

Statement of Expectations for the Board of Infrastructure Australia

For the period 1 November 2014 to 31 October 2015

This Statement of Expectations (the Statement) outlines my expectations of the operations and performance of Infrastructure Australia (IA).

The Australian Government's vision for IA is that it efficiently and effectively performs its statutory functions to deliver high quality advice on the nationally significant infrastructure needs of Australia.

This Statement reflects the new governance and performance requirements specified in the *Infrastructure Australia Act 2008* (Act No.17 of 2008 as amended) which came into effect on 1 September 2014. It sets out the expectations of the new entity and the Board, in terms of its key legislative and work programme responsibilities. It replaces all other Statements IA has been provided in the past.

I expect the Board to:

- ensure IA acts in accordance with the *Infrastructure Australia Act 2008* (No.17, 2008 as amended), the *Public Governance, Performance and Accountability Act 2013* (and associated regulations), and the *Income Tax Assessment Act 1997* as well as other relevant legislation and legal instruments;
- ensure IA operates in accordance with the Government's intended and publicly stated commitments in regard to its functions. This includes providing for an appropriate transition to the new governance arrangements provided by the commencement of the amended Act. This will guarantee timely implementation, with limited impact on the organisation and stakeholders;
- consult, and establish productive working relationships with, key infrastructure stakeholders, including all levels of Government (Commonwealth, state, territory and local governments) and other relevant bodies and organisations, investors in infrastructure and owners of infrastructure;
- keep me informed of IA's actions in relation to the initiatives and activities stated below, and alert me to events or issues that may impact on the operations of IA, including the provision of timely quarterly reports of progress against the Statement; and
- provide a progress report on initiatives and activities stated below to the Ministerial Transport and Infrastructure Council twice a year.

Over the next twelve months, I expect IA to deliver:

A National Infrastructure Audit

- *complete* a full audit of Australia's infrastructure asset base to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account forecast growth, and economic, social and environmental sustainability. The national audit is to:
 - be evidence-based and undertaken in consultation with the state and territory governments, but independent of their project priorities;

- inform the 15 year infrastructure plan. The audit is to be revised at least every five years; and
- be completed before the end of 2014, as previously requested.

A Northern Australia Infrastructure Audit

- *complete* a comprehensive audit of northern Australia's infrastructure. This work is to:
 - contribute to the Government's White Paper on developing Northern Australia and the identification of the infrastructure required to support opportunities outlined in the White Paper;
 - be undertaken in consultation with my Department and the Department of the Prime Minister and Cabinet; and
 - be completed before the end of 2014.

A Fifteen Year Infrastructure Plan

- *develop* a 15 year rolling Infrastructure Plan. The Plan should:
 - take into account the outcomes from the audits and where appropriate the lists and evaluations developed and undertaken by IA;
 - clearly specify infrastructure priorities at national and state levels for the period covered by the Plan;
 - identify short and long term productivity gains and any complementary requirements needed to maximise productivity gains;
 - articulate a time frame in which the priorities need to be developed, commencing with those of highest productivity value;
 - be developed in close consultation with state and territory governments;
 - consider when identifying the future infrastructure need, relevant infrastructure characteristics required to service that need;
 - include clear roles and responsibilities of the states and territories in collaboration with the Commonwealth, in terms of their involvement with the identification of infrastructure needs;
 - only recommend specific infrastructure projects where an evaluation has been undertaken, including a rigorous cost-benefit analysis;
 - encourage and drive private investment and private financial funding models in infrastructure where appropriate;
 - inform the development of the Infrastructure Priority Lists;
 - be updated at least every five years to accommodate changes in Australia's infrastructure needs; and
 - be completed by April 2015.

Infrastructure Priority Lists

- *develop a top down priority list that:*

- is based on the outcomes of the Fifteen Year Infrastructure Plan and any other additional research undertaken by IA, including the evaluation of infrastructure proposals;
- ensures a project is included in the list based on assessed merit (including in relation to the cost benefit analysis); and
- is updated regularly to ensure relevance and currency.

Evaluation of Infrastructure Proposals

- *evaluate* the assessments of project proposals where Commonwealth funding of more than \$100 million is sought. In particular, IA is expected to:
 - review the cost-benefit analysis not only for economic infrastructure proposals (transport, water, energy, communications) but also for social infrastructure proposals (educational and health institutions), excluding any Defence proposals;
 - undertake these routinely; and
 - ensure the findings inform the Infrastructure Priority List as appropriate.
- should IA determine that any broader analysis of benefits in addition to direct cost benefits be applied, IA is to advise on how these are to be measured.

In addition, I expect that IA will:

Corporate Plan

- *prepare* a corporate plan with regard to the requirements specified under Sect 39B of the *Infrastructure Australia Act 2008* and Section 35 of the *Public Governance, Performance and Accountability Act 2013* by 20 December 2014.

Work with the Department

- work closely with the Department of Infrastructure and Regional Development, including to support the Department's role of governance oversight; and to facilitate the sharing of information where appropriate, on infrastructure priorities so that the Department can provide timely advice to the Government on infrastructure funding decisions.

Statement of Intent

- I would like to receive a response to this Statement of Expectations in the form of a Statement of Intent by end of 2014.

Warren Truss
Deputy Prime Minister
Minister for Infrastructure and Regional Development

30 October 2014