



Australian Government

Office of the Infrastructure Coordinator

20 January 2014

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

cc. Secretary, Parliamentary Standing Committee on Public Works

Dear Mr Watling

Inquiry into the Infrastructure Australia Amendment Bill 2013

Thank you for your letter dated 6 December 2013 inviting me to make a submission on the *Infrastructure Australia Amendment Bill 2013*.

The Committee's inquiry provides an opportunity to identify the most effective means of redressing a loss of public trust in our national infrastructure planning and decision-making processes. These processes need to work better if our nation's infrastructure is to deliver the important economic and social benefits expected by the community.

Background

With rising infrastructure expectations and limited budgets, there is an air of unreality about our infrastructure planning. As Infrastructure Australia has noted in its reports to the Council of Australian Governments (COAG), there is a profound mismatch between our need for improved infrastructure and our willingness to pay.

Promises are made with only limited regard for funding these commitments. This is a particular problem during election periods where commitments are often made although robust business cases have not been prepared, let alone independently reviewed. Recent examples include the WestConnex road project in Sydney and the East West Road link in Melbourne. Both major political parties are guilty.

The consequence is cynicism about the justification for such big-ticket projects, combined with little perspective on the overall infrastructure backlog and little appreciation of its scale – or the cost of overcoming that backlog.

Although the processes instituted by Infrastructure Australia have sought to improve infrastructure decision-making, and have resulted in some improvements, any hard-nosed assessment would conclude that government decision-making processes have not changed much in the last five years. In substantial measure, this is a result of the following factors:

- ignorance of Australia's first comprehensive national infrastructure plan prepared and released by Infrastructure Australia in 2013;
- limited efforts at strategic planning, including jurisdictional resistance to following through on national strategies led by Infrastructure Australia and subsequently endorsed by COAG such as the *National Ports Strategy* and the *National Land Freight Strategy*, the Commonwealth's *National Urban Policy*, and Infrastructure Australia's recently released *Urban Transport Strategy*;
- State and Territory Governments resisting efforts to rigorously document their infrastructure plans and project proposals, and the Australian Government agreeing to fund proposals without adequate information about the projects and what they might deliver; and
- the failure of governments to increase the transparency of their infrastructure planning and project decision-making processes.

The Armitt Review – and the analogy with Australia

In October 2012 the UK commissioned Sir John Armitt, the Chairman of the Olympic Delivery Authority for the London 2012 Olympic Games, to undertake an independent Review of long-term infrastructure planning in the UK.

The report of the Armitt Review in the United Kingdom is relevant for the Committee's consideration of the Bill. A copy of the Review's report is Attachment 1, and extracts from public comment on it are Attachment 2.

The following quotations from section 4 of the Armitt Report need only "the UK" to be changed to "Australia" to be valid for this country:

"Lack of long term strategic planning: Successive Governments have failed to set strategic priorities around infrastructure investment based on clear projections of the UK's future needs. As a consequence, decisions around major projects are not always driven by an evidence based assessment of all of the policy alternatives. This absence of an evidence base also contributes to a lack of public understanding of the condition of the UK's infrastructure and the importance of investing in assets to maintain our national quality of life.

Policy uncertainty: Major infrastructure projects are often controversial and politicians are rarely in office long enough to see the electoral dividends of major investment programmes. As a result, the lack of clarity around the UK's long-term infrastructure needs makes it difficult to build and sustain cross-party political consensus when difficult decisions need to be taken.

Lack of transparency around funding: Much of the policy debate on infrastructure fails to address the fundamental question of “Who Pays?” Whilst the private sector can provide some resources on a speculative basis in the early stages of project development, over the long term this funding of infrastructure can only come from three sources - national taxation, local taxation and user charging. Politicians are often wary of making decisions that will result in commitments to increase either public expenditure or user charges over the long term.”

The Armitt Report was published in September 2013. It recommends the establishment of an independent National Infrastructure Commission, established by statute, to identify the UK’s long-term infrastructure needs and monitor the plans developed by governments to meet them.

Every 10 years the Commission would produce a National Infrastructure Assessment based on wide consultation with public and private sectors, and looking at the country’s needs over a 25-30 year time horizon. The assessment would include commentary on how needs might be most effectively met within the sectors it would address. The assessment would also consider the type, scale and priority of investment needed in the shorter term – 5-10 years, and 20 years – in the sectors examined.

The assessment would consider energy, transport, water supply and wastewater, communications and strategic flood defences. The first four sectors match those in the *Infrastructure Australia Act 2008*. The fifth refers to a likely impact of climate change in the UK that is different in scale from likely climate change impacts in Australia (although I acknowledge that climate change is likely to have an impact on flooding in some parts of Australia).

Each year the Commission would audit progress made and publish a report. Its Minister (the Chancellor) could also require a review of the Assessment from time to time.

Independence and Transparency

The Armitt Report emphasises the need for independence for the Commission. All its arguments apply to Infrastructure Australia in its current roles, and with at least as much force if Infrastructure Australia is to prepare infrastructure plans, as the Bill proposes.

The importance of independence also underlies the process recommended for the National Infrastructure Assessment in the UK. The National Infrastructure Assessment would be delivered to the Chancellor, who would be obliged to table it in Parliament within six months together with any amendments the Government proposes – on which the Parliament would vote.

Transparency, as the Armitt Report emphasises, is also important to give both weight and credibility to infrastructure planning. Infrastructure Australia has sought to make its processes transparent by publishing:

- lists of submissions made to Infrastructure Australia, and copies of submissions where proponents have agreed to this (which Infrastructure Australia encourages);

- its assessment of projects assessed as at 'threshold' or 'ready to proceed' status in its Infrastructure Priority List; and
- publishing an annual report and a large number of reports on infrastructure policy issues.

Before Infrastructure Australia started publishing its assessments, little if anything was published in relation to the strategic and economic case for Commonwealth investment in projects, notwithstanding that they often involve billions of dollars.

Public and media interest in infrastructure decision-making is increasing. Ongoing public expectations for projects to be properly justified can be expected.

The Infrastructure Australia Amendment Bill

I understand that the *Infrastructure Australia Amendment Bill* went through more than 20 drafts before it was presented to the House of Representatives. My office was not consulted during development of the Bill. This lack of consultation is both disappointing and disturbing. Those preparing the Bill could usefully have sought comment on:

- what has worked;
- what has not been so effective; and
- in consequence and most importantly, how Infrastructure Australia can be strengthened as an independent, transparent and robust adviser to governments and the Australian community.

The Infrastructure Priority List

It is unfortunate that the second reading speech, and some public commentary on the Bill, shows a misunderstanding of Infrastructure Australia's processes for assessment of project proposals. There is a view, reflected in the following quote from the second reading speech, that "prioritisation is based on the extent to which the project business case is advanced, rather than the extent to which the project will contribute to improve national productivity."

For a project proposal to be included on and then progress along Infrastructure Australia's Infrastructure Priority List, a proponent needs to:

- first, demonstrate that the proposal is addressing a nationally significant issue such as productivity, and contributes to the achievement of national goals;
- second, provide sufficient rigorous analysis for Infrastructure Australia to be confident that the project is a cost-effective means of addressing those issues – we need to be assured that projects are not 'gold plated', and that potentially more cost-effective options, including demand management measures, are properly considered; and
- third, demonstrate that the proposed delivery arrangements - e.g. contracting structure, risk management and the like - provide a reasonable assurance that not only can the project be delivered on time, on cost and to the requisite standard, but also that over time the project will actually deliver the benefits claimed by the proponent.

In line with recommendations from the Australian National Audit Office, Infrastructure Australia then provides a suggested prioritisation of 'ready to proceed' projects, having regard to the various proposals' strategic significance and benefit cost ratio. A copy of the most recent Infrastructure Priority List is Attachment 3.

It is important for proponents to be able to substantiate their claims about a project. This is why the priority list is structured as it is, with projects listed at Early Stage, Real Potential, Threshold and Ready to Proceed. It is also why some projects have not moved on the list over some time, as proponents have either:

- not provided further information to Infrastructure Australia for its review; or
- not been able to provide a robust business case.

Infrastructure Australia has been criticised by various state governments and others for being too demanding. The reluctance of proponents to open their proposals to reasonable enquiry smacks of a 'just trust us' approach. Infrastructure Australia's appropriate response is to insist on transparency.

Infrastructure Plans

Sections 5(d) and 5B will require Infrastructure Australia to prepare infrastructure plans every 5 years (or at some other interval determined by the Minister). For the same reasons as the Armit Report recommends in relation to the UK, I recommend that the Committee support giving Infrastructure Australia this new function.

The Bill proposes that infrastructure plans specify priorities for nationally significant infrastructure for Commonwealth, State, Territory and local governments for the period covered by the plan.

Clearly the Government contemplates that preparation of an infrastructure plan will be a significant process. Substantial consultation will be necessary, as the Bill recognises. Further, without substantial agreement with most States and Territories on the broad thrust of its recommendations any national infrastructure plan will have no credibility and no chance of any meaningful effect.

A process to respond to an infrastructure plan, to approve it after any amendment found necessary, and then to encourage action consistent with it, needs to be part of the national infrastructure plan structure.

In this country the fact that key economic infrastructure is in large part provided and maintained by, or under arrangements the responsibility of, State and Territory governments adds to the fragmentation and underlines the need for a process of consultation, response, approval and compliance.

Infrastructure Australia released the first comprehensive national infrastructure plan in June 2013. The plan addressed economic infrastructure sectors and provided a range of recommendations both in relation to policy issues and specific projects.

The provisions of the Bill will strengthen Infrastructure Australia's ability to provide a truly national, medium to long-term national infrastructure plan that is focused on meeting national needs. It is a nice but unfortunate compliment for Infrastructure Australia that the Government apparently contemplates that the responsibility for preparation of a national infrastructure plan will require no addition to Infrastructure Australia's ten person team.

The Deputy Prime Minister in his second reading speech reflected on the 'short termism' in most infrastructure planning in Australia, and the need for a long-term perspective. Infrastructure Australia's reports to the COAG have also commented on weaknesses in the planning of our infrastructure networks.

Section 5B(2) provides that, unless Infrastructure Australia is directed otherwise by the Minister, the infrastructure plans are to have a 15 year horizon.

By its nature, infrastructure is long term in nature. Projects typically have a long gestation and a long delivery timeframe. More importantly, the decisions we make now will have profound implications for the future economic, social and environmental well-being of our nation.

Population projections released by the Australian Bureau of Statistics in November 2013 suggest that, on medium level assumptions, Australia's population will grow from 22.7 million in 2012 to 41.5 million in 2061 (almost a doubling of our population). The scale of this projected growth, and its implications for the development of our cities and regions, demand that we take a truly long term approach to infrastructure planning.

The COAG has agreed that strategies for the nation's capital cities should have a truly long-term horizon. This accords with overseas practice. Most jurisdictions now have or are developing metropolitan strategies with a 20-40 year outlook.

The *National Ports Strategy* agreed by COAG also commits governments to preparing 50-year plans for our major ports and the infrastructure networks that support each port.

Therefore I recommend that the horizon for the national infrastructure plan be extended to at least 30 years, with a particular focus on the first 15 years.

Concerns about Infrastructure Plans

While the requirement for Infrastructure Australia to prepare national infrastructure plans is welcome, other provisions in the Bill run counter to the objective of producing national infrastructure plans that have a long life and a significant impact on infrastructure decisions, and are as far as possible accepted both on a bipartisan basis and by States and Territories as well as the national government.

My concerns are:

- lack of independence for Infrastructure Australia (section 6);
- an inadequate process to obtain bipartisan support (sections 5B and 6(3)(c));

- the proposed entitlement for the Minister to intervene to the detriment of transparency in Infrastructure Australia's processes and in any national infrastructure plan (section 6(3)(c)).

Need for an independent Infrastructure Australia

The Deputy Prime Minister's second reading speech states that the government's intention is for Infrastructure Australia to remain as an advisory body and be legally independent of the Commonwealth.

But several provisions in the Bill considerably broaden the power of a Minister to give specific directions to Infrastructure Australia in areas that are at the core of the organisation's responsibilities, so independence is not in fact conferred.

This is a failure that will inevitably compromise the perceived independence of any national infrastructure plan.

The Bill also establishes Infrastructure Australia under the *Commonwealth Authorities and Companies Act (CAC Act)*, not an appropriate structure for advisory bodies. The Committee may want to call witnesses and seek advice as to why the *CAC Act* structure has been proposed in the Bill.

At present, although Infrastructure Australia is created by statute and the position of Infrastructure Coordinator is a statutory office, an administrative arm of the Department of Infrastructure and Regional Development supports my work and that of Infrastructure Australia.

While this arrangement has raised a number of administrative and budgetary problems over the five years since Infrastructure Australia was created, those issues could be addressed without changing Infrastructure Australia into a *CAC Act* body.

Infrastructure Australia should be retained as an independent statutory entity, with its independence increased through removal of the power of the Minister to give directions under the present section 6, at least in relation to national infrastructure plans.

Infrastructure Australia has three other broad functions beyond the preparation of infrastructure plans, one of which has been recently conferred and is to be reduced by the Bill:

1. Infrastructure Australia is expected to continue to provide reports to the government, as it does at present. Some apparently restrictive provisions of the Bill are referred to below, but the function is clearly intended to remain.
2. Infrastructure Australia is also expected to continue with the Infrastructure Priority List process, now involving three reviews a year of the List and the projects seeking status on it. Again some provisions of the Bill appear to be restrictive and are referred to below.

3. Through the office of Infrastructure Coordinator, the designation of infrastructure projects occurs under the tax loss incentive introduced in the *Tax Laws Amendment (2013 Measures No. 2) Act 2013*. A prerequisite to designation is a specified status for the project on the Infrastructure Priority List. As the incentive may apply to some private sector projects, and to some projects with Commonwealth funding but no State or Territory funding, the extent of the projects seeking Infrastructure Priority List status is likely to increase. The Bill proposes to move the designation function away from the Infrastructure Coordinator, but the requirement for Infrastructure Priority List status will remain.

Extending independence for Infrastructure Australia to the production of the Infrastructure Priority List is a change whose time has come. In the five years since it was established Infrastructure Australia has developed the Infrastructure Priority List process to become a significant part of infrastructure planning in Australia. Perception of a connection between the Infrastructure Priority List and any national infrastructure plan is inevitable.

It is in the Government's interest for both the Infrastructure Priority List process and the preparation of national infrastructure plans to be independent of Ministerial direction and seen to be so.

Bipartisan support

The Bill is silent on what the Minister is to do with the infrastructure plans prepared by Infrastructure Australia. Given their importance (as reflected in the second reading speech), consideration should be given to the Bill requiring the Minister to:

- table any infrastructure plan in Parliament within a specified short period, together with any amendments the Government proposes (including an evidence-based explanation of the proposed amendments); and
- seek the Parliament's approval of the national infrastructure plan.

The reason to seek Parliamentary approval is not to restrict the Government from seeking change to the approved national infrastructure plan. The Minister should be entitled at any time to request Infrastructure Australia to consider a proposed change. But the requirement for Parliamentary approval should reduce 'chopping and changing', the consequences of which include:

1. compromising the ability of both the public and the private sectors to plan and contribute to the development of infrastructure;
2. wasting resources;
3. eroding public confidence and trust in governments' infrastructure planning; and
4. undermining constructive discussion about the infrastructure challenges facing the country and the spending and policy trade-offs involved.

The reason to seek Parliamentary approval is to give a national infrastructure plan the authority and stability throughout its 5-year life – in the complex situation of a federation with extensive private ownership of infrastructure – that a document prepared for a single Minister would inevitably lack. Such plans (and their review every five years) will have implications across several Parliamentary terms.

It is anomalous that Infrastructure Australia's Minister is the Minister for Infrastructure and Regional Development, whose responsibilities extend over only some of the sectors addressed by the Infrastructure Priority List process and any national infrastructure plan. To be taken seriously across a range of portfolios in State and Territory governments as well as the Australian Government, it would be better for these processes to be the responsibility of a Minister with whole-of-government responsibilities, such as the Treasurer.

Similarly, any national infrastructure plan's path to seeking Parliamentary approval could involve the Parliamentary Standing Committee on Public Works.

At present, the Standing Committee does not provide a Parliamentary forum for consideration of strategic infrastructure issues to be carefully considered by a joint committee. Nor does it play a role in considering projects to be funded by the Commonwealth but where States or Territories are the contracting parties.

Infrastructure Australia's audits of progress against a national infrastructure plan could also be presented to the Parliamentary Standing Committee on Public Works.

The structure the Committee and the Government are therefore invited to consider is one where Infrastructure Australia's Minister is the Treasurer and where any national infrastructure plan, and audits of progress against the plan, are presented to the Parliament for approval through the Parliamentary Standing Committee on Public Works.

Of course, the government of the day would make its own decisions about what projects to prioritise and fund. The States and Territories would make their own decisions about their infrastructure priorities. But any national infrastructure plan, and audits of progress against it, would have the stability and authority vital if Australia is to plan its infrastructure investments in any coordinated way.

Concerns about restrictions proposed for Infrastructure Australia

The third concern I listed at the beginning of the previous section is the proposed entitlements for the Minister to intervene to the detriment of transparency in Infrastructure Australia's processes. This applies more widely than in relation to any national infrastructure plan.

The following table summarises my comments on new sections of the *Infrastructure Australia Act 2008* proposed in the Bill which in my view are likely to have an adverse effect on the operations of Infrastructure Australia and on how it and its outputs, in particular the Infrastructure Priority List and any national infrastructure plan, are perceived.

In particular, the proposed new section 5D(1)(b) will completely undermine the credibility of Infrastructure Australia and its value to the nation. Astonishingly, it runs completely counter to the principles of consultation and transparency which any attempt to obtain consensus on a national infrastructure plan must accept.

Provision	Summary of Provision	Recommendation
Section 5	Sets out Infrastructure Australia's general functions.	<ul style="list-style-type: none"> Reinstate provisions equivalent to section 5(2)(c), (g) and (h) of the current Act to maintain functions re provision of advice on harmonisation, climate change and Commonwealth funding programmes. Add a new function dealing with the conduct of post-completion reviews on projects.
Section 5A(2)	Provides for the exclusion from evaluation of investment proposals in classes determined by the Minister.	<ul style="list-style-type: none"> Delete the provision.
Section 5D(1)(a)	Infrastructure Australia to address harmonisation issues only at the direction of the Minister.	<ul style="list-style-type: none"> Delete the provision.
Section 5D(1)(b)	Infrastructure Australia not to publish project evaluations or material used in those evaluations or plans, audits and advice other than at the direction of the Minister.	<ul style="list-style-type: none"> Delete the provision. Alternatively, establish a regime whereby publication of evaluations, audits, plans and advice is the default, and a Ministerial direction is required not to publish.
Section 6(3) and 6(4)	Provides a broader, and more specific set of matters on which a Minister may direct Infrastructure Australia	<ul style="list-style-type: none"> Retain section 6(3) and (4) from the current Act. If the new section 6(3) is to be pursued, require the Minister to publish the direction (and reasons for it) within a limited period after making the direction.
Section 39B(7)	Provides that a corporate plan has no effect unless it has been endorsed by the Minister.	<ul style="list-style-type: none"> Remove section 39B.
Section 39C(a)	Infrastructure Australia annual report to list Ministerial directions, but not directions under section 5D(1)(b).	<ul style="list-style-type: none"> Include a reference to section 5D(1)(b) in section 39C(a).

Section 5 - advice on infrastructure policy issues arising from climate change

The proposed new section 5 would remove Infrastructure Australia's function under the existing paragraph 5(2)(g) of providing advice on infrastructure policy issues arising from climate change.

Removal of this function is inappropriate because:

- a significant proportion of Australia's existing infrastructure assets will be exposed to the impacts of climate change, including through rising sea levels and heat stress;
- a significant proportion of Australia's greenhouse gas emissions inventory is associated with the various infrastructure sectors, notably in the energy and transport sectors; and
- adaptation to climate change will require changes in the scope and mix of infrastructure investment.

A provision equivalent to provision 5(2)(g) of the current Act should in my view be included in the new section 5 proposed in the Bill.

Section 5 - advice on Commonwealth infrastructure funding programs

The proposed new section 5 would remove Infrastructure Australia's function under the existing paragraph 5(2)(h) of providing advice on Commonwealth infrastructure funding programs to ensure that they align with Infrastructure Priority Lists.

