



The Hon Catherine King MP

**Minister for Infrastructure, Transport, Regional Development and Local Government
Member for Ballarat**

Ref: MS24-000436

Ms Gabrielle Trainor AO
Acting Chief Commissioner
Infrastructure Australia
GPO Box 5417
SYDNEY NSW 2001

via: gmt@gmtrainor.com.au

Dear Ms Trainor

I am writing to provide a revised Statement of Expectations (SoE) for Infrastructure Australia (IA), which outlines the Australian Government's expectations for IA when implementing the new provisions in the *Infrastructure Australia Act 2008* introduced by the *Infrastructure Australia Amendment (Independent Review) Act 2023* and other elements of the Government's response to the independent review of IA. This replaces previous SoE issued to IA.

This SoE, and the provision of IA's Statement of Intent in response, are key elements of sound governance for Australian Government bodies. IA's Statement of Intent, along with the next Corporate Plan, should outline how IA plans to deliver on the activities outlined in the SoE. It is also appropriate for IA to publish the SoE and Statement of Intent on its website, as has been past practice.

If you have any questions regarding the revised SoE, please contact Ms Jennifer Stace, Assistant Secretary, Infrastructure Group Assurance and Advisory Branch, on 02 6136 6376.

I have provided a copy of this letter to Mr Adam Copp, Chief Executive Officer of IA.

Yours sincerely

Catherine King MP

28 / 5 /2024

Enc

STATEMENT OF EXPECTATIONS - INFRASTRUCTURE AUSTRALIA

This Statement of Expectations (SoE) outlines the Australian Government's expectations of Infrastructure Australia (IA). This includes implementing the Government's response to the recommendations of the independent review of IA and related amendments made to the *Infrastructure Australia Act 2008* (IA Act) by the *Infrastructure Australia Amendment (Independent Review) Act 2023*.¹

IA is to operate in accordance with its statutory functions and obligations under the IA Act, the *Public Governance, Performance and Accountability Act 2013* (and associated regulations), as well as other relevant legislation and legal instruments.

Vision for Infrastructure Australia

IA's role is to provide the Australian Government with independent and expert advice on Australia's current and future nationally significant infrastructure needs and priorities.

IA may examine nationally significant infrastructure across the transport, water, energy, communications and social sectors, as appropriate. It is expected that social infrastructure would generally be considered in the context of broader place or region-based infrastructure planning.

Relationship with the Government

Whilst IA is independent, the Government expects IA to align its work program around the Government's advice needs and strategic infrastructure priorities, such as those outlined in the Government's Infrastructure Policy Statement (IPS), released on 14 November 2023. This statement provides IA with guidance on the Australian Government's infrastructure investment objectives and strategic priorities for nationally significant land transport projects.

IA will ensure the Minister for Infrastructure, Transport, Regional Development and Local Government (the Minister), is informed of significant actions relating to its role, and alert Government to events or issues that may impact on the operations of IA, including of an operational or budgetary nature, and in advance of the tabling of documents in the Parliament.

IA may also consult and provide advice to other Australian Government Ministers on nationally significant infrastructure within their portfolio.

Working with the Advisory Council

In order to strengthen IA's contributions to government investment and decision-making processes, an Advisory Council will be established by the Government to provide expert advice to the Commissioners.

The Advisory Council will consist of three to four experts from the infrastructure and related sectors, as well as for up to three ex-officio members drawn from Australian Government entities responsible for nationally significant infrastructure and/or central entities (being the Departments of the Prime Minister and Cabinet, the Treasury, and Finance).

¹ The 2022 independent review of Infrastructure Australia and the Australian Government's response can be seen at <https://www.infrastructure.gov.au/have-your-say/independent-review-infrastructure-australia>.

The Advisory Council will play an advisory function to IA and will not approve IA products which will remain the function of the Commissioners. However, it is intended that the Council will complement the skillset and experience of the Commissioners and support the provision of targeted advice to Government. The Government expects IA to draw on the strategic expertise of the Advisory Council when setting IA's strategies and developing its work plan.

Details of the Advisory Council's operating arrangements and relationship with IA will be formalised through an agreed Terms of Reference.

The Functions of Infrastructure Australia

The Government expects IA's work program to implement the Government response to the recommendations of the independent review of IA, that relate to refining its functions, products and reporting, which are set out in the sections below. IA will undertake each of its functions as specified in the IA Act and having regard to the Australian Government's priorities.

Supporting Australian Government investment objectives

IA may conduct periodic long-term audits of nationally significant infrastructure, consistent with the provisions of the IA Act. When undertaking audits, IA should draw on the work already undertaken by state, territory and local government audits, including through their respective infrastructure strategies and plans, and identify any gaps.

The Government expects IA to develop a streamlined and more targeted Infrastructure Priority List (IPL), which should be linked to these infrastructure audits, state and territory infrastructure plans, the Infrastructure Policy Statement, the Australian Government Budget process and provide advice on opportunities and priorities for Australian Government investment in nationally significant infrastructure. The IPL should identify projects that are the highest priority in each state and territory.

