

Infrastructure Australia Corporate Plan

2015–16 to 2018–19



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Introduction

I am pleased to present the Infrastructure Australia (IA) 2015–16 Corporate Plan, which covers the years 2015–16 to 2018–19, as required by paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.

The Corporate Plan sets out IA's key priorities and activities, along with our strategic agenda and the directions we will take over the next four years to achieve our purposes.

IA is an independent statutory body with a mandate to prioritise and progress nationally significant infrastructure.

Given our independence and national perspective, IA is well placed to bring a strategic focus to key future infrastructure challenges and opportunities, as well as providing leadership in policy reform. We publically advocate for reforms on key issues including financing, delivering and operating infrastructure and how to better plan and utilise Australia's infrastructure networks.

Our success will be dependent on effective and influential relationships characterised by high levels of trust and collaboration. To this end, IA will establish productive working relationships with our federal, state and territory counterparts, as well as business, peak bodies and the wider community.

The Corporate Plan outlines the strategic context in how we work and how we will position ourselves to help ensure that Australia is well-placed to reap the many social and economic benefits that infrastructure can provide, and protect and enhance our quality of life.



The Hon Mark Birrell
Chairman

Purposes

Infrastructure Australia (IA) provides independent research and advice to all levels of government, as well as investors and owners of infrastructure, on the projects and reforms Australia needs to fill the infrastructure gap.

We publically advocate for reforms on key issues including financing, delivering and operating infrastructure and how to better plan and utilise Australia's infrastructure networks.

IA was established in July 2008 to provide advice to the Australian Government under the *Infrastructure Australia Act 2008*.

In 2014, the *Infrastructure Australia Act 2008* was amended to give IA new powers, and to create an independent board with the right to appoint its own Chief Executive Officer. The amended Act came into effect on 1 September 2014.

Under the Act, IA has responsibility to strategically audit Australia's nationally significant infrastructure, and develop 15 year rolling Infrastructure Plans that specify national and state level priorities.

The amendments to the Act reinforced IA's independence with the Act stating that the Minister must not give directions about the content of any audit, list, evaluation, plan or advice provided by IA.

In addition to our work on the audits and plans, IA also has responsibility to determine which nationally significant projects should be on the Infrastructure Priority List. This is a rigorous prioritisation process that ensures there is a highly credible pipeline of nationally significant infrastructure projects.

Environment

Productive, sustainable infrastructure is essential if we are to drive economic growth, increase employment and enhance the quality of life of all Australians.

Our roads, rail, ports and airports are all critical to the movement of people, goods and resources. When our transport and logistics networks work effectively, they raise productivity levels and strengthen the economy.

Similarly, telecommunications infrastructure is a powerful driver of connectivity and modernisation, while our energy and water infrastructure is at the core of Australia's success in industry and trade. Efficient operation of these sectors will be essential to sustain our quality of life.

But Australia's ability to deliver the infrastructure we need, and aspire to, is being severely tested – with growing population levels, increasing congestion, budget constraints, and long-term environmental concerns. Continued levels of population and economic growth are also increasing the demand for infrastructure services.

Our population and economic growth will have a profound effect on Australia's productivity and liveability. If we get our infrastructure right, the growth in demand will expand our economy and capture the many benefits of modernisation.

Infrastructure Australia (IA) is committed to working with governments of all levels, industry, peak bodies, business and the community to ensure that Australia's infrastructure – and the planning behind it – is working in the national interest.

In our Australian Infrastructure Audit, we highlighted ten reform challenges that Australia will need to face in the future to ensure we reap the many social and economic benefits of our population growth, and protect and enhance Australia's quality of life.

These challenges will form the basis of the Australian Infrastructure Plan and our long term research and reform agenda:

1. **Productivity** – National productivity levels need to be increased through regular strategic investment in economic infrastructure
2. **Population** – Large population growth, particularly in our major cities, will necessitate the delivery of new and renewed infrastructure
3. **Connectivity** – Modernised infrastructure networks and gateways are needed to link businesses, boost trade and improve access to workplaces
4. **Funding** – Reforms are essential to increase the total pool of funds made available for infrastructure, especially by facilitating private investment
5. **Competitive Markets** – National infrastructure markets must operate to improve investment decisions and give consumers choice
6. **Governance** – Integrated planning, transparent project selection, and stakeholder consultation are essential and all have to improve
7. **Sustainability and Resilience** – We will need to cut environmental impacts and improve resilience, using new technology to run existing infrastructure better
8. **Regional** – We must see how infrastructure improvements can enhance local service standards and facilitate rural and regional growth
9. **Indigenous** – Across the nation we can do more to achieve equity and close the infrastructure gap faced by remote communities
10. **Best Practice** – A unifying reform theme is how to pursue best practice procurement and delivery, and encourage whole-of-life asset management.