Leaving Infrastructure Australia without this function would compromise the scope, and more importantly the credibility, of any national infrastructure plan. It would hobble consultation with States and Territories.

The absence of this function perhaps reflects unwillingness on the part of Australian Government agencies to subject their programmes to Infrastructure Australia's scrutiny. A remedy is to change the portfolio responsibility for Infrastructure Australia, as referred to above.

A provision equivalent to provision 5(2)(h) of the current Act should in my view be included in the new section 5 proposed in the Bill.

Section 5 – post-completion reviews

Neither the current Act nor the Bill deal with the conduct of post-completion reviews on infrastructure projects. Infrastructure Australia should have the function of conducting such post-completion reviews.

Undertaking post-completion reviews is important if governments, infrastructure providers and the community are to learn from experience. The reality is that post-completion reviews are rarely undertaken. Any that are undertaken are likely to be conducted by parties who worked on the project. Results are rarely made public.

Infrastructure Australia could provide an independent review of projects following their completion, and over time establish whether the forecast benefits have been realised.

The approach taken by the Australian National Audit Office (ANAO) offers a potential model in this regard.

Reviews would be undertaken on a limited number of projects having regard to their scale or some other attribute – for example complexity, economic significance, or where the project provides lessons that other project proponents can learn from.

A provision providing for Infrastructure Australia to conduct post-completion reviews on projects should in my view be included in the new section 5 proposed in the Bill.

Section 5A(2) - scope of Infrastructure Australia's project evaluations

The proposed section 5A(2) empowers the Minister to determine by legislative instrument a class of proposals that Infrastructure Australia must not evaluate.

The rationale and policy intent behind this provision has not been explained. The inclusion of proposed section 5A(2) in the Bill is surprising in light of the statement in the second reading speech that Infrastructure Australia should:

“review all projects seeking Commonwealth funding worth more than \$100 million (including transport, water, telecommunications, energy, health and education sectors and excluding Defence projects) and publish the reasons for its decisions”.

Proposed section 5A(2) appears not to recognise that in formulating a national infrastructure plan and the assessment of projects in the context of a national infrastructure plan, independence and transparency are not relative values. Once they are compromised they are lost.

Use of proposed section 5A(2) is likely to be interpreted as minimising scrutiny of the business case for certain projects – or perhaps a wide class of projects such as proposals for the Commonwealth to fund public transport.

Projects with limited or questionable business cases continue to be presented to Infrastructure Australia or are not presented for Infrastructure Australia's review at all. Exercise of the power under section 5A would exacerbate this problem.

The proposed section 5A(2) should in my view be deleted from the Bill.

Section 5D(1)(a) - harmonisation of policies and laws relating to infrastructure

The proposed new section 5D(1)(a) provides that Infrastructure Australia may only review and provide advice on harmonisation of policies and laws relating to the development of, and investment in, infrastructure when directed to do so by the Minister. This is little different from section 5(4) of the current Act. It provides that this function is to be exercised “on request by the Minister”.

Much of Infrastructure Australia's work over the last five years has centred on policy and regulatory harmonisation. Examples include work on environmental approvals for major projects, advice on heavy vehicle road charging, and recycling of government infrastructure assets.

Poor policy and regulatory harmonisation remains one of the major impediments to the development of our national infrastructure.

The proposed section 5D(1)(a) should in my view be deleted from the Bill and the 'harmonisation review' function included in the proposed section 5.

Section 5D(1)(b) – restrictions on publication

Section 39C – publication of directions in Infrastructure Australia's annual report

The proposed new section 5D(1)(b) provides that Infrastructure Australia is not permitted to publish, unless it has a written direction from the Minister:

- its evaluation of project proposals under proposed section 5A,
- any evidence relied on in the preparation of any output, including national infrastructure plans,
- the reasoning by which it reached its conclusions in any evaluation of any proposal, or in deciding the Infrastructure Priority List or preparing a national infrastructure plans, or even
- its conclusions.

It is possible that the Minister will give a *carte blanche* direction to Infrastructure Australia to publish all this material. But even if the Minister does so, the provision makes any claimed independence or transparency an illusion.

The Minister can delay a direction to publish, or alter an existing direction, at any time – before an evaluation begins or when Infrastructure Australia has completed a report not yet published. A Minister could issue a direction subject to conditions, e.g. that nothing is to be published until a copy of the material proposed to be published has been presented to the Minister and/or that Infrastructure Australia has incorporated changes in any draft material.

Directions given under section 5D(1)(b) are not legislative instruments, and therefore cannot be reviewed by the Parliament.

If a direction power is to be retained, then the Bill could be drafted so that publication is the default arrangement; in other words a direction would have to be given not to publish.

The proposed new section 5D(1)(a) permitting the Minister to withhold from evaluation a class of proposals determined by the Minister is bad enough. At least a determination under that section is to be a legislative instrument to come before the Parliament. But the proposed new section 5D(1)(b) is far worse. It makes whatever Infrastructure Australia does secret unless the Minister directs otherwise. Any direction should be a legislative instrument.

Directions under section 5D(1)(b) are not required by the proposed new section 39C to be set out in Infrastructure Australia's annual report. In a sense this will not matter: anything published will obviously have had the benefit of a direction. If a direction power is to be retained but publication is the default arrangement, section 39C should require them to be disclosed.

Obviously, the proposed section 5D(1)(b) should in my view be deleted from the Bill. Unless it is, any view that Infrastructure Australia has any independence, that its processes are transparent, or that its outputs reflect a serious attempt at consultative infrastructure planning will be a pretence.

Sections 6(3) and (4) – width of Ministerial directions

The Bill proposes the deletion of the existing section 6(3) of the Act and its replacement with a new section 6(3) that would provide the Minister with the power to give directions to Infrastructure Australia as to:

- when a function is to be performed – section 6(3)(a) and (b);
- the scope of any audit, list, evaluation, plan or advice Infrastructure Australia is to provide – section 6(3)(c)(i);
- matters that Infrastructure Australia must or must not consider in performing a function – section 6(3)(c)(ii); and
- the manner in which Infrastructure Australia performs a function - section 6(3)(c)(iii).

Although the new section 6(4) states that the Minister must not give directions about the content of any audit, list, evaluation, plan or advice to be provided by Infrastructure Australia, the scope of the directions-making power – particularly section 6(3)(c) – is as pernicious in its likely effect as the proposed new section 5D(1)(b).

The current section 6(3) also provides the Minister with a power to direct Infrastructure Australia about the performance of its functions, although the existing provision states that any directions “must be of a general nature only”. This provides an appropriate balance between enabling the Minister to direct the organisation while, at the same time, minimising any sense of prescription that might compromise the organisation’s actual and perceived independence.

The proposed amendments to section 6(3) and (4) should in my view be deleted from the Bill.

Section 39B – Corporate Plan

Section 39B provides that Infrastructure Australia is to prepare a corporate plan and, amongst other things, that the corporate plan does not take effect unless it has been endorsed by the Minister.

The practical effect of this provision is that Infrastructure Australia would not have authority to undertake actions to pursue any of its legislated functions other than with the Minister’s approval.

No such provision is in the current Act. The proposed provision is perhaps a boilerplate provision for an entity incorporated under the *CAC Act*. There is no need for a corporate plan to be required from an advisory body that undertakes no commercial activities.

The proposed section 39B should in my view be deleted from the Bill.

Conclusion

Like many other countries, Australia needs to improve its infrastructure decision-making processes. Those processes can be a point of competitive advantage or disadvantage for our country.

Infrastructure Australia is well regarded both nationally and internationally and can be structured to assist the Parliament, governments and the community in improving infrastructure decision-making processes.

The Deputy Prime Minister's objectives and principles concerning the organisation's independence and transparency in decision-making deserve wide support.

Some of the provisions in the Bill are consistent with these objectives and principles. Others unfortunately are not – indeed, some proposed new provisions appear diametrically opposed to those objectives and principles.

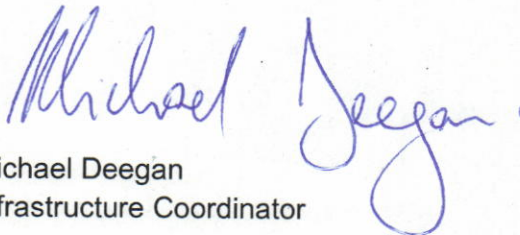
Increasingly, Parliaments and governments are turning to new, independent or semi-independent structures such as independent central banks and Parliamentary budget advisers, both to ensure the development and application of rigorous public policy and to raise levels of transparency in decision-making. This is especially important in areas such as infrastructure policy, where decisions have such long-term implications.

An approach involving Parliamentary oversight of national infrastructure planning, as recommended above and in the Armit Report, should be considered. The breadth of support from industry and civil society groups for the Armit Report's recommendations, and the wide-ranging calls for improvements in infrastructure planning in Australia, suggest that the establishment of similar structures in Australia would enjoy broad support.

We should adopt an approach that seeks to secure the development of plans and strategies that enjoy bipartisan support and which remain relatively stable over time.

I would be happy to address the Committee and answer any questions.

Yours faithfully



Michael Deegan
Infrastructure Coordinator

The Armitt Review

An independent review of long term
infrastructure planning commissioned
for Labour's Policy Review

Contents

1	Introduction	1
2	Executive summary	2
3	Remit and work programme	7
3.1	Remit of the Armitt Review	7
3.2	The Advisory Panel	7
3.3	Work Programme	8
4	Diagnosis of the issues	10
4.1	Overview	10
4.2	Diagnosis of current issues and difficulties	10
4.3	Previous attempts to provide special regimes for infrastructure	12
5	Study of Overseas/UK institutions	15
5.1	Overseas institutions	15
5.2	Relevant UK institutions	16
5.3	Overall conclusions	17
6	Blueprint for a National Infrastructure Commission	18
6.1	Overview	18
6.2	Establishing the National Infrastructure Commission	18
6.3	Remit of the National Infrastructure Commission	19
6.4	The National Infrastructure Assessment	20
6.5	Interaction with Government and Parliament	21
6.6	Impact on existing regimes/institutions	24
7	Questions and answers	25
Appendix 1	The “Call for Evidence”	27
Appendix 2	List of respondents to the “Call for Evidence”	28
Appendix 3	Overview of Institutions studied	29

1 Introduction

Any successful modern economy needs excellent infrastructure. The Victorians understood this and in many areas we are still using the infrastructure that they bequeathed to us. Today we cannot dodge the need to adapt what we have inherited or the critical importance of investing for the future. A growing population and changes in the shape of the economy create extra and different demands.

The UK needs affordable clean energy, modern communication systems, flood defences that can cope with the effects of climate change and a transport system that can cope with ever growing demand and which links business with markets and people with families, leisure and job opportunities. If we fail to meet these challenges, we will fail to grow our economy and fail to provide the quality of life that we would want for our children and our grandchildren.

All this is widely understood across the political spectrum but the UK is still struggling to deliver the necessary investment. This is leading to congested roads and airports, the threat of energy brown outs and water shortages. The UK has proven our ability to deliver major projects. The Olympics was a brilliant example of the capability of our engineering and construction sector. High Speed One and Heathrow Terminal Five are other great examples. However, at the front-end of the investment cycle we seem to encounter problems; understanding why we must invest, what we must build, how and when we are going to deliver projects and then sticking to decisions. What are often missing are the enabling factors of cross party support and clear objectives.

It is of course easy, but probably unfair, to blame politicians for vacillation and dodging the difficult issues. Planning and delivering major infrastructure is complex, especially in a country that prizes democratic accountability and where much of the key infrastructure is in private hands but also subject to regulation. Resolution of these issues is why Ed Miliband and Ed Balls asked me to develop a way forward which has cross party support for evidence-based decision making at its core.

With my colleagues I have consulted widely and found a large degree of agreement about the challenges and what needs to be done. This Review sets out our recommendation for a new independent National Infrastructure Commission. Our proposals build on past efforts and seek to learn from experience at home and abroad. We are suggesting what we believe is practicable and do-able.

I would like to thank all those who have contributed to our work and especially my highly experienced Advisory Panel. The UK's infrastructure is critical to its future. I believe that these proposals can help to ensure that going forward, it is delivered more effectively.

Sir John Armitt CBE

September 2013

2 Executive summary

Overview and recommendation

Effective infrastructure has long been recognised as an essential ingredient of an efficient and successful economy. The UK was one of the first economies to develop its physical infrastructure and this accelerated its movement from an agricultural to an industrial and urban society.

However, today there is growing evidence that the UK's infrastructure has not been renewed or enhanced when needed. Indeed in 2012, the World Economic Forum ranked the UK 24th for the overall quality of its infrastructure in its report on global competitiveness. Causes for concern include:

- a 2006 study of the UK transport system by Sir Rod Eddington which warned that the cost of congestion could potentially rise to £36bn per annum by 2025;
- the threat posed to the UK's position as an international aviation hub by its lack of investment in runway capacity in the south east of England;
- the fact that a fifth of the UK's electricity generating capacity is due to come offline within 10 years. As a result, OFGEM has warned of the risk of power shortages by 2015; and
- the fragility of the UK's water supply highlighted by the droughts of 2011 and 2012.

Any failure to address these issues will have real consequences for the day to day quality of life of our people.

To maintain the UK's international competitiveness, we urgently require a coherent 25-30 year national infrastructure strategy. This should be underpinned by an evidence-based assessment of our needs and clear plans as to how these needs will be fulfilled. Any such strategy cannot be delivered without a strong and enduring political will. However, this presents challenges given the confrontational nature of UK politics and the short-term pressures of our electoral cycle. Indeed, political and policy risk around UK infrastructure is perceived to be growing with the result that investor confidence has been undermined

The Armitage Review has sought to square this circle by considering:

- what institutional structure will best support the type of long term strategic decision making that is demanded by infrastructure planning and implementation; and
- how the cross-party consensus that is fundamental to actually delivering upon these decisions can be forged.

Our central recommendation is a new National Infrastructure Commission with statutory independence. Each decade, this body would undertake an evidence-based assessment of the UK's infrastructure needs over a 25-30 year horizon. It would focus predominantly on "nationally significant" infrastructure as defined by the 2008 Planning Act and consult fully with all relevant stakeholders. Once the National Infrastructure Commission has completed its assessment of needs, its work would be passed to Government to obtain Parliament's approval. It would then be the responsibility of Government Departments to produce plans for each infrastructure sector including details of specific projects and the funding and delivery arrangements for these schemes.

To prevent any potentially damaging drift in policy, once the Commission has completed its assessment of needs, it would continue to play a key challenge and monitoring role. New statute would require Government to work up the Sector Plans within 12 months of the Commission's initial report. The Commission would then provide an independent assessment as to whether the policies contained within the Sector Plans were fit for purpose and addressed the needs it had identified prior to these Plans being submitted to Parliament for approval. Finally, it would report each year on how effectively the Sector Plans were being implemented.

This new framework would:

- give a step-change in our understanding of the UK's future needs for "nationally significant" infrastructure; and
- build momentum by holding politicians to account to produce and implement robust proposals within clear timescales.

The Armitt Review has found widespread support for these proposals. Indeed, the need for a National Infrastructure Commission that is independent of Government has been echoed by the following studies that have been undertaken in parallel with our work:

- *Investing for Prosperity* issued by the London School of Economics Growth Commission in February 2013;
- *Overcoming Short-termism with British business* issued by Sir George Cox in March 2013;
- *Transport for Growth* issued by EEF, the Manufacturer's Organisation in April 2013; and
- *State of the Nation* issued by the Institute of Civil Engineering in June 2013.

Diagnosis of the issues

The Advisory Panel has consulted widely issuing a "Call for Evidence" to around 150 individuals and organisations at the heart of promoting, investing in and delivering the UK's infrastructure.

The responses provide little grounds for concern over the UK's ability to build major projects. The 2012 London Olympics saw the delivery on time and on budget of £9bn of investment in stadia and transport links and the Crossrail project is progressing well. There also appears to be no shortage of appetite amongst financial institutions to invest in the UK's infrastructure providing that the balance between risk and return is structured appropriately. Rather, the UK's difficulties stem from two central issues at the front end of the project cycle.

Firstly, successive Governments have failed to set strategic priorities for infrastructure based on clear projections of future needs. The Office for National Statistics forecasts that the UK population will grow to over 73 million people by 2035. However, there is little evidence that the Government is planning for the infrastructure that will be needed by then to support another 10 million people.

Strategic planning is complicated by the fact that much of the UK's key infrastructure is held in private hands. Whilst the privatisations of the 1980s may have improved efficiency, they have also led to a fragmentation of sectors such as water and electricity and a blurring of accountability for creating sufficient infrastructure capacity over the long term. As one of the respondents to our consultation said, "at present, no single body in the UK takes a view of what the picture on the front of the jigsaw box looks like. Rather we hope it comes together, mainly by chance, via the work of a number of separate parties such as investors, regulators and Government."

The second issue is policy uncertainty. The lack of clarity around the UK's long term needs has made it difficult to sustain cross-party political consensus on controversial infrastructure issues. This has resulted in reversals of policy and prevarication over decision making. Changes in the direction of policy following the election of a new Government have also contributed to a "stop-start" approach to investment.

These issues have crystallised most starkly in the area of airport capacity in the south east of England. The 2003 "*The Future of Air Transport*" White Paper set out a 30 year strategy which identified the need for additional runways at both Heathrow and Stansted. However, the White Paper was not progressed and after a change of Government in 2010, the idea of expansion at Heathrow and Stansted was dropped. Most recently, the Davies Review has been established to reconsider this question. The hope is that an independent, evidence based assessment of the issues will help to create political consensus around what has proved to be a highly controversial area of policy. However, by the time Davies reports in 2015, a delay of 12 years will have occurred since the 2003 White Paper. Meanwhile rival hub airports such as Amsterdam will have stolen a march on the UK by delivering major investments in runway capacity.

A National Infrastructure Commission

The National Infrastructure Commission would be set up by an Act of Parliament. Its remit would be to identify the UK's infrastructure needs over the next 25-30 years in order to foster long term economic growth across the UK and maintain our competitiveness amongst the G20 nations. The Commission would also be required to ensure that its recommendations were consistent with achieving the UK's long term climate change targets.

Every ten years, the Commission would produce a National Infrastructure Assessment looking at the UK's needs over a 25-30 year time horizon. The Assessment would focus predominantly on "nationally significant" infrastructure as defined by the 2008 Planning Act. It would cover all of the key economic infrastructure sectors (energy, transport, water, waste and telecommunications) in parallel, rather than looking at individual sectors in isolation. It would set out an overarching vision for the strategic development of our national infrastructure, taking account of the main interdependencies between the sectors. In addition, for each major sector, the Assessment would prioritise the type and scale of investment needed for the UK to maintain its international competitiveness over 5-10 and 20 year timeframes.

In developing its conclusions, the Commission would consider a wide range of projections such as economic growth forecasts, population trends and technological changes. It would also take account of environmental issues and obligations and the regulatory requirements of each sector. In so doing, the Commission would engage widely with outside experts, including infrastructure providers, Non Governmental Organisations, Local Government, investors and regulators. Its National Infrastructure Assessment would also be subject to a formal consultation process before it could be finalised.

Once completed, the National Infrastructure Assessment would be submitted to the Chancellor. The Chancellor would then have a statutory obligation to lay the Assessment before Parliament within a six month period together with any amendments that the Government might propose. The National Infrastructure Assessment would then be debated in Parliament and subject to a vote in both Houses. Following Parliamentary approval, individual Government Departments would then have an obligation to produce Sector Infrastructure Plans within a 12 month timescale.

The Sector Plans would (as with the existing system of National Policy Statements) provide the next level of detail by setting out the specific schemes and projects that Government would promote or support to meet the needs identified by the Commission. However, in addition – in order to provide added confidence to investors – the Sector Plans would also be required to set out:

- the sources of funding that would be drawn upon in order to deliver the proposed investments;
- the timeframes for implementation of all major projects; and
- the preferred vehicle(s) for delivering any new infrastructure.

All Sector Infrastructure Plans would be laid before Parliament for debate and approval. At the same time, the Commission would provide Parliament with a statement commenting on the consistency of the Government's proposals with the infrastructure needs that it had identified. If the Commission thought any Sector Plans fell short of what it believed was necessary, it would say so, publicly, before Parliament took a vote.

Once the Sector Infrastructure Plans had been approved by Parliament they would in aggregate form a new evidence-based National Infrastructure Plan for the UK. The Commission would then monitor how effectively the Sector Infrastructure Plans were being implemented with the results of this independent scrutiny being published each year.

