



Australian Government
Infrastructure Australia

Leading for the Future

Mr Michael Deegan

Melbourne Institute – 2009 Economic and Social Outlook
Conference

6 November 2009



The Council

Sir Rod Eddington (Chair)

Hon Mark Birrell

Mr Jim Hallion

Mr Phil Hennessy

Dr Ken Henry

Dr Kerry Schott

Mr Anthony Kannis

Mr Terry Moran

Prof Peter Newman

Ms Heather Ridout

Mr Ross Rolfe

Mr Garry Weaven

- Great mix of Public/Private and academia
- Infrastructure Australia is an advisory body



Role

- Infrastructure Australia has the primary function of providing advice to the Minister, Commonwealth, State, Territory and Local Governments, investors in infrastructure and owners of infrastructure on matters relating to infrastructure:
 - Current and future needs and priorities for nationally significant infrastructure
 - Policy pricing and regulatory issues
 - Impediments to efficient utilisation
 - Reform options
 - Needs of infrastructure users
 - Investment financing mechanisms



Infrastructure Australia Act

- Infrastructure Australia has the ability to:
 - Conduct audits
 - Develop infrastructure priority lists
 - Evaluate investment proposals
 - Identify investment impediments
 - Promote investment in infrastructure
 - Advise on policy issues
 - Undertake/commission research

- At the Minister's request Infrastructure Australia may also:
 - Review policy proposals
 - Evaluate investment proposals
 - Advise on policy issues arising from climate change
 - Review Commonwealth funding program



Major infrastructure challenges facing Australia

1. Deliver better governance
2. Create competitive markets
3. One nation, one set of rules
4. Better use of existing infrastructure
5. Climate change
6. Supporting our cities
7. Boosting exports
8. Supporting indigenous communities
9. Supporting rural communities



Themes for Action

1. A national broadband network
2. Creation of a true national energy market
3. Competitive international gateways
4. A national rail freight network
5. Adaptable and secure water supplies
6. Transforming our cities
7. Providing essential indigenous services



Myth Busters

- Infrastructure Australia is not a child of the Global Financial Crisis
- Infrastructure Australia's primary role is not short term funding but has a focus on building long term infrastructure capacity with a national perspective
- It's not about numeral 1,2 or 3 years; but 1,2 or 3 decades



Work Program - First Year

- National infrastructure audit
- Infrastructure priority list
- Nationally consistent public-private partnership guidelines to drive private investment in the public infrastructure backlog
- Regulatory reform
- Major project approvals processes



Collaborative Work Program – This Year

- Energy Strategy: Actions for a Truly National Energy Grid
 - interconnection between regions of the National Energy Market
- Urban Water Security
 - planning for an uncertain future climate
 - independent regulation and cost-reflective pricing
- Regional Towns Water Quality
 - identify regional towns with the highest risk of unsafe water quality
 - risk mitigation



Collaborative Work program – This Year

- Public Private Partnerships
 - identify where processes are internationally uncompetitive
 - drivers of inefficiency, barriers to competition
 - barrier removal
- Updated Infrastructure Pipeline Long Term Infrastructure Demand and Planning
- National Strategy for Infrastructure Corridor Protection
- National Urban Policy
- National Framework for Public Transport
 - infrastructure capacity utilisation, best practice service procurement etc