Performance

Statement of Expectations

The Australian Government Review of Corporate Governance and Statutory Authorities and Office Holders recommended that Ministers issue a Statement of Expectations to their portfolio bodies to clearly articulate the Government's expectations of each body, while respecting areas of independence of the body in accordance with the legislation establishing it.

The Deputy Prime Minister and Minister for Infrastructure and Regional Development, The Hon Warren Truss MP, issued Infrastructure Australia (IA) with a statement of Expectations on 30 October 2014, and further correspondence on 5 January 2015, providing guidance on the Australian Government's expectations relating to the strategic direction, operation and performance of IA in its first year of operation under the new structure.

In the Statement of Expectations, the Deputy Prime Minister stated that he expected IA to deliver:

- **A Northern Australia Audit** – complete a full Audit of Northern Australia's infrastructure as a key input 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.
- **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.
- **A Fifteen Year Infrastructure Plan** – develop a 15 year rolling Infrastructure Plan that takes into account the outcomes from audits and where appropriate the lists and evaluations developed and undertaken by IA; and clearly specify infrastructure priorities at national and state levels for the period covered by the Plan.
- **Evaluation of Infrastructure Proposals** – assess project proposals where Commonwealth funding of over \$100 million is sought not only for economic infrastructure proposals (transport, water, energy, communications) but also for social infrastructure proposals (educational and health institutions), excluding any Defence proposals.
- **Infrastructure Priority Lists** – develop, and regularly update, a top down priority list that is based on the outcomes of the Infrastructure Plan and any other additional research undertaken by IA, including the evaluation of infrastructure proposals; and ensures a project is included in the list based on assessed merit (including in relation to the cost benefit analysis).

The Statement of Expectations can be accessed at <http://infrastructureaustralia.gov.au/about/role.aspx>

IA responded to the Statement of Expectations with a Statement of Intent. The Statement of Intent outlines:

- The specific priorities IA will be accountable for delivering in 2015;
- How IA will establish itself as a trusted collaborator and advisor to governments and industry, on the planning, funding and financing, delivery and maintenance of infrastructure; and
- The governance and performance arrangements that will enable IA to demonstrate that it is efficiently and effectively performing its statutory functions.

The Statement of Intent can be accessed at www.infrastructureaustralia.gov.au The Assistant Minister for Infrastructure and Regional development is expected to issue a new statement of expectations to IA in late 2015.

Portfolio Budget Statement

IA's annual Portfolio Budget Statement provides detailed information on each deliverable and the key performance indicators for the year.

IA's 2015–16 Portfolio Budget Statement includes the following Outcome:

Improve decision-making on matters relating to infrastructure; advise governments and others on matters relating to infrastructure, including better assessment of infrastructure needs and prioritisation of infrastructure projects; and promote best practice infrastructure planning, financing, delivery and operation.

The Portfolio Budget Statement can be accessed at <http://budget.gov.au/2014-15/content/pbs/html/index.htm>

Strategy

IA will contribute to the Government's objectives of supporting competitiveness, driving productivity and enhancing quality of life, through the provision of high quality independent advice.

This advice will be prepared in consultation with all levels of government, investors in and owners of infrastructure, and other relevant organisations.

During 2015–16, IA's work program will include:

- Completing and delivering a 15 year national infrastructure plan that identifies priority investment initiatives and reforms that will increase productivity and support economic growth;
- Undertaking consultation with jurisdictions and other key stakeholders on the key demand drivers and infrastructure challenges identified in the Australian Infrastructure Audit to inform the development of the Australian Infrastructure Plan;
- Establishing and developing necessary corporate capability including systems, processes and structures to support IA as an independent entity;
- Evaluating the assessment of project proposals on all infrastructure proposals where funding of more than \$100 million is sought from the Commonwealth. This includes economic and social infrastructure proposals but excludes defence proposals;
- Regularly updating and further developing the Infrastructure Priority List. This priority list will be informed by the other work of IA, in particular the Australian Infrastructure Plan and evaluation of infrastructure proposals;
- Continuing to revise the frameworks utilised by jurisdictions in submitting proposals to IA for evaluation to promote best practice in infrastructure planning, procurement and delivery;