Within the first three years of its existence, the Commission should be asked to submit to Parliament a National Infrastructure Assessment covering the key sectors. Subject to approval, this would then be passed to the respective Government Departments to allow them to develop an initial set of Sector Plans.

In establishing this new process, the Government would need to decide how best to guide policy during the period of transition. For the purposes of this report we have assumed that projects within

the current National Infrastructure Plan would continue to progress and that the next Government will press on with the conclusions of the Davies Review on airport capacity.

Why do we need an independent Commission?

There have been a number of innovations introduced by both the previous Government and the Coalition in recent years. However, experience has highlighted certain shortcomings of these initiatives such as the 2008 Planning Act and Infrastructure UK. For example:

- the annual National Infrastructure Plan produced by Infrastructure UK is not strategic. It is essentially a list of projects which is not built up from an evidence-based assessment of the UK's long term needs;
- following the 2008 Planning Act, the production of National Policy Statements (to be replaced by Sector Infrastructure Plans) has been left to the discretion of Departments. This has often resulted in policy and bureaucratic drift; and
- Infrastructure UK does not enjoy the profile of independent bodies such as the Office of Budget Responsibility and the Committee on Climate Change. This means that its annual progress reports lack the authority that comes with statutory independence.

A new Commission will be strategic and evidence based. Our proposals retain democratic accountability whilst reducing the present scope for policy drift that is so damaging to investor confidence. In particular:

- the Commission's evidence based approach will promote a better public understanding of the key issues concerning the UK's infrastructure. It will develop evidence about the state of the nation's assets and the likely impact of key economic, environmental and demographic trends. It will also build an understanding of the implications of either delaying investment or doing nothing. In short, the Commission would provide the level of strategic thinking that has largely been absent in the UK over the past 30 years;
- Parliament will make Departments subject to clear timetable disciplines. They will be required to produce Sector Infrastructure Plans within a fixed 12-month period; and
- the Commission will provide independent scrutiny. It will comment publicly on whether the Departmental Sector Plans are fit for purpose and can be credibly delivered. It will also help to maintain momentum through publishing annual monitoring reports.

By reducing the level of policy uncertainty, the Commission can also improve the affordability of our infrastructure as greater investor confidence should result in a lower cost of capital for UK projects.

Democratic accountability

The aim of the Commission is emphatically not to take power away from politicians. Rather, the idea is to make it easier for politicians to take difficult decisions on controversial, technically complex, issues which are vital to our economic success and where time horizons are well beyond the lifetime of any one Government. The Commission's role is not to ride roughshod over the democratic process and the Advisory Panel has been very conscious of the need to make any new body democratically accountable. We therefore recommend that:

- the Chair of the National Infrastructure Commission should be appointed by the Prime Minister after consulting the devolved Governments and other party leaders. All appointments would be subject to scrutiny by Parliament;
- the Government would be able to amend the National Infrastructure Assessment put forward by the Commission if it saw fit. However, should it choose to do this, it would need to explain why it disagrees with the Commission's independent assessment and support any proposed changes with evidence; and
- the specific schemes and choices over public spending within Sector Infrastructure Plans will remain the responsibility of the Government of the day. Whilst the National Infrastructure Commission will have the right to publicly comment on whether it considers that the Sector Plans are fit for purpose, the Government will always have the last word.

Lessons Learned from other organisations

In developing the institutional architecture around the proposed National Infrastructure Commission, the Armitt Review has studied two sets of organisations:

- overseas institutions which have a strategic infrastructure remit; and
- UK bodies that have been set up in other areas of public policy to either “take politics out” of decision making or to help ensure that Government takes the long view.

Overseas, Infrastructure Australia has had notable success in promoting a more evidence based approach to the appraisal of infrastructure projects and Singapore’s Urban Redevelopment Authority provides insight into “best in class” strategic planning. UK institutions studied include the Bank of England, the Office of Budget Responsibility, the Committee on Climate Change and the National Institute for Health Care Excellence. Lessons that have guided the Armitt Review are:

- **Leadership and Membership:** success often flows from consistent and visible leadership. Credibility comes from having an expert membership which is acknowledged to bring an independent mind set;
- **Importance of a clear remit:** clarity as to what a body is there to do can go a long way in helping achieve both political consensus and public understanding around the role of an organisation;
- **Expertise can ease the political pressures of decision making:** sound evidence and expertise can allow politicians to take and defend decisions in areas which are technically complex as well as controversial;
- **Staffing levels:** the resources of an independent body can be relatively streamlined if the existing Government machine is effectively co-ordinated to produce the evidence base; and
- **Certainty of funding:** organisations that have an independent funding stream are more likely to be robust over the long term.

The need for change

There is an urgent need for change. The UK badly requires an evidence-based strategy which can establish a stable political consensus around how we should develop our infrastructure over the coming decades. Our consultation has provided ample evidence that further institutional change is required to build upon the useful initiatives that have been introduced by both the present Government and its predecessor. We therefore recommend that the next Government takes early action to create a National Infrastructure Commission along the lines set out in this report.

3 Remit and work programme

3.1 Remit of the Armitt Review

As has been recognised by the establishment of the Sir Howard Davies Review of aviation capacity, there is a growing need to build lasting cross-party consensus on major decisions around infrastructure investment. Aside from the question of aviation capacity, there are a range of other infrastructure sectors where long term strategic decision making has become imperative. These include improving road and rail links, securing stable and clean energy supplies and building the water supply and waste treatment facilities that the UK's growing population will need. Without greater consensus, political stalemate has the potential to delay key investment decisions with the result that the UK's economy and quality of life falls behind those of our international competitors.

With this in mind, the remit of the Armitt Review was to consider:

- what institutional structure would best support the type of long term strategic decision making that is demanded by infrastructure planning and implementation; and
- how can the cross-party consensus that is fundamental to delivering upon these decisions be forged?

3.2 The Advisory Panel

At the outset of the Review, an Advisory Panel was appointed to provide senior-level insight and expertise from both Government and industry when reviewing evidence and developing conclusions. This Panel comprised:

- **Andrew Adonis.** Andrew was Secretary of State for Transport from 2009-10 where he led the way in promoting High Speed Rail in the UK. He was previously Minister for Schools from 2005 – 08. Andrew's current roles include advising on Labour's review of industrial policy and chairing an independent commission on the economy of the North East of England.
- **Alan Buckle.** Alan is Global Deputy Chairman of the consultancy firm KPMG where his priority is high growth sectors, including infrastructure. Alan has worked in all significant geographic markets and currently chairs KPMG's oversight board for China.
- **Chris Elliott.** Chris founded Barclays Infrastructure Funds Management in 1996. He was CEO until 2011 and will serve as Chairman until September 2013. Chris was seconded to the Private Finance Panel in 1994-95 and has served on the Credit Committee of the NHS Foundation Trust Financing Facility and London First's Transport Group. Chris has over 30 years experience of financing major projects across a range of infrastructure sectors.
- **Paul Golby.** Paul is the Chairman of Engineering UK and a Non-Executive Director of National Grid having previously been the Chief Executive of E.ON UK plc. Paul is also Chairman of the Engineering and Physical Sciences Research Council and a member of the Prime Minister's Council for Science and Technology.
- **Rachel Lomax.** Rachel was formerly Deputy Governor of the Bank of England and a member of the Monetary Policy Committee from 2003-08. She currently holds Non-Executive Director posts at Heathrow Airports Holdings Ltd and HSBC Holdings Plc. Prior to this Rachel held a number of key posts in Government including Permanent Secretary at each of the Department for Transport, the Department for Work and Pensions and the Welsh Office.
- **David Rowlands.** David is a former Permanent Secretary of the Department for Transport and has served as Chairman of both High Speed Two and Gatwick Airport. David is currently Chairman of Angel Trains Group and Semperian PPP Investment Partners. David has extensive experience in transport having worked as a former Director General for aviation, rail and maritime.

3.3 Work Programme

The work programme of the Armitt Review has had three key elements which are described below.

3.3.1 The Call for Evidence

The “Call for Evidence” was issued in December 2012 to around 150 individuals and organisations with experience of promoting, planning and delivering infrastructure in the UK. It was also posted on the Armitt Review website to encourage responses from any other interested parties. The “Call for Evidence” comprised a set of structured questions which are set out in full in Appendix One. Key areas in which evidence was sought were:

- **Diagnosis of current issues and difficulties** – what are the failings of the UK’s previous/existing decision making mechanisms for infrastructure and what have been the consequences of these failings?
- **Lessons that can be learned from elsewhere** – what can be learned from institutional structures established overseas to promote long term infrastructure planning? What lessons can be learned from the success of the 2012 London Olympic and Paralympic Games?
- **The remit of an independent Infrastructure Commission** – what would be an appropriate planning horizon for a Commission, what sectors should it cover and how should it interact with existing bodies such as Network Rail and the regulators?
- **How would cross-party consensus best be achieved** – where should the members of the Commission be drawn from, how would a Government accept the Commission’s proposals for implementation and how might the course of strategy be reviewed following the outcome of an election?

Over 60 organisations submitted written responses to the “Call for Evidence” and these parties are listed in Appendix Two. Each of the submissions were reviewed by the Advisory Panel and respondents to the “Call for Evidence” were then invited to two roundtable events in April and May. Over 40 organisations were represented at these roundtable discussions.

In addition to this, during the course of the Review Sir John Armitt has chaired a number of roundtable events convened by other organisations and professional associations. These include the Infrastructure Forum, the Confederation of British Industry, the Civil Engineering Contractors Association and the Foundation for Science and Technology.

3.3.2 Review of other relevant institutions

As part of the work programme, two types of institutions were studied:

- a number of overseas bodies with a strategic infrastructure remit. Examples include Infrastructure Australia, Infrastructure Ontario, the National Infrastructure Unit in New Zealand and Singapore’s Urban Redevelopment Authority; and
- UK bodies, with statutory independence, established to provide an oversight role. Examples include the Office of Budget Responsibility and the Committee on Climate Change.

In each case, the Advisory Panel considered the remit of the body, its relationship with Government and the degree to which the organisation had been successful in establishing political legitimacy and generating cross party support.

3.3.3 Meetings of the Advisory Panel

The Advisory Panel met on 16 occasions between December 2012 and August 2013. As well as considering responses to the “Call for Evidence” and studying relevant institutions, a number of individuals were invited to attend meetings in order to discuss specific issues. These included:

- Sir Howard Bernstein, Chief Executive of Manchester City Council;
- Robert Chote, Chief Executive of the Office of Budget Responsibility;
- Sir Rod Eddington, Chairman of Infrastructure Australia;
- Stephen Joseph, Chief Executive of the Campaign for Better Transport;
- David Kennedy, Chief Executive of the Committee on Climate Change;
- Dr Ng Lang, Chief Executive of Singapore’s Urban Redevelopment Authority;
- Sir Adrian Montague, Chairman of 3i;
- Robbie Owen, Partner at Pinsent Mason;
- Shaun Spiers, Chief Executive of the Campaign to Protect Rural England;
- James Stewart, KPMG Infrastructure Advisory Chairman and ex Head of Infrastructure UK; and
- Dr Tim Stone CBE, Special Advisor to Secretary of State at DECC 2008 – 2012.

4 Diagnosis of the issues

4.1 Overview

A priority of the Advisory Panel was to understand:

- the principal obstacles to progressing major infrastructure investment in the UK today; and
- the shortcomings of previous/existing mechanisms and institutions set up by Governments to promote infrastructure delivery.

This section summarises the most prominent issues identified by the Review. It is not an exhaustive commentary. Rather it provides a background to the thinking that has informed the blueprint for an independent National Infrastructure Commission which is the centrepiece of this report.

At the outset of this discussion, one important piece of context is crucial. The UK is unique in that following the privatisations of the 1980s and 1990s, around 60% of its key economic infrastructure is held in private hands – Australia comes next at around 30%. Whilst privatisation may have brought efficiency benefits, one consequence is a fragmentation of responsibilities and a blurring of accountabilities for maintaining high quality assets over the long term. This situation was described most simply by one respondent to the Call for Evidence who said that “at present, no single body in the UK takes a view of what the picture on the front of the jigsaw box looks like. Rather we hope it comes together, mainly by chance, via the work of a number of separate parties such as investors, regulators and Government.”

4.2 Diagnosis of current issues and difficulties

The principal obstacles identified as hindering long term investment in the UK’s infrastructure are set out below.

- **Lack of long term strategic planning:** Successive Governments have failed to set strategic priorities around infrastructure investment based on clear projections of the UK’s future needs. The Office for National Statistics, for example, forecasts UK population will grow to over 73 million people by 2035. However, there is little evidence that Governments are planning for the infrastructure we will need by then to support another 10 million people.

Furthermore, when long term decisions are made, they can be taken in silos with little acknowledgement of the interdependencies between sectors. An example of “silo-thinking” is the absence of a National Policy Statement for transport networks. As a result, the debate around High Speed Two is taking place independently of any assessment of options for the strategic roads network.

As a consequence, decisions around major projects are not always driven by an evidence based assessment of all of the policy alternatives. This absence of an evidence base also contributes to a lack of public understanding of the condition of the UK’s infrastructure and the importance of investing in assets to maintain our national quality of life.

- **Policy uncertainty:** Major infrastructure projects are often controversial and politicians are rarely in office long enough to see the electoral dividends of major investment programmes. As a result, the lack of clarity around the UK’s long term infrastructure needs makes it difficult to build and sustain cross-party political consensus when difficult decisions need to be taken.

A consequence of this can be reversals of policy and prevarication over decision making. Changes in the direction of policy following the election of a new Government can also result in a “stop-start” approach to investment.

- **Lack of transparency around funding:** Much of the policy debate on infrastructure fails to address the fundamental question of “Who Pays?” Whilst the private sector can provide some resources on a speculative basis in the early stages of project development, over the long term funding of infrastructure can only come from three sources – national taxation, local taxation and user charging. Politicians are often wary of making decisions that will result in commitments to increase either public expenditure or user charges over the long term.

- **Length of the planning process:** Planning of major infrastructure has on occasion been delayed by Governments trying to use the planning system to decide policy issues which should be for Ministers to settle. A prime example is Heathrow Terminal Five where the planning process took eight years in part because of the lack of a clear strategic statement of policy against which the need for additional terminal capacity could be judged. A further issue is the effectiveness with which the UK's planning system provides compensation to local residents who are impacted by the problems caused by major infrastructure projects.
- **Limitations of regulation:** The regulatory framework for privatised utilities has led to a focus on a short term view of efficiency and consumer protection. Ensuring that there is sufficient investment to meet the UK's long term infrastructure needs has on occasion taken second place.

It is notable that the obstacles identified above are heavily concentrated at the "front-end" of the investment cycle. Discussions during the Review indicate that there is no shortage of appetite amongst financial institutions to invest in the UK's infrastructure providing that the balance between risk and return is structured appropriately. Furthermore, the experience of the past decade with High Speed One, and more recently the London 2012 Olympics suggests that Britain has made significant strides in delivering big infrastructure more effectively. Our failure is in reaching an evidence-based view on what needs to be delivered and then in sustaining the political and public consensus that will provide confidence to investors. This is critical in an environment where 60% of Britain's key economic infrastructure is held in private hands.

Within specific sectors, the most frequently cited examples of where these difficulties have manifested were as follows:

- **Energy policy:** In common with other developed economies, the UK faces significant challenges in achieving a balance of security, stability and affordability in energy supply whilst at the same time meeting its carbon reduction targets. However, under successive Governments, progress has been slow in delivering a long term policy/regulatory framework that gives sufficient confidence to deliver the required investment in the sector.
As a result of this policy uncertainty, Ofgem, the regulator of the energy sector has warned of an imminent drop in spare capacity from a margin of 14% at present to just 4% in 2015. Beyond 2017, when conventional generation facilities reach the end of their useful life at the same time that existing nuclear facilities are de-commissioned, this could become an actual shortage in the UK's generating capacity.
- **Airport capacity:** Both Heathrow and Gatwick are operating at near full runway utilisation with the result that the UK's international gateways experience some of the worst delays in Europe. The 2003 "*The Future of Air Transport*" White Paper sought to address the issue of constrained airport capacity and was published after extensive analysis and consultation. It set out a 30 year strategy for airports and aviation and identified the need for additional runway capacity at both Heathrow and Stansted.
However, the White Paper was not progressed and after a change of Government in 2010, the idea of expansion at Heathrow and Stansted was dropped. The result has been a vacuum in long term policy. The Davies Commission is now re-examining all of the options for maintaining the UK's position as an international aviation hub. By the time it delivers its conclusions in 2015, a delay of 12 years will have occurred since the publication of the 2003 White Paper.
- **Rail:** Whilst the regulatory framework underpinning the rail industry is strongly supported by ATOC and Network Rail, several respondents noted that major projects that fall outside of this regulatory process can still take years to come to fruition. Lack of long term planning and political consensus delayed Crossrail by 20 years and the Thameslink project has suffered from a protracted planning process. High Speed One opened 13 years after the completion of the Channel Tunnel and under current plans, High Speed Two will open 19 years after High Speed One.
- **Roads:** Whilst the Government has established a systematic five year process for planning and funding Britain's railways, there is no comparable structure in the roads sector (although we note this is currently under review). The Highways Agency operates and maintains Britain's strategic roads with responsibility for the rest of the network sitting with local authorities. This fragmentation has made strategic thinking in the sector more challenging. Beyond this fragmentation of responsibilities, short term fluctuations in the roads budget further constrain effective planning. 2008-2010 saw a significant ramp up in roads expenditure as part of

Government's 'fiscal stimulus' programme. However, following the change of Government, capital spending on roads fell by around a half. Now, in its most recent Spending Review, Government has increased capital spending on roads again for the remainder of the decade.

- **Water.** The existing five year regulatory process is perceived to undermine long term planning. Investment slows down in the early years of any one Asset Management Plan, then ramps up to a peak for two or three years only to ramp down again as the next review approaches.

A further concern is that the regulatory process is not designed to accommodate or address the need for major capital projects such as the Thames Tideway tunnel or a new reservoir in the south east of England. The result is that such projects are often difficult to progress and can suffer from a lack of senior political sponsorship within Government.

4.3 Previous attempts to provide special regimes for infrastructure

4.3.1 Overview

The "Call for Evidence" asked for views on the success or otherwise of the UK's previous attempts to provide special regimes for infrastructure planning and delivery.

4.3.2 The Infrastructure Planning Commission

The Infrastructure Planning Commission (IPC) was established by the 2008 Planning Act as a non-departmental public body responsible for the examining and in some circumstances making decisions on planning applications for nationally significant infrastructure projects in England and Wales.

The IPC's framework for decision-making is set out in National Policy Statements (NPSs) for each sector. NPSs were introduced as part of the 2008 Planning Act and are prepared by the Secretary of State with responsibility for the area of infrastructure to which they relate. They include the Government's objectives for the development of nationally significant infrastructure, the reasons for the policy set out in the Statement and, where appropriate, specific locations for new infrastructure. This settles the policy framework and removes questions of need before major infrastructure schemes enter planning. The result is that the planning process focuses much more tightly on the mitigation of local impacts.

Following the designation of a NPS, the 2008 Act provided the IPC with jurisdiction to decide applications in that sector. Whilst an NPS was in draft form, the IPC acted as Examining Authority and provided a report of recommendation to the relevant Secretary of State who was to take the final decision. The Coalition Government's Localism Act 2011 contained clauses to abolish the IPC and transfer its decision making powers in all cases to the relevant Secretary of State. Since 1 April 2012, the acceptance and examination of applications for development consent is now dealt with by a new Infrastructure Planning Unit within the Planning Inspectorate.

The model of the IPC as an independent body able to fast-track the planning for nationally significant infrastructure projects was held as sound by many who responded to the "Call for Evidence". Removing matters of need from the planning process can potentially avoid the prolonged enquires that hindered projects such as Thameslink and Heathrow Terminal 5. However, at present the process is felt to be undermined by the following issues:

- the NPSs on which the new regime relies are of variable quality and in certain cases are not of sufficient depth to give promoters of infrastructure projects the confidence to invest;
- pre-application procedures were criticised as being "slow and cumbersome". The speed of post-application processes may have been achieved at the expense of delays in pre-application; and
- a number of issues continue to be reserved for other bodies such as the Environment Agency and the Health and Safety Executive.

Despite these drawbacks, the majority view was that the regime established by the 2008 Planning Act and now overseen by the Planning Inspectorate was a significant step forward. Given that it is less than five years old it should be given more time to bed down with further overhaul being of limited benefit.

