

# Infrastructure Australia Audit Framework:

Stage	Description	Components required	Rationale
1. Goal definition	Definition of the fundamental economic, environmental and social goals that society seeks to achieve, for example: sustained economic growth and increased productivity, lower carbon emissions and lower local pollution, greater social amenity and improved quality of life.	<ul style="list-style-type: none"> <li>Formalised, comprehensive, and agreed goals/targets.</li> <li>Quantified, objective and specific goals/targets.</li> </ul>	A performance benchmark is needed against which the adequacy of infrastructure can be assessed.
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2. Problem identification	Objective, specific, evidence-based, and data rich identification of deficiencies with the condition, operation and services provided by infrastructure that may hinder the achievement of those economic, environmental and social goals.	<ul style="list-style-type: none"> <li>A list of specific problems clearly identified, including network or geographical location.</li> <li>Those problems accurately quantified and defined, including an assessment of future trends.</li> </ul>	Specificity re inadequacies is essential in order to take targeted and therefore more effective action.
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3. Problem assessment	Objective and quantified appraisal of the economic, environmental and social costs of those deficiencies, so that the most damaging deficiencies can be identified and prioritised.	<ul style="list-style-type: none"> <li>Accurate and objective assessment of the econ/envt/soc impacts of those problems.</li> <li>Priorities identified which reflect the scale of impacts.</li> </ul>	Understanding the costs/impact of deficiencies allows the worst problems to be identified and prioritised.
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4. Problem analysis	Objective policy and economic analysis of why these deficiencies exist – i.e. what is the underlying cause (depending on the sector, reasons could include market failure, government failure, capital restrictions, etc.). This should include an assessment of non-infrastructure reasons for the problem – e.g. land use patterns, peaky demand; or education/business hours.	<ul style="list-style-type: none"> <li>For each deficiency, analysis of why those problems have developed</li> <li>Covers both immediate and underlying causes (e.g. not just 'lack of investment', but causes of underinvestment, e.g. regulatory environment).</li> </ul>	Understanding the causes allows effective and targeted solutions to be created. Infrastructure not the only cause of problems.
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5. Option generation	Development of a full range of interventions that might address the issue - e.g. pricing, regulatory, better use, packages/systems, capacity increases, informed by the Problem Analysis completed at Stage 4.	<ul style="list-style-type: none"> <li>A full range of option types have been identified for each deficiency/problem.</li> <li>Those options have been objectively assessed, without some options having been ruled out early or favoured.</li> </ul>	Looking at a range of options rather than relying on early judgements is more likely to identify the best solutions.
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6. Solution assessment	Use of cost-benefit analysis to assess those options/solutions. The appraisal should incorporate the full range of economic, environmental and social impacts (including agglomeration and trade impacts, carbon impacts, noise, and social amenity) so that the impact on all society's goals is measured and understood as far as is possible.	<ul style="list-style-type: none"> <li>Accurate and justifiable Cost-Benefit Analysis has been used to appraise options.</li> <li>CBA is comprehensive and includes wider economic, environmental and social impacts.</li> </ul>	An understanding of the impact of solutions on all goals is essential to understand how the portfolio will achieve those goals.
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7. Solution prioritisation	Identification of policy and project priorities from the list of solutions, on an objective basis. The objective basis should give primacy to the Benefit-Cost Ratio (BCR) of policies, but could include broader considerations set out in a transparent framework - such as portfolio/package issues, deliverability, risk, and affordability.	<ul style="list-style-type: none"> <li>Priority List clearly identified.</li> <li>Priorities reflect primacy of BCR analysis alongside objective framework</li> <li>Relationship to State-funded policies/projects clear – i.e. prioritisation reflects all ideas, not just the unfunded.</li> </ul>	BCRs provide the best available objective evidence as to how well solutions will impact on goals – but not the whole story.