructure to increase their resilience and protect their assets such as:

- identifying, analysing and managing cross sectoral interdependencies; and
- coordination with other levels of government who are engaging on critical infrastructure planning.

The Attorney-General's Department is the lead agency for critical infrastructure policy across the Australian Government, however the Department of Infrastructure and Regional Development works with owners and operators of critical infrastructure across the offshore oil and gas; maritime; aviation and surface transport sectors. Effective stakeholder engagement in this forum enables information sharing on threats and vulnerabilities, as well as collaboration on appropriate measures to mitigate risk and boost resilience on an all-hazards basis.

CASE STUDY 4 NATIONAL STRATEGY FOR DISASTER RESILIENCE

A resilience approach to infrastructure policy is articulated in the National Strategy for Disaster Resilience, was endorsed by COAG in February 2011.

One of the strategy's key objectives is the 'reduction of risk in the built environment'. Although planning and development controls are implemented through state and local governments, the Australian Government, through the Department, encourages the incorporation of disaster resilience principles in land use planning and building permit processes, and provides a leadership and guidance role in the assessment of some large scale, nationally-significant development proposals. These proposals often include key infrastructure installations such as airports, ports, railways and motorways.

The Department, engages with states and territories on hazard resilience matters during the reconstruction or upgrade of infrastructure where appropriate. For example, recent Bruce Highway upgrades have reduced flood risk and improved the reliability of Queensland's main road artery and the newly completed Macleay River Bridge, the longest in Australia, has removed a major flood risk on the Pacific Highway.

More information is available at:

www.ag.gov.au/EmergencyManagement/Pages/NationalStrategyForDisasterResilience.aspx

4 Infrastructure Markets

4.1 Investing in the right infrastructure at the right time

It is critical that governments select and prioritise the right infrastructure first through a robust planning and assessment process, before considering optimal financing and funding solutions that will assist in the delivery of those projects. How projects are prioritised, selected and sequenced is central to delivering the projects which more effectively unlock productivity and support economic growth.

Determining funding and financing options for projects also needs to be undertaken on a project by project basis – and not all projects should be delivered through alternative financing arrangements. Funding and financing should not be reviewed in isolation of how we plan, select, deliver and operate infrastructure in Australia to ensure the right project is delivered at the right time.

4.2 Increasing private sector investment in infrastructure

The capacity of government to meet the growing demand and expectations for new and improved infrastructure is limited by fiscal constraints. Participation of the private sector can reduce the call on government resources and ensure we are timely in delivering the right infrastructure, and have access to the right funding and financing arrangements.

The Government is investigating the wider use of funding and financing mechanisms as an alternative to traditional grants that will allow governments to further partner with the private sector to deliver priority projects. These are highlighted in sections 4 and 5 of the Department's submission to the PC inquiry into Public Infrastructure.

The outcomes of the PC inquiry into Public Infrastructure will also help inform the Government on suitable options to encourage increased private sector involvement in the financing and delivery of public infrastructure as well as options to reduce the cost of delivering major infrastructure projects.

4.2.1 Informing the private sector on upcoming infrastructure projects: National Infrastructure Construction Schedule (NICS)

The Department maintains the NICS which brings together information on major infrastructure projects from all jurisdictions and across the three tiers of government on a single website. The website collates and outlines the national pipeline of existing and upcoming major infrastructure projects procured by the government sector in Australia. It also highlights projects that have potential for private sector involvement.

This initiative facilitates broader involvement in the market, assists to provide greater efficiencies in procurement and resource planning, and encourages increased investment by showcasing Australian infrastructure. Launched in May 2012, a total of 131 projects with a value of over $81 billion have been listed. The website has received over 4.3 million hits since May 2012.

4.3.2 Increasing domestic and international competitive markets for infrastructure provision and funding

In the PC's draft inquiry report into public infrastructure, the PC found that the infrastructure construction market was "workably competitive" and that the current structure did not diminish competition in ways that would substantially inflate infrastructure costs.

The Department is continuing to investigate reforms that could broaden competition in the infrastructure construction and financing industries. Notably, COAG's Infrastructure Working Group has undertaken work to harmonise and standardise procurement guidelines and processes, which is designed to help provide industry with consistency and predictability when dealing with government. This work has included publication of the *National Alliance Contracting Guidelines* and

the *National Public Private Partnership Guidelines,* and developing the *Traditional Contracting Guidelines*. The Infrastructure Working Group is also undertaking work to increase public sector skills and capabilities in relation to procurement.

Australia has also had a long history of welcoming foreign direct investment that is consistent with the national interests because it helps drive economic growth, creates skilled jobs, improves access to overseas markets, and enhances productivity. The Australian Government is focussed on addressing barriers to entry and to promote Australia as an investment destination in key construction and finance markets.

The Department works in partnership with the Australian Trade Commission (Austrade) to promote, attract, facilitate and retain increased foreign direct investment in the Australian infrastructure construction industry. It does this through direct contact with infrastructure construction and investment firms to raise awareness of the Australian market and future opportunities.

This work is undertaken through a five year interagency partnership agreement between the Department and Austrade which focusses efforts on agreed target markets to: help fill the gaps in Australia's infrastructure capability by increasing technology capability transfer and providing for innovation; increase competition in design, construction, operation and financing of infrastructure to drive better value for money outcomes for Government; sustain and build on employment opportunities and skills; bring new commercial opportunities to fruition in Australia; and increase the availability and options for financing Australian infrastructure projects.

5. Approvals and Regulatory Reform

5.1 Deregulation agenda

As part of its deregulation agenda, the Australian Government has committed to a net reduction in regulatory red tape of $1 billion per annum.