4.3.3 Infrastructure UK

Infrastructure UK (IUK) was established in 2010 as a unit within HM Treasury to:

- provide greater clarity and coordination over the planning, prioritisation and enabling of investment in UK infrastructure; and
- to improve delivery of UK infrastructure by achieving greater value for money.

IUK sits within the Treasury's Enterprise and Growth Directorate. The Chief Executive is supported by an Advisory Council made up of Permanent Secretaries from the key infrastructure departments as well as senior representatives from the private sector. Each year, IUK produces a National Infrastructure Plan. This covers the core economic infrastructure sectors (energy, transport, waste, flood defences, science, water and telecoms).

Respondents to the "Call for Evidence" said that IUK had done much to raise the level of debate around infrastructure. The National Infrastructure Plan was praised for providing at least some indication of Government's priorities and a pipeline of projects. At the same time, many felt that:

- IUK's position within Treasury means that its remit is inevitably constrained. The National Infrastructure Plan does not represent a genuinely evidence based strategic vision for Britain. Rather, it simply consolidates priorities agreed by Government in the short to medium term; and
- IUK is compromised by the lack of detailed policy conclusions within Government Departments. As a result, the National Infrastructure Plan is light in terms of project timeframes and funding commitments. A clearer picture on timeframes and priorities would inspire greater confidence amongst investors.

4.3.4 The Hybrid Bill process

Historically, hybrid bills have often been used by Government on behalf of railway companies and transport agencies to obtain authorisation for major projects deemed to be in the national interest, but which will affect a large number of private interests. Examples of hybrid bills have been those to construct the Channel Tunnel, High Speed One and Crossrail.

Hybrid Bills were recognised by those who responded to the Call for Evidence as having been successful for major projects which are of a national interest but have primarily local effects. They enable focused statements of objection and debate in Parliament and give the public the potential to have their say by submitting petitions. However, limitations of the process are:

- difficulties of managing more than one Hybrid Bill at a time due to the constraints of the Parliamentary timetable;
- the process imports significant delays into project delivery. Development and design up to outline planning stage is required if a project is to withstand Parliamentary scrutiny. Alterations will almost certainly emerge from the process which then require more development work to be undertaken; and
- Hybrid Bills are generally unable to consider a range of schemes so are unsuitable for policy selection or prioritisation.

4.3.5 The Howard Davies Review on Aviation

The Davies Review was established by the Secretary of State for Transport in September 2012 to consider question of additional airport capacity in the south east of England. The Review has been instructed to take a UK-wide perspective, evaluating the national, regional and local implications of any proposals. It is also required to engage with a range of stakeholders, including local and devolved Government as well as the Opposition in order to build consensus in support of its approach and recommendations.

The Davies Review is to report by the end of 2013 on:

- its assessment of the nature, scale and timing of the steps needed to maintain the UK's global hub status; and

- its recommendation(s) for immediate actions to improve the use of existing runway capacity in the next five years – consistent with credible longer term options.

The Review is then to report no later than summer 2015 on:

- its assessment of the options for meeting the UK's international connectivity needs, including their economic, social and environmental impacts; and
- its recommendation(s) for the optimum approach ensuring that the UK's needs are met as expeditiously as practicable within the required timescale.

As part of its final report, the Davies Review is to provide materials which will support the Government in preparing a NPS to accelerate the resolution of any future planning applications for major airports infrastructure.

Respondents to the "Call for Evidence" were confident that the remit of the Davies Review would be diligently fulfilled. The process was seen to have brought together an appropriate group of specialists to commission and consider the evidence. However, concerns were expressed around:

- the remit of the Review. Some argued that aviation policy needs to be considered alongside the full range of multimodal options and not in isolation. For example, decisions on High Speed Two will have been taken before the Davies Review concludes its work; and
- the capacity of the Davies Review to turn the outputs of its work into a long term policy which enjoys cross-party support.

5 Study of Overseas/UK institutions

The Advisory Panel has studied a number of relevant overseas and UK organisations to understand any lessons that might help shape the design of the independent National Infrastructure Commission. Further details of the remit and structure of these organisations are provided in Appendix Three.

5.1 Overseas institutions

The overseas institutions studied were Infrastructure Australia, Singapore's Urban Redevelopment Authority, Infrastructure Ontario and New Zealand's National Infrastructure Unit.

Organisation	Remit	Key Lessons
Infrastructure Australia	Advises on national infrastructure needs/priorities. Allocates Commonwealth Funds to State sponsored projects following an "evidence-based" appraisal	<ul style="list-style-type: none"> ■ IA has had success in promoting a more evidence based approach to appraisal. Some States have set up similar bodies e.g. Infrastructure New South Wales ■ Influence in part comes from role in allocating capital. However, prominence also helped by highly visible leadership and effective governance structure with strong private sector/regional representation. ■ Organisation kept lean (Secretariat of 10 people) by drawing on work of the States
Singapore Urban Redevelopment Authority (UDA)	Long term land use planning to support future development/continued economic growth	<ul style="list-style-type: none"> ■ Long term 40 year Concept Plan is underpinned by more detailed 10 year Master Plans produced by each department. Close working between UDA and individual Government departments is critical ■ Plans are supported by detailed analysis of global megatrends ■ Singapore's People's Action Party has been in power since 1959. Establishing political consensus is clearly not the same issue that it is in UK
Infrastructure Ontario	Supports Ministry of Public Infrastructure Renewal on procurement, project management and financing issues for complex projects	<ul style="list-style-type: none"> ■ Where a large volume of work has to be planned and procured in a short period a separate arms-length body can help provide focus and specialist skills
New Zealand's National Infrastructure Unit (NIU)	Unit within Treasury that forms 20 year National Infrastructure Plan and establishes cross-government frameworks for project appraisal and asset management	<ul style="list-style-type: none"> ■ New Zealand has invested in understanding the actual performance of its infrastructure assets through Better Business Case initiative ■ Strong information base can better inform capital investment decisions around renewal/replacement

5.2 Relevant UK institutions

The UK institutions studied were the Bank of England, the Office of Budget Responsibility, the Committee on Climate Change and the National Institute for Health Care and Excellence.

Organisation	Remit	Key Lessons
The Bank of England	The Bank's Monetary Policy Committee (MPC) sets the interest rate that will enable its inflation target to be met	<ul style="list-style-type: none"> ■ Transparency is maintained by publication of MPC minutes and regular reporting to Parliamentary Committees ■ MPC has credibility as a result of the expertise of its membership ■ Bank of England has independent, long term security of funding via a levy on UK financial institutions ■ Chancellor maintains the ability to adjust the remit of the Bank by altering its guidance ■ MPC members maintain a two way dialogue with business to get first-hand intelligence of the UK's economic situation
Office of Budget Responsibility (OBR)	Provides an independent five year forecast of the growth of the economy. Assesses Government's progress on meeting its five year fiscal targets and the long term sustainability of the public finances	<ul style="list-style-type: none"> ■ The independent expert voice of the OBR improves the transparency of the debate around the public finances ■ The OBR has maintained a small staff (17 people) by drawing upon the work of HMT, HMRC and DWP ■ The OBR has a very clear remit. Extension of the remit is a matter for Parliament and not for the OBR itself.
Committee on Climate Change (CCC)	Advises on five yearly carbon budgets. Provides independent monitoring of Government's progress towards 2050 emissions targets	<ul style="list-style-type: none"> ■ Credibility of the CCC is enhanced by the deep expertise of its independent members ■ Media presence of first Chairman of CCC Adair Turner helped build a clear public narrative around climate change ■ CCC is funded directly by DECC with no long term funding arrangement in place
National Institute for Health Care and Excellence (NICE)	Provides an independent assessment of the medicines/treatments that the NHS should fund on a national basis	<ul style="list-style-type: none"> ■ Sector experts can provide support and give power to politicians when taking decisions in controversial areas where they do not have detailed technical knowledge

5.3 Overall conclusions

In many instances, independent bodies are established because they are “an idea whose time has come.” It is notable that IA, IUK and New Zealand’s NIU were all set up in close succession. Similarly, around 15 other countries including US, Australia, Holland and Sweden have equivalent bodies to the OBR. Such organisations were seen as increasingly relevant at a time when most major economies had to undertake fiscal repair jobs in the light of the economic crisis.

However, if there is a tendency for independent bodies to be set up when they are fashionable, equally there is a danger that they are under resourced or wound down whenever it is deemed that a crisis has passed. A number of themes have emerged from the Advisory Panel’s work which would appear to increase the chances of a National Infrastructure Commission being successful over the long term. These are summarised below.

- **Importance of a clear remit:** Clarity as to what a body is there to do can go a long way in helping achieve both political consensus and public understanding around the role of an organisation. Equally, clarity as to what the organisation is not there to do can help avoid “mission creep”;
- **Expertise can ease the political pressures around decision making:** NICE is a good example of a body that allows politicians to make decisions based on publicly available expert knowledge;
- **Staffing levels:** The experience of IA, OBR and CCC suggests that the resources of an independent body can be relatively streamlined if the existing Government machine can be effectively co-ordinated to produce the information that forms the evidence base;
- **Leadership and Membership:** the success of IA and CCC can at least in part be attributed to strong and visible leadership. Equally, the OBR enjoys credibility because its membership combines an expert knowledge of the workings of Treasury and the Bank of England’s Monetary Policy Committee with a strong reputation for independence; and
- **Certainty of funding:** Organisations such as the Bank of England that have an independent funding stream are more likely to be robust over the long term.

6 Blueprint for a National Infrastructure Commission

6.1 Overview

In a democracy, any Government must maintain the prerogative either to introduce new policies or to reject certain infrastructure schemes. However, the “Call for Evidence” indicates strongly that the UK would benefit from a new institutional structure that would make the current tendency for policy drift more difficult to sustain and mean that when a Government does change course, this is only done on the basis of sound evidence.

To bring about this change, the central recommendation of the Armitt Review is the establishment of a new independent National Infrastructure Commission. The proposed architecture of this Commission is set out in detail below. This encompasses:

- how the Commission would be established;
- the remit of the Commission;
- how the Commission would report; and
- how the Commission would interact with Parliament and the Government of the day.

The proposals seek to address the issues at the “front-end” of the investment cycle highlighted as problematical by the “Call for Evidence”. They have been informed by the experiences of the Advisory Panel, both in Government and in the private sector and by the study of relevant institutions in the UK and overseas.

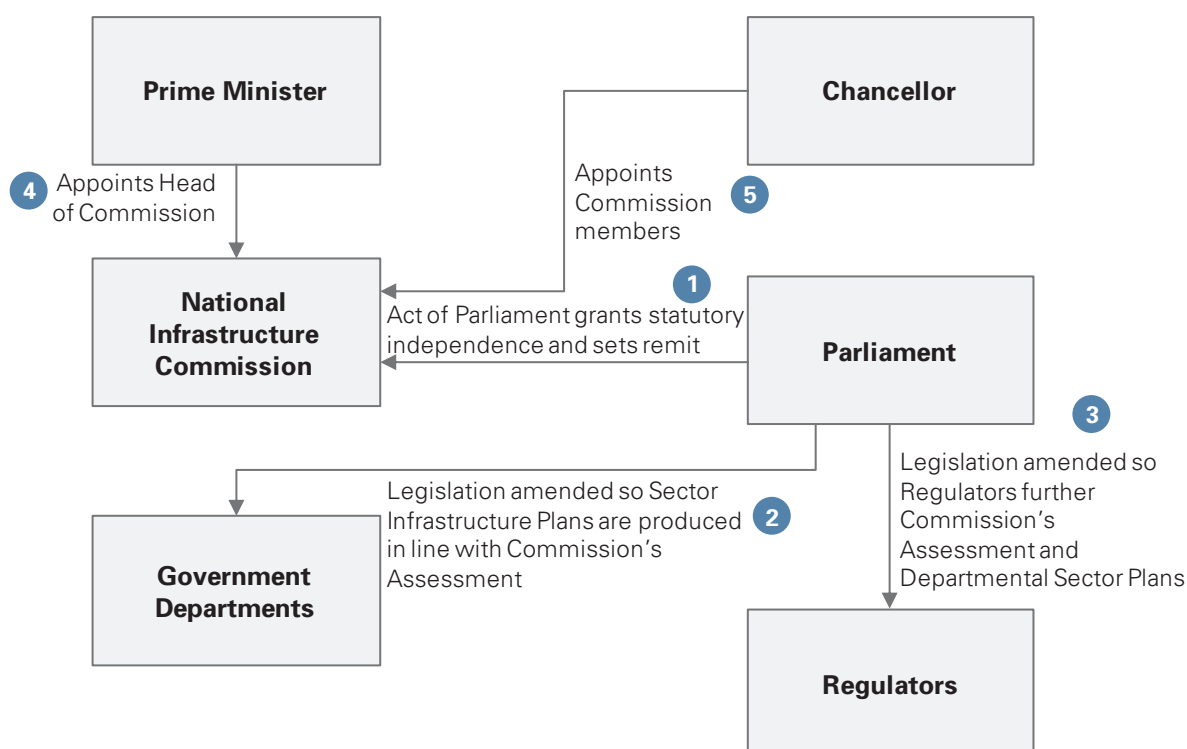
6.2 Establishing the National Infrastructure Commission

The National Infrastructure Commission would be set up by an Act of Parliament along somewhat similar lines to the Committee on Climate Change. The legislation setting up the National Infrastructure Commission would:

- give the National Infrastructure Commission statutory independence;
- set out its remit and outline the key outputs of the Commission such as the National Infrastructure Assessment and its review of the Departmental Sector Plans;
- provide for the laying of these outputs before Government and then Parliament, details of which are outlined in 6.4 and 6.5 below;
- set out arrangements for appointments to the National Infrastructure Commission including the minimum and maximum number of senior members and the areas of expertise and interest to be covered. The Chair would then be appointed by the Prime Minister after consulting with the devolved Governments and other party leaders. Its members would be appointed by the Chancellor after consulting with both the Chair and the devolved Governments. The Chief Executive would be appointed by the Chair after consulting with the Chancellor. All appointments would be subject to scrutiny by Parliament;
- provide for the giving of guidance by Government and the devolved Governments;
- give the National Infrastructure Commission powers to require information from Government Departments and other relevant bodies; and
- provide for stable funding to underpin the National Infrastructure Commission's work. Funding would be agreed in 10 year tranches by means of an affirmative resolution order which would allow Parliament to ensure that funding is set at adequate levels.

After the second reading of the Bill has been passed, the National Infrastructure Commission could be set up in shadow form.

Figure 1 Establishment of National Infrastructure Commission



Legislation impacting other relevant institutions would be amended in order to allow the National Infrastructure Commission to fulfil its remit. This would include:

- introducing a new overriding duty on all economic regulators both to further the Commission's National Infrastructure Assessment once endorsed by Parliament and specifically to further the implementation of the relevant Sector Infrastructure Plans once approved by Parliament; and
- new obligations for Government Departments (Transport, DECC, Defra, DCLG) such that Sector Infrastructure Plans (which would replace National Policy Statements) are produced in line with the National Infrastructure Assessment as approved by Parliament within a 12 month timescale.

6.3 Remit of the National Infrastructure Commission

The remit of the National Infrastructure Commission would be to identify the UK's infrastructure needs over the next 25-30 years in order to:

- foster long term economic growth across the UK; and
- maintain the UK's international competitiveness amongst the G20 nations.

Recommendations must also be consistent with achieving the UK's long term climate change targets and ensuring that economic growth meets sustainability requirements.

The National Infrastructure Commission would focus predominantly on "nationally significant" infrastructure as defined by the 2008 Planning Act. It would report across all of the key sectors of economic infrastructure where National Policy Statements are currently designated. These are:

- energy covering renewable energy, fossil fuels, oil and gas storage and supply, electricity networks and nuclear power;
- transport covering ports, transport networks (including rail and roads) and aviation; and
- water supply and treatment of waste water/hazardous waste.

In addition to this, two further sectors would be within the Commission's remit – telecommunications (e.g. super-fast Broadband) and strategic flood defences. The Commission would not consider housing requirements – rather the Government's forecasts of housing growth would be an input into its work. However, the legislation establishing the National Infrastructure Commission would allow for additional sectors to be added to its remit as the Government saw appropriate.

In reaching its conclusions around the UK's long term infrastructure requirements, the National Infrastructure Commission would consider:

- economic growth forecasts;
- population trends;
- long term tax and spending policy as forecast by the Office of Budget Responsibility;
- Government forecasts of housing growth;
- environmental and climate change considerations;
- regulatory requirements such as those of the EU;
- forecasts of technological change in each sector; and
- any other matters which the Government might refer to it.

Given its long term remit, in the first instance, the National Infrastructure Commission's Assessment of the UK's infrastructure needs would not be limited by any shorter term affordability constraints. However, plans for funding and financing investment and the prioritisation of Government's resources would be a key element of the Sector Infrastructure Plans produced by each Department.

The National Infrastructure Commission would be able to appoint expert sub-committees in each sector to gather and consider evidence. These sector teams would include individuals from the public and private sectors experienced in scheme promotion. To help undertake their work the sector teams would:

- have a Memorandum of Understanding in place with each of the relevant Government Departments in order to provide access to any modelling tools and analysis;
- be able to request evidence from regulators and delivery organisations such as Network Rail and the Highways Agency; and
- be able to commission work such as studies on global benchmarks and resilience/condition of existing assets. These studies might be completed by the regulators on the National Infrastructure Commission's behalf.

6.4 The National Infrastructure Assessment

Every ten years, the National Infrastructure Commission would produce a National Infrastructure Assessment looking at the UK's needs over a 25-30 year time horizon. In order to better capture interdependencies, this Assessment would consider all of the infrastructure sectors within the Commission's remit in parallel, rather than looking at individual sectors in isolation.

As well as identifying need, the Assessment would provide a high level commentary as to how this need might be most effectively delivered within each sector. The commentary would draw upon both UK and relevant international experience and consider:

- the appropriate balance between investing in new infrastructure and improving the condition of existing assets in order to deliver value for money;
- how the UK's infrastructure needs might be met in a way that is as sustainable as possible. New technology, efficiency measures or different charging approaches such as Smart metering might impact upon the scale of investment in new infrastructure that is actually required;
- those geographic regions within the UK where new investment is required to be targeted;

- the scale of funding necessary to address the needs identified and any potential new sources of funding such as user charging; and
- whether current delivery models or regulatory arrangements are fit for purpose and where these need to be strengthened.

The Commission would not seek to promote investment in new infrastructure for its own sake. Rather, it would consider how the UK's future needs could be met in a targeted and efficient manner with value for money being a primary consideration.

Across the sectors within its remit, the National Infrastructure Commission would identify those areas that it considered to be national priorities for investment. However, the 25-30 year National Infrastructure Assessment would not formally rank investments across different sectors against each other on the basis of the benefits that they would deliver.

The National Infrastructure Assessment would not just look forward 25-30 years. Rather, for each sector, it would also indicate the type, scale and priority of investment needed for the UK to maintain its international competitiveness within 5-10 years and at 20 years out.

The National Infrastructure Commission would be required to consult widely with interested parties in drawing up its Assessment in order that infrastructure providers, Non-Governmental Organisations, Local Government, investors and regulators are all fully involved. It would also be required to consult formally on the Assessment in draft before it could be finalised.

The Chancellor would be able to issue guidance to the National Infrastructure Commission to review the prevailing National Infrastructure Assessment once in each Parliament. This might be triggered as a result of a change of Government or in order for the National Infrastructure Commission to consider the impact of any changes in megatrends or major technological advances.

Following on from the 25-30 year Assessment, the National Infrastructure Commission would produce a report each year detailing progress that has been had made in addressing the long term needs it has identified. In each sector the Commission would consider whether:

- Government Departments are providing the strategic policy direction required;
- the planning system is effective in how it is dealing with major schemes;
- the regulatory environment is fit for purpose in bringing forward investment;
- asset condition within the sector is sufficiently well understood; and
- critical questions of funding have been addressed.