The Government expects IA to provide advice to the Minister, on infrastructure investment proposals, including those brought forward by the states and territories or otherwise referred to IA, to inform the Australian Government Budget process. The format of this advice is to be developed in consultation with the Department and will become part of the Cabinet process that considers infrastructure investment decisions.²

The Government expects that IA's advice will take into account the infrastructure needs of regional and remote Australia.

Evaluation

In accordance with section 5B of the IA Act, the Government expects IA to undertake timely evaluation of infrastructure proposals that are nationally significant or where Commonwealth funding of more than \$250 million is sought.

IA's role in project evaluation and assessment should include accreditation or peer-review of state and territory processes and capabilities, to supplement the work of a jurisdiction. The

² This advice does not replace the requirement for the annual Budget statements under section 5DB of the IA Act.

Government expects IA to work with state and territory governments to understand and develop their capabilities with a view to harmonising evaluation processes where possible. This process will reinforce IA's role as an adviser to the Australian Government and enable the focus to be on national infrastructure priorities.

In accordance with its functions under section 5B of the IA Act, IA will develop a national infrastructure planning and assessment framework that provides uniform guidelines based on best practice to support national consistency and coordination in infrastructure assessment. The framework should be used for IA's project evaluations, including review of cost-benefit analyses, and be promoted by IA to achieve national consistency and coordination in infrastructure evaluations across state and territory government infrastructure agencies. The framework is to be developed in consultation with state and territory infrastructure bodies (i-bodies) and infrastructure departments and agencies and is to be periodically reviewed, at least every 5 years.

When undertaking an assessment of certain nationally significant infrastructure without prior evaluation, under the provisions of section 5DA of the IA Act, IA should make its assessment based on the information that it can obtain and appropriately reflect this in the assessment.

Post-completion project evaluations

The Government expects IA to undertake a post completion review of a selection of significant completed infrastructure projects each year, working with the Department. This review should include assessment of project outcomes against the IPS, and initial expectations. It should identify any potential enhancements to project selection and assessment methodologies and reporting requirements. This function will provide greater evidence on whether projects are achieving their outcomes and demonstrate the impacts from these investments.

IA should develop an appropriate framework in consultation with relevant stakeholders, including the Department and state and territory governments.

Collaboration with states and territories

The Government expects IA to maintain a high level of collaboration and coordination with state and territory i-bodies and infrastructure departments and agencies. Such collaboration should support progress towards a harmonised, uniform approach on key infrastructure matters, including a harmonised national infrastructure planning and assessment framework.

Research into national infrastructure investment matters and future investment challenges

The IA Act identifies a broad range of matters on which IA may provide advice. The Government expects that IA will prioritise the products identified by the Government or any specific request from the Minister.

The Government expects IA to:

- continue to monitor infrastructure market conditions and capacity, and monitor progress to mitigate these constraints.
- support policies and actions to decarbonise transport and infrastructure, by developing a baseline of the embodied carbon intensity of Australia's forward public infrastructure pipeline.

- promote methods to improve infrastructure industry productivity and innovation.

In undertaking its research, IA should have regard to the Australian Government's IPS and the priorities of the Infrastructure and Transport Ministers' Meeting. Any self-initiated substantial research should be in consultation with the Minister.

Working with the Department and other Australian Government entities

The Department has a primary role to support and advise its portfolio Ministers on a wide range of issues. The Department and IA should maintain a close relationship and IA should work with the Department when providing advice to Ministers.

IA should also establish appropriate relationships with other Australian Government entities as necessary to conduct the scope of its work relating to nationally significant infrastructure. However, where IA is requested to undertake significant additional work, IA should consult with the Minister in advance of committing to that work. The expectation is that any additional work would be managed within IA's existing resourcing and without affecting the delivery of IA's other responsibilities.

IA should work closely with the Cities and Suburbs Unit (CSU) in the Department to identify the support it can provide in integrated infrastructure planning and advice. The Government acknowledges that to support the CSU, IA should continue to focus on bringing together data, analysis and evidence, consistent with its advisory functions. This will ensure that IA's advisory role supports the Department's policy and implementation responsibilities.

IA should also work with local governments and Regional Development Australia to strengthen their capability to make submissions to state bodies on project proposals. This will support the Government's commitment to delivering a purposeful, targeted and coordinated approach to regional and urban development.

Accountability and Transparency

IA is accountable to the Parliament and the public through the Minister, Parliamentary Committee processes, its corporate plan, the tabling of its annual report and its infrastructure planning and prioritisation advice products. IA must comply with all relevant legislation and administrative policies.

IA should generally publish its findings and the underlying data or other evidence for those findings. An exception is where IA is providing advice to contribute directly to the Australian Government's Budget process (noting the requirement for the annual Budget statements under section 5DB of the IA Act) or through the Infrastructure and Transport Ministers' Meeting. Where IA cannot publish material for commercial, Cabinet, or other reasons, it should document and make those reasons available if requested.

IA should perform its functions and manage its finances in an efficient, economic and ethical manner, in accordance with the IA Act, the *Public Governance, Performance and Accountability Act 2013*, best practice principles and guidelines, other applicable legislation and relevant accounting standards.