- Undertaking research initiatives that promote best practice in the planning, funding and delivery of infrastructure and provide leadership on regulatory reform objectives;
- Initiating the collection of a repository of data, information and knowledge on the nation's infrastructure resources, requirements, delivery and practices in partnership with other key stakeholders including other Commonwealth entities and jurisdictions with the intention of facilitating continuing improvement in planning and procurement practices; and
- Establishing productive working relationships with all levels of government and industry. This includes engaging closely with other Commonwealth entities as well as states, territories, local governments, investors in infrastructure, owners of infrastructure and the public – as the end users of infrastructure.

Priorities for 2015–16

IA has the following priorities for 2015–16 to achieve its work programme.

- Complete and deliver the 15 year Australian Infrastructure Plan that identifies priority investment initiatives and reforms that will increase productivity and support economic growth.
- Evaluate the assessment of project proposals on all infrastructure proposals, excluding defence projects, where funding of more than \$100 million is sought from the Commonwealth.
- Regularly update and further develop the Infrastructure Priority List.
- Undertake research initiatives that promote best practice in the planning, funding and delivery of infrastructure.
- Evaluate applications for designation under the Tax Loss Incentive for Designated Infrastructure Projects as required by Subdivision 415-C of the *Income Tax Assessment Act 1997*.

Measures

Key performance indicators

- Delivery of the Australian Infrastructure Plan to Government.
- Evaluations of project proposals completed and a summary of these evaluations published on IA's website.
- Publication of an updated Infrastructure Priority List.
- Delivery of research and other initiatives that provide leadership on regulatory reform objectives and promote best practice in the planning, funding and delivery of infrastructure.

Capability

Infrastructure Australia (IA) places a high priority on ensuring we have the necessary capability to provide high quality advice to governments and the community on the necessary reforms and capital initiatives to contribute to economic development and sustain our quality of life.

In the future IA will focus on building capacity to deliver on our objectives across the following three areas;

- **Being outcome-driven** – In order to provide high quality advice to Governments, IA must utilise appropriate internal and external resources. A focus on outcomes will ensure the appropriate selection of those resources and provide an active management tool to ensure delivery of advice in an efficient manner.
- **Building productive and trust-based stakeholder engagement** – IA will build long term strategic relationships across all levels of government and industry to contribute to and inform IA's work program.

- **Fostering a high performance internal culture** – IA will attract, engage, enable, develop and retain talented resources in order to fulfil its purpose, this will include appropriate consideration of secondments from within and outside of the public service.

IA will also develop its corporate capabilities in 2015 to support its new governance and corporate structures. This will include a review and implementation of systems, structures and processes that will enable the organisation to fulfil its duties as an independent statutory body that provides high quality advice on infrastructure matters.

Risk oversight and management

Effective risk management is essential to ensure Infrastructure Australia (IA) achieves its strategic objectives and corporate plans, as well as fulfils its legislative mandate within the *Infrastructure Australia Act 2008*.

As a Corporate Commonwealth entity IA must operate within the relevant rules and regulations prescribed by the *Public Governance, Performance and Accountability Act 2013* and associated rules.

IA's organisational culture will embrace and promote risk management activities. To facilitate this outcome, IA has embedded risk management into its systems and business processes to develop a risk management culture throughout the organisation and to optimise our ability to meet our strategic objectives.

IA has adopted an enterprise risk management framework to support its corporate plan, key objectives and delivery of core business. The framework includes a tailored risk management process to ensure risks are identified and analysed consistently across all areas, and that risk evaluation is linked to practical and cost effective risk response and controls that are appropriate to the business. In addition, the risk management framework ensures that risks are regularly monitored, reviewed, and communicated to internal and external stakeholders in a timely and effective manner.

The risk management framework consists of six steps:

1. **Identify**
2. **Analyse**
3. **Evaluate**
4. **Respond**
5. **Monitor and report**
6. **Review**

Formalising and implementing risk management is not a one-off event. Risk management is a core responsibility throughout all levels of the organisation. The effective management of risk is a process of continuous improvement, requiring regular review and evaluation mechanisms.

IA will review its risk management framework and the application of its risk management practices at least annually, and implement improvements arising out of such reviews, to ensure that the risk management framework remains current and relevant.



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