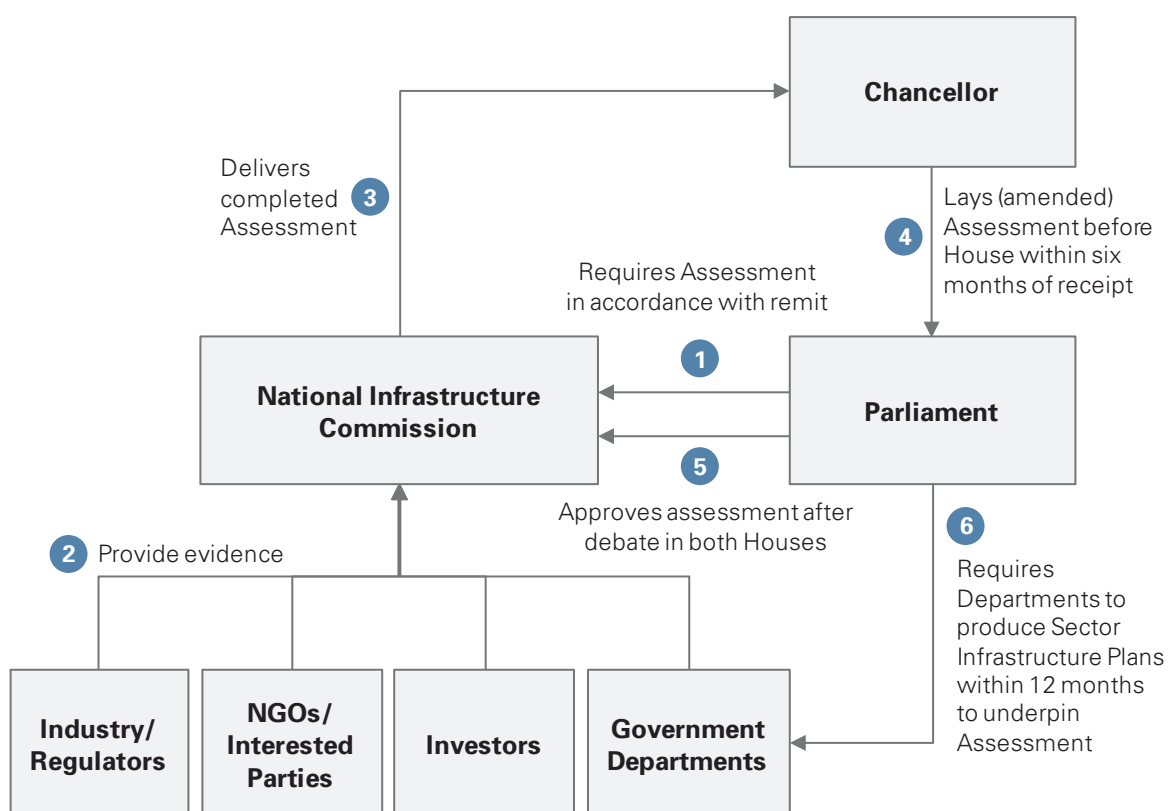
6.5 Interaction with Government and Parliament

Approval of National Infrastructure Assessment

The National Infrastructure Commission would report to Government in the first instance by delivering its National Infrastructure Assessment to the Chancellor. The Chancellor would then have a statutory obligation to lay the Assessment before Parliament within a six month period together with such amendments that the Government might propose. The National Infrastructure Assessment would be laid before Parliament together with a substantive motion seeking Parliamentary approval by means of a vote in both Houses.

Parliament may then refer a draft of the Assessment back to the Commission for further consideration of specific areas.

Figure 2: Preparation and approval of the National Infrastructure Assessment



Once the Commission's conclusions around long term needs have been approved by Parliament, then individual Government Departments would have a statutory duty to produce Sector Infrastructure Plans to support the National Infrastructure Assessment.

Approval of Sector Infrastructure Plans

Within this blueprint, the emphasis on Government Departments to provide the necessary strategic direction to deliver investment/reform in each sector would increase markedly from that which exists today. To underline this change in emphasis, the current National Policy Statements would be renamed Sector Infrastructure Plans.

In the first instance, within each Sector Infrastructure Plan, the Government of the day would add the next level of detail as to how the needs identified by the National Infrastructure Commission would be met by setting out specific schemes and projects. For example:

- if the Commission identified a need for extra reservoir capacity in the south east of England, the Sector Infrastructure Plan for water would set out the preferred location for this; and
- if the Commission highlighted a need to improve transport connectivity between certain centres of population, then the transport networks Sector Infrastructure Plan would bring forward specific road and rail proposals to address this.

However, the Sector Infrastructure Plans would be required go further still. To improve public/investor confidence, they would also explain:

- the different sources of funding that would be drawn upon in order to deliver any proposed investment. For example the Sector Infrastructure Plan for transport networks would explain whether the roads schemes identified were to be funded by the Government or from tolls/user charging;
- detailed timescales for the procurement and delivery of projects; and
- the preferred vehicle(s) for delivering infrastructure investment.

The National Infrastructure Commission would provide guidance to each Department in respect of the content of the Sector Infrastructure Plans. This would include:

- requirements as to the sub-sectors where individual Sector Infrastructure Plans should be produced (e.g. for Department for Transport, aviation, ports and transport networks); and
- where it is required that a Sector Infrastructure Plan is location/project specific.

The Departments would have a statutory obligation to produce a Sector Infrastructure Plan within one year that is consistent with the needs identified by the National Infrastructure Assessment as approved by Parliament.

Once a Sector Infrastructure Plan has been produced, the National Infrastructure Commission will lay before Parliament a statement that either confirms its consistency with the Assessment or sets out the areas of inconsistency together with an analysis of what that might mean for overall delivery against the needs identified. In reviewing the Sector Plans the Commission would consider whether:

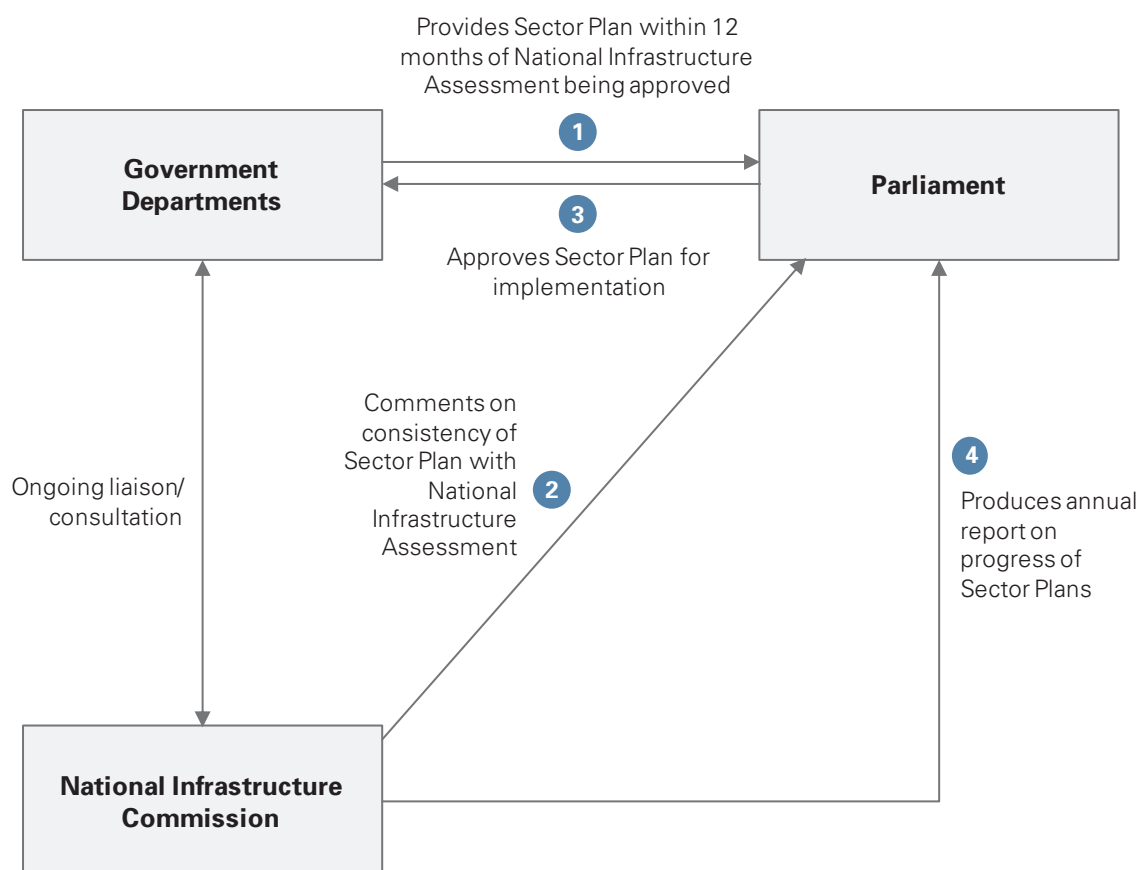
- the approach proposed by the Department adequately addresses the long term need identified by the Commission; and
- whether the detail provided on funding, timescales and delivery is credible in the context of the scale and timing of the investment needed in that sector.

With this input from the National Infrastructure Commission, it will then be for Parliament to approve the proposed Sector Infrastructure Plans with whatever amendments it may decide upon. Once the Sector Infrastructure Plans have been debated and approved by Parliament, they would in aggregate form a new evidence-based National Infrastructure Plan for the UK,

Going forwards, a key function of the National Infrastructure Commission, via its annual report, would be to monitor how effectively the proposals contained within the Sector Infrastructure Plans are actually being implemented.

The duties of the economic regulators would be amended, following the establishment of the Commission, so that they would be under an overriding duty to further both the National Infrastructure Assessment and the implementation of any relevant Sector Infrastructure Plans once they had been approved by Parliament.

Figure 3: Approval of Sector Infrastructure Plans



6.6 Impact on existing regimes/institutions

The “Call for Evidence” has highlighted notable support for the planning regime established by the 2008 Planning Act and now overseen by the Planning Inspectorate. There is little market appetite to revisit this model before it has had more time to bed down. Therefore, under the blueprint, this planning regime would remain in place. However, it would be strengthened by ensuring that the Sector Infrastructure Plans (which will replace National Policy Statements) become more consistent in granularity across all infrastructure sectors thereby helping remove questions of need from the planning process.

It is anticipated that the role of Infrastructure UK would be revisited once the National Infrastructure Commission is established.

7 Questions and answers

The blueprint for an independent National Infrastructure Commission outlined in section 6 represents a radical step forward in how infrastructure would be planned in the UK. To conclude, the Advisory Panel provides responses to a number of questions that it is anticipated that readers of this report are likely to put forward.

What will the Commission change? What will be different?

The role played by the Commission will have three principal benefits:

- a single body will be tasked with taking an independent view of the UK's infrastructure needs over the long term. This level of strategic thinking has largely been absent over the past 30 years;
- by reviewing all sectors in parallel, interdependencies will be considered. It will also prevent certain sectors being overlooked by Government should they "go out of fashion;" and
- the Commission will hold politicians to account by requiring a robust plan for each sector to be produced within a year of the findings of the National Infrastructure Assessment being approved by Parliament. This will address Britain's tendency for policy drift. In addition annual reporting will provide regular public scrutiny of Government's progress in delivering agreed plans.

Will the Commission undermine democratic accountability by taking decisions away from elected politicians?

No. Ultimately, the Government of the day will be able to amend the recommendations put forward by the Commission and it is important that it retains this right. However, where it chooses to do this, the Government will be under greater scrutiny to provide evidence to support the change and explain how an alternative route it might take will address the needs identified by the Commission.

The specific schemes and choices over public spending within the Sector Infrastructure Plans will remain the responsibility of the Government of the day. However, the National Infrastructure Commission will retain the right to publicly comment on whether it considers that the Plans produced are fit for purpose.

What happens if the needs identified by the National Infrastructure Commission are unaffordable in aggregate?

Within the Sector Infrastructure Plans, the Government will factor in the availability of public funding. It could be that the Government chooses to prioritise investment in certain sectors over others in the short to medium term due to prevailing affordability constraints. Affordability issues will be discussed with the Commission when the Sector Infrastructure Plans are presented for comment.

However, one of the key roles of the Commission is to provide greater transparency to debates around funding. Any Government has a choice either to prioritise funds away from infrastructure or to apply charging mechanisms that do not confront users with the full long term cost of maintaining high quality assets. The Commission will increase the awareness of the long term consequences for the international competitiveness of UK of either under-investing in infrastructure or of doing nothing.

What is to stop a new Government shutting down a National Infrastructure Commission?

Ultimately, the Government of the day will have the power to introduce new legislation which would wind up the Commission. However, if the Chair and the Members have built up a credible public profile and have a record of working effectively with previous administrations, as is the case with the independent Bank of England and the Office of Budget Responsibility, then this will be considered to be a contentious decision. It is likely that the Government would be required to explain why abolishing the Commission would improve long term infrastructure planning in the UK and the growth potential of the economy.

What if the Commissions predictions of infrastructure needs are wrong? A 25-30 year horizon is a long time?

The Commission will develop a range of scenarios in making its forecasts of need. Approaches to this type of scenario modelling are well advanced within the UK's universities. The Commission would focus on those needs that are most common to the widest range of scenarios when drawing up its National Infrastructure Assessment.

Should there be a major technological advance during the 10 year period in between the publication of National Infrastructure Assessments then Government could ask the Commission to review its work and consider whether any Sector Plans need to be amended.

How will the Commission engage with the public in order to promote a wide understanding of its recommendations?

The Commission will be required to undertake a full public consultation on the findings of the National Infrastructure Assessment before it is submitted to Government. Members of the Commission will be required to attend public meetings in each region of the UK in which they would explain the approach it has taken to its work.

Is there a danger that the deliberations of the Commission slow infrastructure investment down in the UK rather than speed it up?

Ultimately, the Commission will speed up decision making in the UK as its evidence based approach will make it easier to establish consensus around the need for infrastructure investment and avoid a "stop-start" approach. The requirement for Departments to produce detailed Sector Plans within a twelve month timescale will then establish a momentum to translate the National Infrastructure Assessment into specific schemes and projects. This momentum will be maintained by independent annual reporting on progress.

The biggest risk is a hiatus in activity during the period in which the Commission prepares its initial National Infrastructure Assessment. The working assumption of this report is that the Government of the day would continue to deliver the projects in the present National Infrastructure Plan against the background of existing National Policy Statements and to press on with whatever the Davies Review should recommend.

The other problem is the time which the Commission will inevitably take before it can finalise its National Infrastructure Assessment. We have suggested in the Report that, once legislation to create a National Infrastructure Commission has received its Second Reading, the Commission could be set up in shadow form. So, for example, the Government could at that point bring together a panel of outside experts who, with consultancy support if necessary, would work with Departments in Whitehall, regulators and stakeholders to begin to assemble evidence. In parallel the Government could set in train the process to find the Commission's Chair and members. An early start following Second Reading would help get the National Infrastructure Commission off to a flying start.

Appendix 1 The “Call for Evidence”

1. Diagnosis of current issues and difficulties

- Where has a lack of long term planning or political consensus impacted on the delivery of critical infrastructure in the sector/projects in which you/your organisation have been involved?
- What were the failings within the existing decision making and planning mechanisms that you/your organisation experienced?
- What were the consequences of these failings?

2. Past/existing attempts to provide special regimes for infrastructure delivery

- What have been the limitations of previous initiatives in this area such as the Infrastructure Planning Commission, the Hybrid Bill process and the establishment of Infrastructure UK?
- How might the model of the Howard Davies review of aviation capacity help to address these limitations and any other issues raised in 1) above? Which of the issues raised might this model not address?

3. The role remit of an independent Infrastructure Commission

- If a Commission that is independent of Government was set up to look at the long term infrastructure needs of the country:
 - What would be an appropriate planning horizon – 15, 30 or 50 years?
 - What factors should the Commission consider (mega trends, demographics, sustainability, economic growth, environmental legislation)?
 - What sectors should it cover – transport, energy, housing, telecommunications?
 - Should the remit be limited to the outcomes required (infrastructure capacity) or to evaluating/recommending potential schemes to deliver these outcomes?
 - How should the Commission interact with existing bodies such as Network Rail, the Highways Agency and Infrastructure UK?
 - How should the Commission interact with devolved administrations, regional and local Government?
 - How might funding/affordability constraints be factored into any review?

4. Establishing cross party consensus

- To help bring about cross-party consultation and agreement around conclusions:
 - Where should the members of the Commission be drawn from?
 - What timeline should the Commission work on? Should it report once per Parliament or more often?
 - Who would initiate reviews – Government or the Commission?
 - How would a Government accept proposals for implementation? How might the course of strategy be changed following the outcome of an election?

5. Lessons Learned

- What lessons can be learned from structures established overseas for long term strategic planning and implementation of infrastructure?
- What lessons can be learned from the London Olympic and Paralympic Games?

Appendix 2 List of respondents to the “Call for Evidence”

ABB Limited	ABTA
Arup	ASDA
ATOC	Balfour Beatty
Berwin Leighton Paisner LLP	Bircham Dyson Bell
Birmingham Airport Limited	British Chambers of Commerce
British Telecom	Campaign to Protect Rural England
Carillion	CH2M Hill
Civil Engineering Contractors Association	Communications Workers Union
Costain	EC Harris
EEF – The Manufacturers Organisation	Freight on Rail
Gatwick Airport	The Green Alliance
Heathrow Airport	Independent Transport Commission
Infrastructure Alliance	Infrastructure Australia
Institute for Government	Institute of Civil Engineers
Institute of Highways and Transportation	Institute for Transport Studies
Kent County Council	Kier Group
Laing O’Rourke	Lloyds Banking Group
Local Government Association	London Borough of Newham
London Stansted Airport	MACE
Manchester City Council	National Grid
Network Rail	Northern Power Grid
Office of Budget Responsibility	Pricewaterhouse Coopers
RAC Foundation	Road Ahead Group
Royal Academy of Engineering	Royal Town Planning Institute
South East Local Enterprise Partnership	Thames Water
Town and Country Planning Association	Trades Union Congress
Transport Salaried Staff’s Association	TSSA
UCATT	UK Power Networks
University College London	University of Birmingham
Virgin Trains	Water UK

Appendix 3 Overview of Institutions studied

Overseas Institutions

Infrastructure Australia

Infrastructure Australia (IA) was set up in 2008 in order to:

- provide advice on Australia's current and future infrastructure needs and priorities; and
- establish an evidence based approach to allocating Commonwealth funds to State sponsored projects. Australia is notable in that policy making in the majority of infrastructure sectors is driven at the State level. Only telecommunications and aviation are planned on a national basis.

IA is a statutory body consisting of a Chair and 11 other members. Of the members:

- nine (of whom one is the Chair) are nominated by the Commonwealth of whom at least five must have private sector experience and one must have experience of local Government; and
- three are nominated by the States, the Australian Capital Territory and the Northern Territory.

IA is chaired by Sir Rod Eddington. Sir Rod was Chief Executive Officer of British Airways from 2000 to 2005 and has also served on the Boards of JP Morgan, News Corporation and Rio Tinto Group. No politicians attend the Board of IA. However, meetings are attended by the senior civil servants from the Treasury and the Prime Minister's office.

In 2008, IA had \$8bn of Commonwealth funds to allocate between State projects. Although available funding has reduced materially since then as a result of the financial crisis, IA has maintained its relevance by producing high profile annual reports. These have set out the criteria by which infrastructure projects should be appraised and Commonwealth funds prioritised and made recommendations as to how any impediments to nationally significant infrastructure projects should be addressed.

The resources of IA are relatively small with the Board being supported by a secretariat of 10 people. Rather than undertaking studies and primary research, IA sees its role as evaluating proposals submitted to it by the States and other bodies. This approach has been driven by the Chairman in order that resources are used as efficiently as possible.

Singapore's Urban Redevelopment Authority

The Urban Redevelopment Authority (URA) was established by an Act of Parliament and reports to Singapore's Minister for National Development. It has responsibility for Singapore's long-term land use planning in order to support future development and continued economic growth. The URA has two platforms for planning, the Concept Plan and the Master Plan.

The Concept Plan is a strategic, long term land use and transportation plan which takes a 40-50 year view and is updated every 10 years. The first Concept Plan was developed in 1971 and resulted in the development of Changi International Airport, as well as Singapore's Mass Rapid Transit System (MRT). The latest Concept Plan was produced in 2011. The biggest factor informing the Concept Plan is a detailed forecast of population growth. However, the Plan also considers what is necessary to safeguard Singapore's continued role as an international business hub.

The Master Plan is the statutory land use plan which translates the long term strategies of the Concept Plan into detailed plans to guide development. It is updated every ten years setting out the permissible land use and density for developments in Singapore. Strategies in the 2008 Master Plan included decentralisation by promoting new growth areas outside of the city centre such as Jurong and Paya Lebar. This is to be supported by the Downtown Line and Thomson Line extensions to the MRT network.

