Infrastructure Investment Program – Overview and Governance Arrangements

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AUSTRALIAN GOVERNMENT INVESTMENT

• Investing $100 billion over 10 years from 2019-20

• Investment Strategy
  ➢ Reduce Congestion in our Cities
  ➢ Better Connect Our Regions
  ➢ Improve Safety On Our Roads
  ➢ Meet Our National Freight Challenge
INFRASTRUCTURE INVESTMENT PROGRAM

- Major urban motorways / national highways
- Urban passenger rail
- Urban arterials
- Regional highways
- Black Spots
- Bridges Renewal
- Heavy Vehicle Safety & Productivity
- Roads to Recovery
- Northern Australia Road programs

RECENT INITIATIVES

- Urban Congestion Fund
- Commuter Cararks
- Roads Of Strategic Importance
- Local & State Government Road Safety Packages
- Faster Rail Agency and projects
- Major Project Business Case Funding
FRAMEWORK FOR INVESTMENT

• Federal Financial Relations Framework (FFRF)
  – States and Territories responsible for transport infrastructure

• National Land Transport Act 2014
  – Legislative basis for investment

• National Partnership Agreement
  – Primary governance arrangements

ROLLING PIPELINE OF INVESTMENT

• Restructured in the 2018-19 Budget to be a 10-year rolling pipeline of investment currently out to 2029-30

• Key drivers
  – Signal for industry and private sector investors
  – Commonwealth taking a longer term view
  – More strategic planning horizon

• New commitments typical considered at Budget
HOW DECISIONS ARE MADE

- **Investment priorities continually assessed**
  - Infrastructure Australia Infrastructure Priority List
  - Major Project Business Case Fund
  - Traffic modelling and forecasts
  - State and territory infrastructure and transport plans

- **Commonwealth perspective**
  - It’s not a per capita distribution
  - It’s not all about the benefit cost ratio

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HOW DECISIONS ARE MADE

- **Infrastructure Australia**
  - Prepares Audit and Infrastructure Priority List
  - Assess business cases seeking >$100 million
  - Advisory, not binding

- **Infrastructure and Project Financing Agency**
  - Alternative funding and financing opportunities
  - Aim to maximise the reach of grant funding

- **Ultimately government make decisions**
GOVERNANCE

- Focus on delivery
  - Monitoring thousands of projects
  - States are project managers

- National Partnership Agreement
  - Sets out roles and responsibilities
  - Outcomes and outputs focused
  - Financial governance (e.g. cost savings/increases)
  - Project governance (e.g. milestones/reporting)
  - Detailed requirements in Notes on Administration

GOVERNANCE

- Project development and governance
  - Milestone schedules; pay on need
  - Steering committees for key projects
  - New Project Specific Agreements
  - Update funding profiles at Budget / MYEFO
RISKS AND CHALLENGES

• Managing the market
  – Capacity and skills shortages leading to cost pressure
  – Commonwealth has a role with sequencing

• Delivering the right projects
  – Need caution with arguments for more spending

• Size and scale
  – 10 years is a long time; proper planning is critical
  – $100 billion is significant financial exposure
Questions?