The Government's red tape reduction programme aims to reduce unnecessary red tape costs on individuals, businesses and community organisations and complements other infrastructure project delivery reforms. It applies to any mandatory obligations imposed by legislation, regulations, quasi regulations such as; statutory instruments, standards, codes of practice, or any other aspect of regulator behaviour that has a measurable cost burden on business or individuals. Red tape burden imposed by the Commonwealth's procurement, grants and cost recovery rules are also included.

5.2 Major Project Facilitation (MPF)

The MPF programme assists proponents of major projects by helping to coordinate and streamline Commonwealth and relevant state and territory government approval processes. The programme offers:

- information on Australian Government approvals processes;
- coordination of relevant Australian Government and state government processes so that, as far as possible, they occur simultaneously and without duplication;
- a point of contact in the Australian Government to allow prompt resolution of issues; and
- assistance in identifying and accessing government programmes, as appropriate.

These services are available to all industry sectors, not just infrastructure, and particularly targets projects of strategic significance to Australia, with a value over $50 million.

5.3 One Stop Shop (OSS) for environmental approvals

The Government is also working with states and territories on an OSS for environmental approvals. The reform aims to streamline the project approval process and reduce the delays and associated

costs being experienced by large infrastructure projects in Australia. This major planning reform will see Commonwealth environmental approval responsibilities required under the *Environmental Protection and Biodiversity Conservation Act 1999* transferred to the states and territories via bilateral agreements.

This will remove the need for proponents to develop two environmental submissions, one each for the state and the Commonwealth. The policy is expected to improve Australia's investment climate by reducing red tape, simplifying the approvals process and enabling swifter decision-making without compromising environmental standards.

6. Conclusion

Australia needs improved planning, coordinated across jurisdictions, to underpin investment decisions and regulatory reforms so that our infrastructure meets community and business expectations, maximizes productivity and copes with growing demand.

The Department is already undertaking significant work towards reducing costs to business through reduction of red tape, better coordination and transparency of government procurement processes, and building skills and capabilities of the public sector to better manage more complex infrastructure projects. This includes work being progressed with the states and territories through COAG.

A particular feature of recent policy initiatives has been the recognition that transport network planning for freight has to cross traditional modal barriers and fully capture issues associated with ports and broader land use planning. The Department has driven the development of national ports and freight planning initiatives with the states and territories. Integrating the jurisdictions' infrastructure planning and strategies with a national focus will realise broader growth in international trade and economic productivity.

Over the last few years, this process has become far more robust with integrated planning documents being developed by the states however more needs to be done. The early identification of land to be set aside for future corridors is critical to lowering the cost of developing infrastructure projects within those corridors.

Although, the Commonwealth, states and territories have commenced action to develop and implement initiatives to address these priorities, this requires consistent and sustained efforts. The economic benefits derived from airports, ports and gateways can only be safeguarded if all elements in the supply chain, including the surrounding land transport networks to hinterland industrial areas, are properly protected and addressed.

References

Bureau of Infrastructure, Transport and Regional Economics 2014, Waterline 53, BITRE, Canberra.

Attachment A

The Productivity Commission is completing an inquiry into ***Public Infrastructure***, including the provision, funding and financing of major public infrastructure and the scope for reducing the costs and long lead times associated with such infrastructure. The Department's submission highlighted:

- the role of integrated infrastructure planning, project selection and decision making in delivering major infrastructure;
- the need to optimise existing infrastructure, such as through the utilisation of smart technology;
- the Department's experience in managing infrastructure ownership, regulation and governance;
- options for alternative funding and financing mechanisms to encourage greater private sector involvement;
- data on project costs; and
- the Department's role in driving micro economic reforms.

The Draft Report, released in March 2014, found that the cost of infrastructure in Australia, and levels of construction productivity, are similar to comparable countries and there does not appear to be a single factor driving the rise in infrastructure project costs. The Draft Report recommended a number of reforms targeting at reducing costs and accelerating project delivery, including:

- reforming governance and institutional arrangements for public infrastructure to promote better decision making in project selection, funding, financing and the delivery of infrastructure services;
- developing a systematic framework for benchmarking the cost of major projects;
- reducing bidder costs and onerous requirements for contract tenders;
- revising government procurement processes, including tender shortlisting;
- increasing early contractor involvement in the design of large infrastructure projects;
- adopting new building codes with strict industrial relations conditions to avoid the risk of industrial disputes and excessively generous enterprise bargaining agreements; and
- adoption of nationally consistent occupational licencing for trades and engineers.

Attachment B

The Productivity Commission Inquiry into ***Major Project Assessment Processes*** was completed in December 2013. The report makes recommendations to improve the nation's development assessment and approvals process, noting the need for a wide-ranging reform agenda to simultaneously deliver the benefits of major infrastructure projects and ensure sound environmental and social outcomes. The report's proposed reform agenda includes:

- five steps towards a 'one project, one assessment, one decision' framework for environmental approvals
- limiting the use of 'stop-the-clock' provisions;
- improving coordination between state and territory regulatory agencies;
- institutional separation of environmental policy development from regulatory and enforcement functions;
- enshrining the principle that Ministerial approval – unless a deemed approval – should not be reviewable other than on judicial review grounds;
- establishing statutory timelines, together with appropriate safeguards , for key decision points in the development assessment and approvals process;
- expanding the use of Strategic Assessments and Plans where practical to do so;
- requiring that approval authorities publish reasons for their approval decisions and conditions; and
- improving third party opportunity for compliance actions.

<u>The Department's submission focussed on:</u>

- experience from the role as an approval authority for Master Development Plans and Master Plans for federally leased airports;
- removal of duplication and reduction in timeframes for approval processes, where warranted to improve economic growth; and
- enhanced policy and strategic development role for the Department to guide jurisdictions land use and infrastructure planning systems.

The report's recommendations, including the proposed reform agenda, are currently being considered by governments.