The URA has a Chairman and a Stakeholder Board of up to 12 members. Board members are chosen from both the public and private sectors and come from a wide range of fields including architecture, media, accountancy, Government and national defence.

Whilst URA co-ordinates Singapore's land-use planning, detailed inputs are provided by the relevant Government Departments. This works smoothly because Singapore has a relatively small senior civil service in which many of the key personnel have rotated between the top jobs. As a result, there is a shared understanding of the challenges of each Department. Once the Concept and Master Plans have been produced, the delivery of individual projects within the Plans falls to the relevant Government Department. The Departments have a statutory obligation to deliver these Plans.

Infrastructure Ontario

In 2004, Ontario's Ministry of Public Infrastructure Renewal set out a new Planning, Financing and Procurement Framework to address an infrastructure deficit that it estimated to stand at \$100bn. The vision of the Ministry was to shift infrastructure planning to a long-term horizon supported by sustainable financing models and sound asset-management practices.

As part of the delivery of this strategy Infrastructure Ontario (IO) was established in 2005. IO's remit was to procure some of Ontario's more complex infrastructure renewal schemes as well as project managing the construction phase of certain projects. Other functions included providing public sector and not-for-profit organizations with long-term financing in order to renew infrastructure.

IO is a crown corporation wholly owned by the Province of Ontario and established by the Ontario Infrastructure and Lands Corporation Act. The Chair and Chief Executive of IO are appointed by the Lieutenant Governor and report to the Minister of Infrastructure. IO prepares an annual report that is approved by the Board and submitted to the Minister for tabling in the Ontario Legislature. Whilst the Minister is not bound by IO's advice, the organisation is highly influential.

For the period that IO has operated, the Liberal Party has remained in power in Ontario. Therefore to date, the scale of cross-party backing for IO has not been tested as its remit has never been subject to review by an incoming Provincial Government.

New Zealand's National Infrastructure Unit

The National Infrastructure Unit (NIU) was established in 2009 by the new National Party Government to help improve the quality of decision-making on infrastructure. The NIU was set up within Treasury so has parallels with IUK and is effectively part of Government. Its responsibilities include:

- formulating and monitoring progress on, a 20-year National Infrastructure Plan (to be updated every three years). The National Infrastructure Plan itself is signed off by the Minister of Finance;
- establishing robust and reliable cross-government frameworks for infrastructure project appraisal and capital asset management, and monitoring the implementation and use of those frameworks;
- providing active transaction support to Government agencies in the preparation of PPPs (the PPP team has recently moved out of the NIU as a result of a restructuring within the Treasury).

A primary focus of the NIU has been the actual performance of the stock of assets that underpin the productive functioning of the economy, specifically transport and energy networks and key buildings such as schools and hospitals. The Better Business Case initiative places emphasis on improving the information base to allow measurement of outcomes and inform the allocation of new investment.

A National Infrastructure Advisory Board (NIAB) has been established to provide the NIU and the Minister for Infrastructure with input from the private sector. The Chair, Dr Rod Carr is a former Deputy Governor of the Reserve Bank and has also held senior roles at the Bank of New Zealand and National Australia Bank. Other Board members include lawyers, economists, heads of private equity funds and engineers. The NIAB is not involved in setting long term infrastructure strategy. Rather it reports on more micro-level issues such as project appraisal and capital asset management.

UK Institutions

Bank of England

In 1998, the Bank of England became an independent public organisation. The Bank is independently funded via a levy on the UK's financial institutions and the Monetary Policy Committee (MPC) is responsible for setting the interest rate which will enable the Bank's inflation target to be met. The MPC has nine members – the Governor, the two Deputy Governors, the Bank's Chief Economist, the Executive Director for Markets and four external members. The external members have an expertise in economics and are appointed directly by the Chancellor. They serve fixed terms after which they may be replaced or re-appointed.

Members of the MPC do not represent individual groups or areas but are independent. The MPC's decisions on interest rates are made on the basis of one-person, one vote and not based on a consensus of opinion. To provide public accountability, minutes of MPC meetings are published two weeks after each interest rate decision. These give a full account of discussions, including differences of view. They also record the votes of the individual members of the MPC. The MPC has to explain its actions regularly to parliamentary committees, particularly the Treasury Committee.

Further public engagement is provided by MPC members regularly speaking to audiences throughout the country to explain policy decisions and thinking. This is a two-way dialogue with the visits also giving MPC members a chance to gather first-hand intelligence about the economic situation from businesses and other organisations.

In 2011 the Financial Policy Committee was created as a mirror committee to the MPC to spearhead the Bank's new mandate around the regulation of the UK's banks and insurance companies.

Office of Budget Responsibility

The Office of Budget Responsibility (OBR) was set up in 2010 as a Non-Departmental Public Body under the lead of the Treasury (HMT). The backdrop to this was the economic crisis with Government requiring an independent body to reassure the markets at a time of major fiscal consolidation.

The OBR is jointly accountable to the Executive and to Parliament and has a remit to:

- produce five-year forecasts of the economy and the public finances;
- judge the progress of the Government towards its five-year fiscal targets;
- assess the long term sustainability of the public finances; and
- scrutinise HMT's costing of policy measures in the run-up to the Budget and other major announcements.

It is not part of the OBR's remit to give policy advice as to how the Government's fiscal objectives might best be met. If the OBR's terms of reference were to be extended, then this should be a matter for Parliament and not for the OBR itself.

The OBR has a small staff – 17 in total. It produces its own macroeconomic forecasts but draws on the work of other bodies (HMT, Her Majesty's Revenue and Customs and Department for Work and Pensions) in order to produce forecasts of tax receipts and public spending. OBR has a memorandum with each of these bodies around access to information. Acting as a small commissioning/co-ordinating body in this way helps avoid duplication of activity across Government.

The OBR's funding is set for four years in a "letter of revenues" published as part of the Spending Review. The OBR could be vulnerable to either a budget squeeze or the denial of information. In either case, its ultimate course of action would be to make representations to the media.

The OBR considers that its principal "value-add" is not in improving economic forecasting – City economists take a range of different views about this between themselves. Rather its value is in improving the transparency of the debate around the public finances by adding an expert, independent voice.

Committee on Climate Change

The UK was the first country to introduce a national legally-binding framework (the Climate Change Act of 2008) to tackle the issue of climate change. This included a target of an 80% reduction in emissions by 2050. As part of the 2008 Act, the Committee on Climate Change (CCC) was established as an independent, statutory body to provide advice on five yearly “carbon budgets” and monitor progress towards the 2050 target. The CCC is jointly sponsored by the Department of Energy and Climate Change (DECC), and the devolved Governments.

The CCC has a Chairman and seven independent members. The independent members are all established experts in matters of science and technology. The Chief Executive of the CCC leads a Secretariat of around 35 staff which provides analytical support to the Committee. The Secretariat draws upon modelling undertaken by DECC with whom it has a memorandum of understanding around the exchange of information.

The first Chairman of the CCC Adair Turner established a strong media presence in order to help build up a clear narrative around climate change. A decision was taken by the CCC that it should have a single public voice to ensure that this narrative was as consistent as possible.

The CCC’s independent statutory position means that its advice is highly influential and is often directly reflected in legislation and the Government’s carbon strategy. Indeed, the Chief Executive of the CCC has appeared before the Energy and Climate Change Select Committee on over 20 occasions since 2008. If a Government sought to disregard the advice of the CCC then it could potentially be subject to judicial review.

In addition to advice on the level of carbon budgets and updates on Government’s progress towards meeting climate targets, the CCC also undertakes detailed research on climate change science, economics and policy. It has recently issued reports on electricity market reform and how the UK is preparing for potential impacts of climate change such as flooding and water scarcity.

The CCC is funded directly by DECC with no formal long term arrangements in place. Therefore any pressures felt by DECC during a Public Spending Review may be felt equally by the CCC.

National Institute for Health and Care Excellence

The National Institute for Health and Care Excellence (NICE) is a non-departmental public body of the Department of Health. Since January 2005, the NHS has been legally obligated to provide funding for medicines and treatments recommended by NICE’s technology appraisal board. This process was set up in part to address “postcode lottery” anomalies whereby certain less common treatments were funded in some parts of the UK but not in others due to local decision making within the NHS.

For each new treatment NICE agrees the scope of the technology appraisal with the Department of Health. Patient groups and organisations representing health care professionals then submit evidence which the manufacturers of the product get the opportunity to respond to. An independent academic centre then draws together and analyses all of the published information on the technology under appraisal and prepares an assessment report. This report is examined by an independent Appraisal Committee which hears spoken testimony from clinical experts, patient groups and carers. The Committee takes these testimonies into account and invites further comments from stakeholders before a ‘final appraisal determination’ is submitted to NICE for approval.

NICE has designed its appraisal process to be fully independent of Government and lobbying power. Instead, decisions are entirely based on evidence of clinical and cost effectiveness.

The logo consists of a red rectangular block with a white vertical line on its left side. The text "Labour's Policy Review" is written in white, bold, sans-serif font, stacked vertically within the red block.

Labour's Policy Review

Comment on the Armitt Report

Confederation of British Industry

CBI responds to Armitt infrastructure report

<http://www.cbi.org.uk/media-centre/press-releases/2013/09/cbi-responds-to-armitt-infrastructure-report/>

5 September 2013

The CBI responded to a report by Sir John Armitt, Chairman of the Olympic Delivery Authority, on how to deliver the UK's future infrastructure requirements.

Katja Hall, CBI Chief Policy Director, said: "The World Economic Forum downgrade of UK infrastructure competitiveness sends a clear message that we need to rise above the parliamentary cycle to take some important strategic decisions to plan for the next 30 years.

"An independent Commission would ensure that politicians could no longer duck the difficult infrastructure questions which our long-term economic prosperity depends on.

"But we do need to make sure that if an independent Commission were to be introduced it wouldn't cut across decisions already underway, like the Davies review of aviation.

"This report is a thoughtful contribution to the debate about the UK's long-term infrastructure needs and should be considered by all political parties."

Trades Union Congress

TUC welcomes calls for a national infrastructure commission

<http://www.tuc.org.uk/economic-issues/tuc-welcomes-calls-national-infrastructure-commission>

5 September 2013

The TUC has today (Thursday) welcomed calls by the former chairman of the Olympic Delivery Authority, Sir John Armitt, for the government to establish an independent National Infrastructure Commission.

TUC General Secretary Frances O'Grady said: 'Building a national consensus on future infrastructure makes huge sense and the government and employers should respond positively to these proposals.

'The TUC stands ready to play our part in making the case for infrastructure that can boost growth, rebalance the economy and put in place the change we need to decarbonise our energy supply.

'As well as beginning to address our long-term investment shortfall a well-worked through plan would also give the government the right tools to speed up investment to give the economy a boost.'

Federation of Small Business

UK needs an integrated transport strategy, says FSB

5 September 2013

Responding to the publication today of Sir John Armitt's infrastructure review, Federation of Small Businesses National Policy Chairman Mike Cherry said: "The Federation of Small Businesses has long called for a proper integrated transport strategy. We want all political parties to take a long-term strategic view of transport, energy and broadband infrastructure, so we therefore welcome Sir John's review.

"In particular, to ensure delivery, we want all parties to hard-wire targets for major project contracts and sub-contract opportunities to small firms, coupled with business support to help them bid for and win work."

British Chambers of Commerce

Infrastructure Commission could put an end to 'Stop-Start Britain', says BCC

<http://www.britishchambers.org.uk/press-office/press-releases/infrastructure-commission-could-put-an-end-to-'stop-start-britain',-says-bcc.html>

Dr Adam Marshall comments on the publication of John Armitt's independent review on infrastructure planning.

"Infrastructure allows British business to function. Yet for too many decades, we've seen plan after plan, strategy after strategy – but little delivery on the ground.

"Sir John Armitt is one of the few people in Britain who knows what it really takes to deliver a major project, and his new report sets out some welcome ideas on how to break our infrastructure logjam.

"An independent infrastructure commission could help end what we call 'Stop-Start' Britain, and promote greater business investment. Our infrastructure needs, from roads to rails to airports to major energy projects, should be assessed by real experts. Politicians should be in the hot seat to deliver infrastructure projects, rather than just debating it endlessly."

Green Alliance

Infrastructure planning needs technocrats, but don't forget the politics

6 September, 2013

This post is by Matthew Spencer, director of Green Alliance, and Julian Morgan, chief economist at Green Alliance.

Technocrats get a bad rap. In the media stereotype, they are calculating micro-managers, bent on controlling the world with little understanding of how it really operates. Yesterday, Sir John Armitt set out a more interesting view of a technocratic commission, peopled by wise, forward thinking public servants set on preparing the UK's infrastructure for the 2040s. We think it has strong merit, and could help to drive the transition to a lower carbon, smarter UK economy. The fact that Armitt has recognised that carbon and sustainability impacts have to be a central criteria for the commission is a great start.

Armitt's review helps to explain slow progress on low carbon infrastructure

Armitt's review of infrastructure for the Labour Party identifies such a long list of shortcomings that it is a wonder that anything ever gets built. Strategic planning, long term thinking and political consensus have all been conspicuous by their absence, much to the despair of the business community. No surprise then that the infrastructure that emerges from this haphazard process is highly unlikely to represent value for money for the taxpayer, or be fit for the challenges of the 21st century. It also helps to explain why the largest chunk of UK infrastructure, low carbon energy, is being built too slowly.

Armitt's solution is to develop a National Infrastructure Commission (NIC) which would have the job of identifying the UK's long term infrastructure needs and publishing proposals in an evidence-based assessment. Parliament would then vote on these proposals and, once agreed, the NIC would monitor the plans developed by the government to meet them. Naturally, the government of the day could reject the proposals of the NIC, but the assumption is that the political costs of doing so would be high, as such behaviour might smack of short term political opportunism.

Will shifting from ministerial preference to technocratic mandate work?

A technocratic solution to problems of short termism is hardly new. Macroeconomic policy making has been steadily put in the hands of technocrats, usually by newly elected governments wishing to establish their credibility. Operational independence for the conduct of monetary policy was given to the Bank of England by the new Labour administration in 1997, while the coalition set up the Office for Budgetary Responsibility in 2010 to allow technocratic scrutiny of fiscal policy.

The appeal of executing a similar shift from ministerial preference to technocratic mandate to help stabilise infrastructure policy is obvious, but will it work? The technicalities of monetary policy and quantitative easing can seem distant from most people's concerns, so removing these decisions from ministers is a simpler proposition than it is for energy and transport infrastructure.

A forward thinking technocratic commission could help improve the UK's infrastructure delivery and provide much needed support for the long run challenge of decarbonisation which tends to get discounted by short termism.

Technocratic function and public engagement should be combined

But there are two big caveats. The first is that the commission does not aim to remove the politics from infrastructure, but instead embraces it. As one Labour MP noted in response to the review, the UK "is not China" so getting the politics out of infrastructure is neither possible nor desirable.

The Armitt model relies entirely on parliament for its democratic mandate, but public faith in representative politics is at an all time low. Whipping a vote through Westminster will provide little protection for infrastructure projects that are unpopular, and where the public feel their views have not been heard.

If the commission is to be effective it should combine a technocratic function with a programme of deliberative democracy where the public is engaged in debating the infrastructure choices available to the UK. The French National Infrastructure Plan and National Commission for Public Debate have used public hearings and evidence sessions to do this with great success.

It's important to remember that infrastructure is a means to an end

The second caveat is that the commission needs to be clear that infrastructure is a means to an end, and that, to avoid perverse economic effects, it should be able to consider other means to the same end. If it is more cost effective to introduce smart transport software to our cities than to build new train lines or roads it should say so. If a bigger electricity saving programme can avoid new power line construction, it should have the remit for this to be included in its infrastructure plan.

Sir John Armitt and his colleagues have produced a strong case for a new infrastructure institution and it appears to be attracting cross-party interest. It should improve the reputation of technocrats and stabilise political support for infrastructure.

If it is to increase public support, the commission will also need a commitment to public deliberation. The onus is now on Labour, which set up the review, to make sure that it has stronger public accountability and the ability to be imaginative about what the UK economy might need to be successful and resilient in 30 years' time.

EEF – The Manufacturers’ Organization

Armitt Review on infrastructure planning – halfway there

<http://www.eef.org.uk/blog/post/Armitt-Review-on-infrastructure-planning-e28093-halfway-there.aspx>

5 September 2013

The challenge of planning and delivering long term infrastructure requirements in Britain is often blighted by an overly political debate where both sides throw selective evidence at each other to back up their point of view.

Two examples highlight this:

- The poor evidence base for High Speed 2 with the political consensus for the project fraying in recent months and
- Britain's future aviation capacity needs with the Davies Commission being asked to report after the next election, delaying progress on this issue even further

This underlines the need for a body to look strategically at the country's infrastructure requirements over a long time period. The Armitt Review published today picks up on these issues and we welcome the call for a National Infrastructure Commission (NIC) tasked with setting out a long term view on strategic infrastructure priorities.

The Armitt Review had a clear remit:

- To outline an institutional structure that would best support long term strategic decision making and
- To suggest how cross party consensus on this could be forged.

The Review recommends that the NIC would produce, each decade, an evidence based assessment of the UK's significant national infrastructure needs over a 25-30 year horizon. This assessment would then be passed to government to receive Parliamentary approval. Once received Departments would be tasked with developing sector plans (e.g. for energy, transport etc.) to implement the national infrastructure assessment and these plans would be subject to Parliamentary approval.

The NIC would comment on how fit for purpose sector plans are and subsequently on an annual basis comment on how effective departments are implementing these.

While the Review outlines an effective institutional way forward, more work needs to be done on how best to forge a cross-party consensus.

The Review confuses the requirement for Parliamentary approval as a proxy for cross-party consensus.

The Review recommends the NIC should submit their National Infrastructure Assessment to government and within six months government (or more specifically the Chancellor) would submit this to Parliament along with amendments and the rationale behind these amendments. By virtue of being in government the Opposition could simply be ignored and the Assessment approved by Parliament without any cross-party consensus.

A different approach may work better; the NIC should be established as a Parliamentary Body. In line with other such bodies such as the National Audit Office it would have a clear role in reporting and being accountable to Parliament and play a greater part in all major discussions on infrastructure strategy and priorities.

A 'statutory footing' is often seen as enough to safeguard new expert bodies, however in reality any incoming government can simply repeal the relevant legislation. Getting infrastructure strategy and priorities right is such an important issue that we believe solutions will need to go even further than just the usual methods.

Institute of Public Policy Research

Sir John Armitt's Review: London 2012 Olympics Proves UK Can Fix Infrastructure Problems

<http://www.ibtimes.co.uk/armett-review-infrastructure-projects-labour-growth-jobs-503897>

5 September 2013

Britain should create an independent commission to analyse the country's many infrastructure problems and monitor government plans to tackle them, according to a review by the man who built the London 2012 Olympic Games venues.

Sir John Armitt, who was chief of the Olympics Delivery Authority and was commissioned to do the review by the Labour party, said a new National Infrastructure Commission (NIC) should be given statutory independence and conduct once-a-decade assessments of the country's long-term infrastructure needs, before working with the government of the day to develop plans.

The NIC should then oversee the delivery of the government's plans, monitoring and assessing their progress.

"Over the last 40 years UK infrastructure has fallen behind the rest of the world and is increasingly struggling to cope with the demands we make of it," said Armitt.

"An infrastructure fit for the future must now be a national priority alongside education and health and a new independent National Infrastructure Commission is a way of delivering this improvement with the vital support of the public and politicians of all parties."

He added: "London 2012 proved we are capable of planning and delivering complex and innovative infrastructure projects with local and national cross-party support. We did it right for the Games and now we need to apply the lessons we've learned to other areas and services we need to improve to cope with the challenges ahead."

Details of Review

The review concluded that vital projects were needed as the Office for National Statistics forecasts the UK's population will grow to over 73 million by 2035.

Two issues have dogged positive political progress, says Armitt's review. They are policy uncertainty and a lack of strategic guidance provided by successive governments for many decades.

These could be rectified by a commission that could produce a National Infrastructure Assessment that would look at the scale of investment the UK needed to maintain its long-term competitiveness.

The National Infrastructure Commission with its statutory mandate would have its recommendations debated and voted on in both houses of parliament.

Following parliamentary approval, government departments would then be assigned and given licence to pursue specific projects.