Collaborative Work Program – This Year

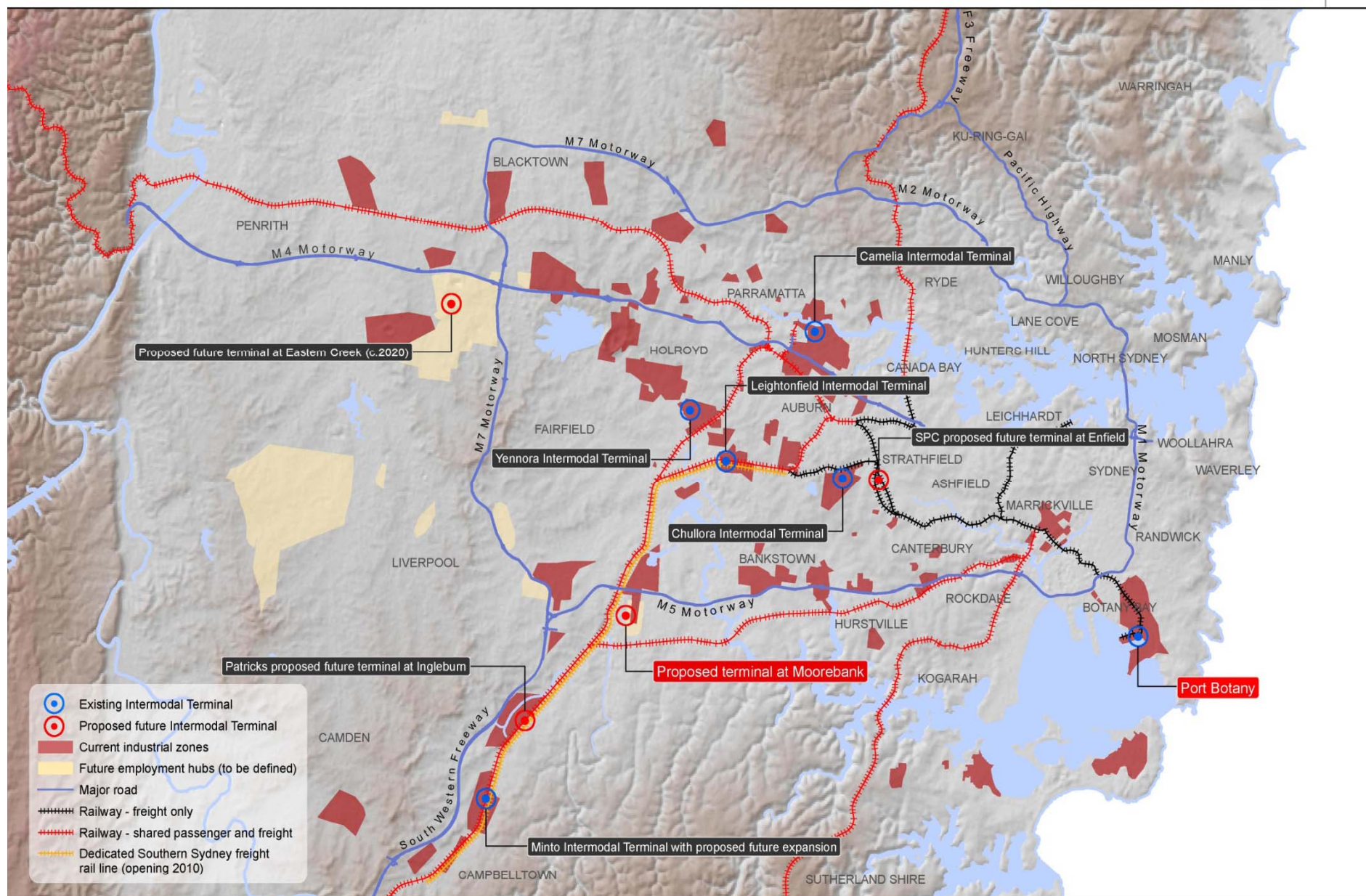
- Options to Improve Infrastructure Market
 - include market mechanisms and customer rights with respect to owners of freight network infrastructure.

- National Freight Network Strategy

- National Ports Strategy

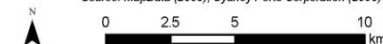
Three Themes:

1. Governance of metropolitan ports, regulation, financing and planning, and possible ownership
2. Planning for bulk ports
3. Balance competition and coordination in the supply chain serving the port. Proposes processes to resolve disputation about 'access' to new and existing essential facilities of national significance



PROPOSED MOOREBANK INTERMODAL TERMINAL
CONTEXT MAP

Source: MapData (2008), Sydney Ports Corporation (2008)



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Fig 1



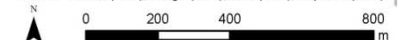
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Precise boundary to be determined. Based on flood mapping and 100 year flood zone

PROPOSED MOOREBANK INTERMODAL PRECINCT

Source: AECOM (2009), Google (2009), SKM (2009), Map Data (2008)



AUG 2009
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Cost Benefit Analysis

- Strengthen the approach and apply to more decisions involving taxpayers' money
- Place cost benefit analysis firmly in the decision making process
- But CBA is a guide to improvement
 - not an absolute hurdle where the economist is referee
- Must make sure we are addressing the most important problems
 - strategic merit test



Cost Benefit Analysis

- Boundaries around “political” discretion
- Public methodology applied to confidential submissions (agreed by governments before Infrastructure Australia started)
- Purpose – to get more information than ever previously provided
- Process identified big problems
 - Lack of planning
 - Lack of context



Alice: would you tell me which way I ought to go from here?

Cheshire Cat: that depends on where you want to get to.

Alice: I don't much care where.

Cat: then it doesn't matter which way you go.



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