The commission would provide a critical view of both the government's record in delivering the legislation and parliamentary procedure in holding the government to account.

Such statutory power and responsibility of a commission would ensure that large and complex infrastructure projects would not be derailed by the electoral cycle, the review argued.

Armitt Review Welcomed

A leading UK thinktank, the country's biggest business lobbyist, and the Trades Union Congress (TUC) have all welcomed the Armitt Review.

"Underinvestment in infrastructure has been an important element of the UK's poor historical record on investment spending. As a result, much of the UK's infrastructure is now creaking," said Tony Dolphin, chief economist at the Institute for Public Policy Research (IPPR).

"The independent National Infrastructure Commission proposed by Sir John would represent a significant improvement on current arrangements, enabling projects to be prioritised and ensuring a degree of pressure on government to improve its record on delivery."

Meanwhile, the Confederation of British Industry's Chief Policy Director Katja Hall said that an independent Commission would ensure that politicians can no longer avoid difficult infrastructure questions.

"This report is a thoughtful contribution to the debate about the UK's long-term infrastructure needs and should be considered by all political parties," she said.

Frances O'Grady, general secretary of the TUC, said building a national consensus on future infrastructure "makes huge sense and the government and employers should respond positively to these proposals."

"The TUC stands ready to play our part in making the case for infrastructure that can boost growth, rebalance the economy and put in place the change we need to decarbonise our energy supply," said O'Grady.

"As well as beginning to address our long-term investment shortfall a well-worked through plan would also give the government the right tools to speed up investment to give the economy a boost."

Royal Institute of Chartered Surveyors

Infrastructure: the long and short of the Armitt Review

<http://www.rics.org/uk/knowledge/news-insight/comment/infrastructure-the-long-short-of-armitt-review/>

5 September 2013

Having a long-term vision for infrastructure that goes beyond the political power play of the election cycle would be a valuable tool in driving sustainable economic growth to the UK.

Sir John's recommendation of an independent infrastructure commission to develop and monitor the delivery of infrastructure needs of the UK would bring confidence to the industry, attract investment and provide a clear and targeted project pipeline.

However, we must also focus on delivery in the here and now. RICS calls on the government to break down blockages to current infrastructure projects, put in place the mechanisms to enable the efficient delivery of stalled projects, and to make the repair, maintenance and upgrading of the UK's current transport and energy network a priority.

Any commission, in the short or long term, must have the authority and the teeth to challenge the government of the day on project priorities and delivery timelines. If the UK is to build its global competitiveness, the focus must be on ensuring all projects are delivered at an Olympics-like pace – authorised, funded and implemented at speed, on time and on budget.

Both the public and private sectors would need to lead such a proposed commission, which should consider the whole life cycle of infrastructure. To achieve its goals the commission would need at its core industry and government-endorsed professional standards, guidance, qualifications and training, such as those offered by RICS.

Institution of Civil Engineers

Armitt infrastructure proposals should be adopted by main parties

<http://www.ice.org.uk/News-Public-Affairs/ICE-News/Armitt-proposals-should-be-adopted-by-main-parties>

5 September 2013

Commenting on the infrastructure review published this morning by Sir John Armitt, Nick Baveystock, ICE Director General, said:

'The clash between the need for long term strategic infrastructure planning and the nature of short term political cycles has for too long been a hindrance to delivering the infrastructure we need, when it is needed and at price we can afford. An independent commission tasked with identifying the best options for meeting the priorities approved by parliament, at arm's length from government, is a concept ICE has championed and could help to ensure projects stand above political fault lines. We therefore support Sir John's proposals and hope they are adopted by the main parties.

'The Commission is not however a magic bullet – a web of other organisations, rules and established practices affect how our infrastructure is developed and further reforms will be needed.'

Royal Town Planning Institute

RTPI welcomes the Armitt Review of long term infrastructure planning

<http://www.rtpi.org.uk/briefing-room/news-releases/2013/september/rtpi-welcomes-the-armitt-review-of-long-term-infrastructure-planning/>

5 September 2013

The RTPI is greatly encouraged that the Review has considered and adopted many of the proposals put forward in our initial consultation response in January 2013, including its emphasis on the need for strategic infrastructure projects to be planned "in parallel, rather than looking at individual sectors in isolation". Additionally, we strongly agree with the report's focus on increasing investor and stakeholder confidence in infrastructure plans through evidenced-based, long-term projections of demand and the required setting out of sources of funding and implementation timeframes for projects.

Also, and in-line with one of our key policy aims, we are pleased to see the report recommend the consideration of a wider range of input factors in the assessment of infrastructure requirements, including forecasts of housing demand, and how such strategic elements directly impact the nation's infrastructure needs.

Richard Blyth , RTPI Head of Policy, Practice & Research, said: "The RTPI believes that effective planning is a key catalyst in promoting economic growth and is pleased that the Armitt Review recognises the essential role of planning when considering the UK's current and future infrastructure provision."

Campaign to Protect Rural England

Armitt Review of Infrastructure: CPRE urges caution

<http://www.cpre.org.uk/media-centre/latest-news-releases/item/3408-armitt-review-of-infrastructure-cpre-urges-caution>

4 September 2013

The independent Armitt Review of Infrastructure is launching its final report at the Royal Academy of Engineering on 5 September. This will set out recommendations to improve the UK's long-term planning and delivery of major infrastructure for energy, transport and possibly telecommunications and housing.

Ralph Smyth, Senior Transport Campaigner for CPRE says:

'Increasingly decisions on major infrastructure are being justified on the somewhat tenuous basis of a "global infrastructure race". This is not the right way to plan effectively. Putting infrastructure planning on a proper long-term footing is infinitely preferable than simply trying to "keep up with the Joneses". Also, we should not forget the lessons of the Infrastructure Planning Commission, an unelected body that had to be disbanded shortly after it was set up. '

CPRE is issuing two tests in advance of the report, one procedural and one substantive:

- Will the review's proposals mean another head on collision between the infrastructure and localism agendas? We should learn from the new French system of infrastructure planning and make sure there is genuine public participation at a stage when all options are still open.
- Will the review's proposals prioritise big kit infrastructure over genuinely sustainable development? The review needs to recognise the need for managing demand as well as supplying new infrastructure. Simply building new infrastructure is not going to tackle long-term problems such as climate change or congestion.

Ralph Smyth concluded: 'We need better processes for delivering the infrastructure the country needs. But in a small, crowded and democratic country it is vital that major decisions are taken following meaningful public engagement, including proper consideration of alternatives. Any attempt to impose big schemes will result in a backlash, making it far harder to get the right decisions made. We hope that Sir John Armitt and his colleagues recognise this.'

Deloitte

Deloitte comments on Armitt review of infrastructure

http://www.deloitte.com/view/en_GB/uk/industries/eiu/98de1f7496ee0410VgnVCM2000003356f70aRCRD.htm

5 September 2013

Commenting on the proposals outlined in the infrastructure policy review by Sir John Armitt, Nick Prior, head of infrastructure at Deloitte, said: “The proposals put forward by Sir John Armitt hold some promise for improving the delivery of infrastructure in the UK.

“However, infrastructure needs to be part of a much wider and longer term economic plan for the UK – it is not an end in itself.

“Sir John is right to highlight the success of London 2012 and the importance of building cross-party consensus for infrastructure. London 2012 was planned and delivered over 8 years and three separate governments.

“Otherwise, debate and politicking will continue to hold up the delivery of the projects crucial to our economic recovery and growth.”

KPMG

Armitt Review offers ‘blueprint’ for future UK infrastructure development, says KPMG

<http://www.kpmg.com/uk/en/issuesandinsights/articlespublications/newsreleases/pages/armitt-review-offers-blueprint-for-future-uk-infrastructure-development-says-kpmg.aspx>

Richard Threlfall, KPMG’s Head of Infrastructure, Building and Construction comments on the findings of the Independent Armitt Review of Infrastructure, published today:

“If implemented the Armitt Commission proposals will provide a sound basis for the long-term planning of the UK’s infrastructure.

“The proposed National Infrastructure Commission paves the way for a dispassionate and evidence-based assessment of the UK’s infrastructure need, and a blueprint for future infrastructure development. Only with the clarity of a long-term infrastructure plan will we unlock the more than £40bn per annum of public and private money the UK needs to invest in its infrastructure to remain competitive in the global economy.

“The proposed Commission would also balance long term infrastructure planning in an independent body and democratic accountability through periodic reporting to Parliament. Those who have sought to argue that long-term planning conflicts with democracy should note the successful models in Australia, Singapore and Canada on which the report draws.

“A National Infrastructure Commission is of course only part of the answer to the UK’s infrastructure challenge. Alongside we need a more generous compensation regime for those directly affected by new roads, airports, power stations and waste facilities, and a wholesale reform of how Government evaluates the costs and benefits of schemes, so that we prioritise the projects that create the most jobs and boost the UK’s competitiveness.”

Alan Buckle, Partner at KPMG and member of the Armitt Commission advisory panel comments: “The report focuses attention on the urgent need to overhaul our approach to investment in our transport, energy, water and telecoms networks. Too many investment decisions have been put off in recent years, so that today we are, for example, on the edge of a crisis in terms of energy generating capacity. Modern infrastructure is essential to the UK’s future prosperity and the proposed National Infrastructure Commission offers a long-term and accountable approach to infrastructure planning.”

The Telegraph (UK)

An infrastructure commission is a road the UK needs to take

<http://www.telegraph.co.uk/finance/economics/10290062/An-infrastructure-commission-is-a-road-the-UK-needs-to-take.html>

5 September 2013

Flick back through the archives and you’ll find politicians rowing over where to build Britain’s next full-length runway, going back to before the Second World War.

The hot air they’ve expended has not done a lot for climate change – or, for that matter, in addressing the subject in hand, as the chronic overcrowding at Britain’s main hub airport, Heathrow, goes to show.

No sooner has one government come up with a solution, than the next one to be elected rips it up. The most recent example of this was the aviation White Paper published in 2003, which recommended new runways at Heathrow and Stansted. Their findings were rejected by David Cameron, who feared an election backlash in areas where the Conservatives could not afford to alienate swing voters.

The upshot is that big projects fall by the wayside and Britain continues to slip down the World Economic Forum’s rankings for overall quality of infrastructure. Currently, the UK is lying 24th; embarrassing for a G7 nation.

There has been no shortage of reports identifying this problem. But few have had quite the positive reception from business as the latest from Sir John Armitt, one of the architects of last year’s London Olympics in his role as chairman of the Olympic Delivery Authority.

His key recommendation is music to the ears of anyone fed up with endless political drift: he wants Britain to set up an independent National Infrastructure Commission, empowered to look 25 to 30 years ahead and recommend which energy, transport, water and telecoms projects we need to build. In short, he wants to take long-term infrastructure planning outside the five-year electoral cycle, removing from the equation MPs, who are more worried about keeping their seats than taking tough decisions.

The Telegraph (Leader Column)

Take warring politicians out of infrastructure planning, says Olympics chief John Armitt

<http://www.telegraph.co.uk/finance/economics/10287504/Take-warring-politicians-out-of-infrastructure-planning-says-Olympics-chief-John-Armitt.html>

5 September 2013

Britain should set up an independent commission to plan long-term infrastructure projects that cannot be derailed by political infighting, the UK's former Olympics chief will say on Thursday.

Launching a new report into how to rebuild the country's crumbling transport, energy, telecoms and water infrastructure, Sir John Armitt will call for the establishment of a new National Infrastructure Commission charged with evaluating the UK's needs 25 to 30 years out.

Sir John, the former Network Rail boss who chaired the Olympic Delivery Authority for the 2012 Games, was asked by shadow chancellor Ed Balls to review how Britain could improve its poor record of project planning and delivery. Last year, in its report on global competitiveness, the World Economic Forum ranked the UK 24th for the overall quality of its infrastructure.

The Armitt review's key recommendation is for a properly independent body, along the lines of the Office of Budget Responsibility or the Committee on Climate Change, that would take the electoral cycle and political cowardice out of big infrastructure decisions.

The new commission would assess Britain's needs every 10 years, with the Government obliged to put the key recommendations to a parliamentary vote within six months.

Once projects were approved, Government departments would have a year to draw up comprehensive plans on how schemes would be delivered. That would include sources of funding, timeframes and the vehicles to be used to build the project.

The Armitt review is highly critical of the Government's current National Infrastructure Plan, which it dismissed as "not strategic" and "essentially a list of projects which is not built up from an evidence-based assessment of the UK's long-term needs".

Sir John said: "Over the last 40 years UK infrastructure has fallen behind the rest of the world. London 2012 proved we are capable of planning and delivering complex and innovative infrastructure projects with local and national cross-party support."

Mr Balls said: "For decades successive governments have too often ducked and delayed the vital decisions we need to make."

Britain's continuing failure to deliver new hub airport capacity is a case in point, with 2003's aviation white paper calling for new runways at Stansted and Heathrow opposed by the incoming Coalition on fears of an electorally damaging backlash by local residents.

Steve Radley, director of policy at the EEF manufacturers' association, said: "We need to take the political wrangling out of important infrastructure decisions, take a long term view of strategic priorities and get the key projects delivered faster."

"For too long, political prevarication and policy reversals have left Britain in the slow lane in developing our roads, rail networks and our airports. The poor evidence base and fraying political consensus for HS2, and the fudging of key decisions on increasing our airport capacity show that things need to change."

He added that any new commission "must have cross-party backing and report to Parliament".

Katja Hall, chief policy director at the CBI employers group, said: "An independent commission would ensure that politicians could no longer duck the difficult infrastructure questions which our long-term economic prosperity depends on."

She added that the new body should not "cut across decisions already underway, like the Davies review of aviation".

Tony Dolphin, chief economist at the IPPR think tank, said the Armitt proposals would be a "significant improvement", adding: "The Government's National Infrastructure Plan amounts to a wish-list of projects that it would like to see delivered, but – with over 80pc of the pipeline having to be funded by the private sector – it falls far short of a plan for delivering them."

The Armitt review advisory panel also includes former transport secretary Lord Adonis, ex-Bank of England deputy governor Rachel Lomax and Sir David Rowlands, the former permanent secretary at the Department for Transport.

Financial Times

Call for cross-party body to drive infrastructure projects

<http://www.ft.com/intl/cms/s/0/981afb30-1586-11e3-b519-00144feabdc0.html?siteedition=intl#axzz2oLRep7Hj>

Business groups have hailed a report published on Thursday by Sir John Armitt, former Olympics chief, calling for a new independent national infrastructure commission to set out "clear priorities" for big projects.

Mr Armitt's review on behalf of Labour represents a rival vision to that of another one-time Olympics executive – Lord Deighton – who is now the coalition's infrastructure minister.

The efforts of the former colleagues, who are close friends despite straddling the political divide, reflect growing business frustrations. Many executives have been left disheartened at the sluggish progress of schemes such as high-speed rail, new toll motorways and nuclear power stations.

The CBI, the business lobbying group, welcomed the Armitt review and its message that “we need to rise above the parliamentary cycle” to make strategic decisions.

The time had come to stop “ducking” difficult infrastructure questions, said Katja Hall, chief policy director at the CBI.

Steve Radley, director of policy at the EEF, the manufacturing organisation, agreed that it was essential to “take the political wrangling” out of such decisions.

Yet others cautioned against hopes that a cross-party commission could somehow sweep away the hurdles against projects getting built.

“It’s a great idea to get the politics out of infrastructure decisions until you think about it. We’re not China,” said one Labour MP. “There will always be politics around big projects in a democracy, you can’t just build a nuclear power station in someone’s garden.”

Ralph Smyth, transport campaigner for the Campaign to Protect Rural England, warned of a “backlash” if authorities tried to impose unwanted schemes. “In a small, crowded and democratic country it is vital that major decisions are taken following meaningful public engagement,” he said.

Senior Labour figures who commissioned the review are themselves divided over certain major projects such as Heathrow and HS2.

Sir John is former chair of the Olympic Delivery Authority while Lord Deighton is former chief executive of the games’ organising committee.

But Sir John, writing in the FT, said the UK had risen to the challenge in 2012 because it was in the global spotlight. “We can’t renew our national infrastructure network for the next generation by repeatedly holding a gun to our own heads in this way.”

A project such as HS2 – building a £43bn train line through virgin countryside – is a more politically controversial prospect than the Olympic Park regeneration scheme.

Sir John’s idea of an independent commission has echoes of the neutral Infrastructure Planning Commission set up by the last Labour government. This body was scrapped soon after the coalition came into power.

His new plan proposes that a “national infrastructure assessment” be carried out every 10 years with a Commons vote on priorities. “Parliament would still have to have the final say,” said an aide to Ed Balls, shadow chancellor.

Lord Deighton is meanwhile ripping up the coalition’s “National Infrastructure Plan” – which listed 500 projects worth £310bn – and trying to “convert the pipeline into a programme.”

David Gauke, a Treasury minister, said Labour had failed over 13 years to address Britain’s infrastructure challenges, in contrast to the coalition.

The great success of the London Olympics – that the venues were built ahead of time and under budget – is something politicians on all sides hope can be repeated in future years as the UK embarks on a wave of new infrastructure projects, writes Roger Blitz.

But is it really possible to pull off the same trick again? As Tony Travers of the London School of Economics pointed out, the task of preparing the London games created a unique set of circumstances.

“The Olympics boiled down to political consensus plus money plus a time limit which equalled instant results,” he said.

Once the closing ceremony was over, it was inevitable, even vital, that those who were central to the games’ success would be retained in some capacity by the coalition government and the opposition.

Paul Deighton and John Armitt were two of the handful of individuals most involved in Olympic preparations. The former was the chief executive of the London organising committee, the latter chairman of the Olympic Delivery Authority.

Now bestowed with honours from a grateful nation, Lord Deighton and Sir John, after seven years of close collaboration, find themselves in opposite camps, each drawing up a blueprint for how Britain can deliver infrastructure projects with the alacrity and purpose achieved for the Olympics.

They do so, Mr Travers said, at a time when chancellor George Osborne and the Labour party have both signalled that they want to tilt the balance away from public sector consumption towards public sector investment.

It is unlikely that Lord Deighton and Sir John will draw up radically different approaches. The problem is what the politicians do next.

“As with so many aspects of policy, political parties with broadly the same approach then strive to look different while doing something quite similar,” Mr Travers pointed out.

Many of the two men’s recommendations are likely to draw on the good working practices developed during Olympic preparations. But the key missing ingredient is the lack of a hard deadline, which cut through Whitehall bureaucracy and gave unprecedented speed to decision-making.

Will Lord Deighton and Sir John, both life-long businessmen who previously had little time for the machinations of politics, come to regret working at close quarters with the political classes?

Mr Travers said both men probably recognised that in five or 10 years’ time there may be fewer grand infrastructure projects completed than they would have hoped. But it would be enough for them just to have achieved a new approach on how to get things done.

“They probably see this as a drip-drip exercise to change a political culture. If they can achieve that, they won’t regret it,” he said.

FT (Op ed by Sir John Armitt)

A successful Britain needs an ambitious infrastructure strategy

<http://www.ft.com/intl/cms/s/0/85cba2ec-1575-11e3-b519-00144feabdc0.html#axzz2oLRep7Hi>

There is broad agreement that the UK has failed adequately to modernise the infrastructure crucial to our future economic success and quality of life. We have yet to settle, however, on what we are going to do about this as we face challenges such as population growth and climate change.

London 2012 proved Britain can plan and deliver major infrastructure projects. In that case, as Olympic Games hosts under the global spotlight, we had no choice but to get our act together. But we cannot renew our national infrastructure network for the next generation by repeatedly holding a gun to our own heads in this way.

Ed Balls, the shadow chancellor of the exchequer, asked me to assemble an expert advisory panel to propose a way of removing the uniquely British barriers to rational decisions on infrastructure. I have set out clear steps towards this on Thursday.

A new, independent national infrastructure commission should be set up as soon as possible to look 25-30 years ahead at the evidence for the UK's needs across all significant national infrastructure as a combined network. It is 30 years since the UK has had an infrastructure strategy, and as a result most projects stop, start, slow or collapse around the political cycle. Lack of certainty scares off investors and stops companies building the expertise and equipment to deliver.

The permanent commission is designed to win national and local cross-party political consensus, public support and investor certainty for long-term decisions on energy, transport, water, waste, flood defence and telecommunications needs. This is ambitious but achievable if we can rediscover the confidence and collaboration our Victorian ancestors showed to deliver the roads, railways, sewers and water networks we use today.

There is no time to wait. Within three years of being set up, the permanent commission would complete the UK's first comprehensive assessment of the nation's 25-30 year infrastructure requirements, producing a set of clear priorities and objectives. To prevent us falling behind again, this national infrastructure assessment would be carried out every 10 years through extensive research and consultations with the public, local and national government, non-government organisations, regulators and anyone with an interest. The priorities would be evidence-based. The commission could, for example, prioritise the need for energy supplies to meet demand and environmental obligations at an affordable price.

Britain has proved in the past outstanding infrastructure can also be delivered in a democracy with clear vision, just as well as in an autocracy. The commission's robust recommendations, taken forward within a firm parliamentary timetable, will enable the country to make and stick to long-term decisions on the infrastructure we need.

All national parties will be consulted on the setting up of the commission; and, within six months of being assessed, its national priorities must win the backing of both houses of parliament. Tough decisions will not be allowed to slip conveniently past the next election.

Within 12 months of parliament endorsing the commission's priorities, government departments would have to form detailed 10-year plans of how they would deliver and fund the projects that meet these priorities in each infrastructure sector. These 10-year plans would also require parliament's support.

The commission will then act as the independent scrutineer of how these plans meet the national infrastructure priorities. It will report annually to parliament and the public on their delivery. The spotlight must be permanently switched on to prevent delay.

There is flexibility in the system – to allow for technological advances, for example – but none for constant indecision. As we have seen on airports and energy supply, our current system leads us towards being our own worst enemy, dodging tough early choices and being forced to play catch-up through rushed and sometimes unpopular decisions.

The commission is not to be the cheerleader for concreting the UK, as some may fear. It will be a lean organisation, focused on the evidence and on views of the future needs of the country, and looking for the smartest, most efficient and best value ways of meeting them. Climate change, sustainability and other national targets will also be built into its assessments.

The current system has failed to help us make rational, evidence-based decisions with popular and political support. We have gone back to the drawing board. The solution is clear and will I trust be urgently given the consideration it deserves.

The writer is chairman of the Olympic Delivery Authority and former chief executive of Network Rail.

The Evening Standard

Infrastructure is a cross-party question

<http://www.standard.co.uk/business/markets/anthony-hilton-infrastructure-is-a-crossparty-question-8799632.html>

5 September 2013

Governments these days are too short term and too scared of public opinion to be left in charge of infrastructure.

Take the Coalition's present flagship project, Crossrail, which will, at the cost of many billions of pounds, provide an ultra-fast railway from the eastern suburbs and Canary Wharf underneath central London to Heathrow — the airport this same Government would dearly like to close.

Separately the tunnellers working on Crossrail will shortly finish their task and would then be available to transfer their expertise to the 20-mile-long Hammersmith to Beckton super-sewer which is planned to stop untreated effluent being decanted weekly into the Thames. But government foot-dragging is affecting the approval and financing of this latter project, making it equally likely that it will be delayed.

The Crossrail tunnelling expertise will then be dispersed and lost. Recreating it a few years later for the sewer will be an additional avoidable expense... and people ask why things always seem to cost more to build in this country.

There is, of course, much excellent private sector infrastructure work and the Olympics showed what can be done when we make something a priority. But too often projects fall foul of political indecision and public outcry. Politics is short term and populist; infrastructure building is long term and complex. The two don't mix, with the result that things we desperately need get repeatedly delayed or shelved altogether — new power stations for example — and what we have inherited from our more enlightened ancestors gets increasingly overloaded. Good infrastructure is a great enabler of economic growth; poor infrastructure inhibits it. This entire muddle is not just an inconvenience; it carries a real economic cost.

Step forward Sir John Armitt, successful career businessman and the person who directed the Olympics project. For the past year or so he has been working at the behest of Ed Balls and the Labour Party to report on how we could do infrastructure better. His report published today makes a powerful plea to set it above day-to-day politics — in effect to do for infrastructure what an earlier government did for interest rates with the creation of the monetary policy committee. He thinks we need a cross-party independent infrastructure commission. Its job would be to produce a long-term infrastructure plan which would be free from political chopping and changing and thereby deliver certainty for investors and the people who have to build the stuff.

The mechanics are in essence quite straightforward. The Commission would look at what the country needs over the next 25 years, and set priorities for what has to be built in the next 10. This it would present to the Chancellor who would have within six months to put it to Parliament for debate. The plan as agreed or changed by Parliament would then be divided up between the relevant government departments who in turn within a year would be required to draw up a plan actually to deliver what is required.

On the way, various industry regulators would have to be refocused to support the long-term improvement of infrastructure rather than the short-term focus on price to consumers — on the basis that an efficient industry is very much in the consumers' interest.

The advantage of this is that it would create clarity around what needs to be done, ensure it was properly debated and discussed but would set everyone on a path where things would actually happen — a certainty which would make finance easier to raise and projects cheaper to build.

The fact that this report has been commissioned by the Labour Party should not be used by the Government as an excuse to ignore it because what is suggested would be a huge improvement to what we have at present. Armitt's work was never intended to be partisan — indeed George Osborne was invited right at the beginning to make it a cross-party study but declined because he doesn't like Ed Balls. It is not too late for a change of heart. If the Government finds it impossible to deliver the infrastructure needed, it should give the job to someone who can.

We talk a lot about transformational change but it is quite rare actually to be in on it right at the beginning. Yesterday was such a day when Tungsten, a soon-to-be-listed vehicle backed by Edi and Danny Truell, Michael Spencer and others bought a firm called OB10 which runs what is known as an e-invoicing network. If you want to be a supplier to Tesco, Nestlé or Unilever — all of which are clients of OB10 — you have to agree to register and invoice electronically through the network.

So far so unremarkable. The clever bit is that Tungsten also plans to buy a bank. It will then be in a position to offer online instant invoice discounting to any of these hundreds of thousands of suppliers. It means that any Tesco supplier who wants to be paid as soon as their invoice is approved, instead of wait 60 days, can get 98p in the pound immediately — the money provided by the bank. It is a natural marriage of technology and banking skills which is so easy of use, secure, flexible and cost-effective that it will put conventional invoice discounters in the shade.

But there is more: the third leg of the business is analytics software which can see how much people are paying in different businesses for the same product, so firms can learn if others are buying more cheaply. The potential savings are huge. They did a trial analysis of the purchases of 61 NHS hospitals with a collective spend of £4.6 billion and found that if all hospitals had bought as cheaply as the best did, they would have cut the overall bill by £500 million.

The Guardian

UK needs dedicated infrastructure quango, says report

5 September 2013

Britain needs a dedicated infrastructure quango to tackle the country's congested roads, the threat of power shortages, and the risk of droughts, a review by Sir John Armitt, the Olympics chief, has found.

Armitt recommended an independent commission to plan major projects for future generations, after he was asked by the Labour party to examine the UK's approach to infrastructure.

The chairman of the Olympics Delivery Authority said the UK is currently "struggling" to get companies to build necessary public projects such as roads, airports, power plants and reservoirs. "This is leading to congested roads and airports, the threat of energy brownouts and water shortages," he said.

The aim of a new body would be to "foster long-term economic growth" and produce a 30-year plan once every decade to make sure Britain is thinking ahead about its needs.

Before the report's publication today, Armitt said Britain's major national infrastructure had "fallen behind the rest of the world" over the last 40 years and was "increasingly struggling to cope with the demands we make of it".

He called on politicians from all parties to make infrastructure a "national priority alongside education and health".

"London 2012 proved we are capable of planning and delivering complex and innovative infrastructure projects with local and national cross-party support," he said. "We did it right for the Games and now we need to apply the lessons we've learned to other areas and services we need to improve to cope with the challenges ahead."

Armitt, a former chief executive of Railtrack and Network Rail, was knighted last year and is still in charge of the Olympic Delivery Authority, which is in charge of the legacy of the London 2012 park and venues.

Ed Balls, Labour's shadow chancellor, who commissioned the report, said successive governments have too often "ducked and delayed the vital decisions" on national infrastructure. He urged the coalition to work with Labour to implement Sir John's report.

The Treasury did not comment on the recommendations of the report, but a minister described it as a "massive own goal" by Labour because it acknowledges that the economy was still in crisis when the party left power in 2010.

David Gauke, a Treasury minister, said the review was "an epitaph to Labour's failure over 13 years to address the infrastructure challenges Britain faces".

"This government is clearing up the mess, creating an economy for hardworking people by investing in the biggest programme of infrastructure development since the Victorian era," he added.

BBC On Line

UK suffering 'infrastructure drift' says Labour report

<http://www.bbc.co.uk/news/uk-politics-23967552>

5 September 2013

There was "little evidence" that governments were planning properly for the future, Sir John said. Continue reading the main story

An independent commission should be set up "to end decades of drift and delay on major infrastructure decisions", a Labour-commissioned report has said.

Successive governments have failed to set strategic priorities, the report from Olympic Delivery Authority chairman Sir John Armitt found.

Shadow chancellor Ed Balls urged the government to implement the report as quickly as possible.

But Treasury minister David Gauke said Labour had scored a "massive own goal".

Major infrastructure projects "are often controversial and politicians are rarely in office long enough to see the electoral dividends of major investment programmes", the report said.

'Victorian pioneers'

Problems surrounding the planning and implementing of schemes had affected energy policy, airport capacity, road and rail schemes and water projects, it added.

"The Olympics showed what can be done when there is cross-party consensus and a sense of national purpose" Ed Balls, Shadow Chancellor

The report went on: "The Office for National Statistics, for example, forecasts UK population will grow to over 73 million people by 2035.

"However, there is little evidence that governments are planning for the infrastructure we will need by then to support another 10 million people."

It called for the creation of an independent National Infrastructure Commission, appointed by government and opposition parties, to identify the UK's long-term infrastructure needs and monitor the plans developed by governments to meet them.

Sir John said: "We have the Victorian pioneers to thank for the infrastructure that has underpinned the quality of life for our generation.

"It is up to us to lay the ground for the next pioneers who will create the innovative systems and services that will serve future generations."

Mr Balls added: "This excellent report sets out a clear blueprint for how we can better identify, plan and deliver our infrastructure needs.

"The Olympics showed what can be done when there is cross-party consensus and a sense of national purpose.

"Now we need that same drive and spirit to plan ahead for the next 30 years and the needs of future generations."

But Treasury minister David Gauke said: "This is a massive own goal from Ed Balls."

The report was "an epitaph to Labour's failure over 13 years to address the infrastructure challenges Britain faces", he argued.

Mr Gauke concluded: "This government is clearing up the mess, creating an economy for hardworking people by investing in the biggest programme of infrastructure development since the Victorian era."

Extracts from the Productivity Commission Act

“9 Flexibility and range of working methods in performance of Commission’s functions

In the performance of its functions, the Commission:

- (a) is not required to act in a formal manner; and
- (b) may inform itself on any matter in any way it thinks fit; and
- (c) may consult with anyone it thinks fit; and
- (d) may receive written or oral information or submissions; and
- (e) may hold public seminars, conduct workshops and establish working groups and task forces.”

“11 Reference of matters to Commission for inquiry

(1) In referring a matter to the Commission for inquiry, the Minister may, for the purpose of ensuring that the inquiry is conducted in the manner appropriate to that inquiry, do any or all of the following:

- (a) require the Commission to hold hearings for the purposes of the inquiry;
- (b) specify a period within which the Commission must submit its report on the inquiry to the Minister;
- (c) require the Commission to make a draft report available to the public during an inquiry;
- (d) the require the Commission to make recommendations in relation to the matter;

and the Commission must act accordingly.

(2) The Commission must make a written report to the Minister on the inquiry unless the Minister withdraws the reference to the Commission.

(3) The Minister may withdraw or amend the reference at any time before the Minister has received the report on the inquiry from the Commission.

(4) If the Minister refers a matter to the Commission for inquiry, the Commission may also make recommendations in the report on any matters relevant to the matter referred.”

Infrastructure Priority List – December 2013

Infrastructure Priority List Update – December 2013				
	Early stage Initiatives in this category address a nationally significant issue or problem, but the identification or development of the right solution is at an early stage.	Real potential Initiatives in this category clearly address a nationally significant issue or problem and, there has been a considerable amount of analysis of potential solutions.	Threshold Initiatives in this category have strong strategic and economic merit, and are only not ready to proceed due to a small number of outstanding issues.	Ready to proceed Initiatives in this category meet all of Infrastructure Australia's criteria.
Transforming our cities	<ul style="list-style-type: none"> Brisbane to Gold Coast Transport Strategy (Qld) Brisbane Inner Rail (Qld; \$302) Inner Sydney Regional Bike Network (NSW; \$185m) Sydney Light Rail; (NSW; \$1600m) Growth area transport package (Vic; \$bdc) Airport Rail Line (WA; \$2,015m) Canberra Transit Corridor (ACT; \$bdc) Capacity Improvements and Expansion of the Metropolitan Commuter Rail Network (NSW; \$785m) Melton Rail Line Duplication and Electrification (Vic; \$bdc) South Australia National Managed Motorway Project - South Eastern Freeway, Stirling to Crafrers (SA; \$4,57m) Tram Route 86 Demonstration project, Stages B and C (Vic; \$bdc) 	<ul style="list-style-type: none"> Perth Rapid Transit (WA; \$1,882m) Western Sydney bus and road upgrades – North West integration package (NSW; \$800m) NSW National Managed Motorways – M4 Motorway (NSW; \$400m) Dandenong Rail Capacity (Vic; \$700m - \$1,200m)* South Rd Upgrade (SA; \$1,670m) Queensland National Managed Motorways – Bruce Highway, Carseldine to Caboolture (Qld; \$123m) 	<ul style="list-style-type: none"> Melbourne Metro (Vic; BCR 1.2; \$9,000 - \$11,000m) Brisbane TransitWays – Northern and Eastern (Qld; BCR 1.8; \$116m) Ipswich Motorway (Qld; BCR 3.2; \$558m) Adelaide East – West Bus Corridor (SA; BCR 1.7; \$350m) 	<ul style="list-style-type: none"> Victorian National Managed Motorway - Monash Freeway, High Street to Warrigal Road (Vic; BCR 10.5; \$19.7m) Victorian National Managed Motorway - Monash Freeway, Warrigal Road to Clyde Road (Vic; BCR > 5.2; \$137.1m) Brisbane Cross River Rail – core project (Qld; BCR 1.34; \$4,445m)
Competitive international gateways	<ul style="list-style-type: none"> Port Botany and Sydney Airport Transport Improvement Plan (NSW; \$478m) Port of Hastings (incl. Peninsula Link rail freight corridor) (Vic; \$bdc) Port Hedland – Great Northern Highway Overpass (WA; \$170m) Port Hedland Inner Harbour – Capacity Enhancements (WA; North West Iron Ore Alliance; Hancock; \$500m - \$1000m) Transforming the Pilbara: Pilbara Cities (WA; \$2,900m) Eyre Peninsula Port Proposals (SA; Centrex; \$bdc) 	<ul style="list-style-type: none"> Newcastle Port – Kooragang Island Connectivity (NSW; \$85m) Western Interstate Freight Terminal (Vic; \$bdc) Bunbury Outer Ring Road Stage 2 and 3 (WA; \$675m) Bell Bay Intermodal Expansion Project (Tas; \$bdc) Melbourne International Freight Terminal (Vic; \$bdc) Abbot Point Multi-Purpose Harbour (Qld; \$3,300m, \$2010 real) Smart Port ICT (Vic; \$bdc) 	<ul style="list-style-type: none"> Gateway Motorway Upgrade North (Qld; BCR 4.9; \$1,300m) Northern Connector (SA; BCR 8.5; \$1,104m) Dakalee Port (potential equity injection) (WA; BCR 1.2; \$5,400m (\$2010 real) Darwin East Arm Port Expansion (potential equity injection) (NT; BCR 2.2, \$338m) National Ports Strategy – 30 year plans for ports and landside connections 	

Note: Green text indicates a submission that has moved into a new category since the 2013 Report to COAG - the 'National Infrastructure Plan'

Capital costs and benefit cost ratios (BCRs) cited here are those estimated by the proponent in their latest submission to Infrastructure Australia, unless denoted by * Some project capital costs have been withheld at the request of the proponent.

* Indicative cost ranges only

Items in italics relate to Infrastructure Australia's strategy papers or its proposed sector reforms

National freight network	<ul style="list-style-type: none"> • Mount Isa – Townsville Rail Corridor Upgrade (QLD; \$675m) • Bruce Highway Road Safety (QLD \$500m) • Westconnex (NSW; \$110,000m - \$13,000m) • Scione – rail level crossing (NSW; \$65m - \$80m) • Singleton – Gowrie Gates underpass (NSW; \$25m) • Outer Metropolitan Ring Road (Vic; \$80c) • Murray Basin Transcontinental Rail Link (Vic; \$80c) • Burnie to Hobart Freight Corridor (Tas; \$80c) • Northern Sydney Road Freight Access – F3-M2 (NSW; \$4,750m – (\$2008)) • Australian Digital Train Control System (Australian Railways Association; \$20m) 	<ul style="list-style-type: none"> • Toowoomba Second Range Crossing (QLD; \$1660m) • Warrego Highway Upgrade Program – Helidon to Morven (QLD; \$635m) • Landsborough to Beerburrumbi rail duplication (QLD; \$770m) • Automatic Train Protection system (NSW; \$1200m) • East West Link (Vic; \$6,000m - \$8,000m Stage 1)* • High Productivity Freight Vehicles Upgrade Package (Vic; \$60m - \$110m)** • High Capacity Test Line Signalling – Pilot Project (Vic; \$2,500m-\$3,500m)*** • Perth to Darwin National Highway – Swan Valley Bypass (WA; \$700m - \$800m) • Perth Metropolitan Grade Separation Program (WA; \$650m) • North South Rail Freight Corridors including Northern Sydney Freight (Australian Rail Track Corporation and NSW \$n/a) • Advanced Train Management System (Australian Rail Track Corporation; \$500m) • East West Rail Freight Corridor (Australian Rail Track Corporation; \$n/a) • Green Triangle Freight Transport Project (SAVIC; \$80c) 	<ul style="list-style-type: none"> • F3 Widening – Tuggerah to Doyalson (NSW; BCR 2.1, \$200m) • M80 Ring Road Upgrade (Vic; BCR 2.2 \$1,050m) • North West Coastal Highway – Minilya to Barradale (WA; BCR 1.8; \$217m) • Leach Highway/High Street upgrade (WA; BCR 1.8; \$100m) • Great Northern Highway – Muchea to Wubin (WA; BCR 1.3; \$361m) • National Land Freight Strategy 	<ul style="list-style-type: none"> • Pacific Highway Corridor Upgrades (NSW; BCR = 1.5; \$8,400m(\$2010 real))
Adaptable and secure water supplies		<ul style="list-style-type: none"> • Tasmanian Irrigation Schemes (Tas; \$184m) • Water and Sewerage Reform (Tas; \$1,000m) 	<ul style="list-style-type: none"> • Infrastructure Australia proposes reforms around planning for water security, independent pricing, competition in bulk supply and consumer choice over levels of reliability 	
A true national energy market		<ul style="list-style-type: none"> • Mid-West Energy – Stage 2 (WA; \$280m) 	<ul style="list-style-type: none"> • Infrastructure Australia supports ongoing reforms to further develop market arrangements that encourage efficient investment and flexibility in Australia's energy infrastructure. 	
Essential Indigenous infrastructure		<ul style="list-style-type: none"> • Anangu Pitjantjatjara Yankunytjatjara (APY) Lands – road upgrades (SA; \$106m) 	<ul style="list-style-type: none"> • Tanami Road Upgrades (NT; \$186m) 	
Digital Infrastructure				<ul style="list-style-type: none"> • National Broadband
Total capex (est)	\$24,885m - \$28,410m	\$25,880m - \$29,530m	\$20,287m - \$22,287m	\$11,002m
Total estimated infrastructure priority list capital costs: \$82,054m - \$91,225m				

Note: Green text indicates a submission that has moved into a new category since the 2013 Report to COAG - the 'National Infrastructure Plan'. Capital costs and benefit cost ratios (BCRs) cited here are those estimated by the proponent in their latest submission to Infrastructure Australia, unless denoted by *. Some project capital costs have been withheld at the request of the proponent.

* Indicative cost ranges only

*** Cost shown for the network and not just for the pilot project

Items in italics relate to Infrastructure Australia's strategy papers or its proposed sector reforms