



**AUSTRALIAN
CONSERVATION
FOUNDATION**

Change today for
a sustainable future

SENATE INQUIRY SUBMISSION

Date: 20 January 2014

Infrastructure Australia Amendment Bill 2013

The Australian Conservation Foundation (ACF) welcomes the opportunity to provide a submission to the Senate Rural and Regional Affairs and Transport Legislation Committee on the Infrastructure Australia Amendment Bill 2013 (the Bill). ACF would also welcome the opportunity to give evidence to the Inquiry.

ACF is committed to inspiring people to achieve a healthy environment for all Australians. For over 40 years ACF has been a strong voice for the environment, promoting solutions through research, consultation, education and partnerships. ACF is Australia's leading national not-for-profit environment organisation, funded almost entirely by our 40,000 individual members and supporters.

Investing in sustainable infrastructure

ACF supports investment in infrastructure that supports economic, environmental and social sustainability objectives.

Good infrastructure planning can result in triple dividends for the economy, society and the environment. However, investment in infrastructure can also compromise our long-term sustainability through poorly conceived and executed decisions that fail to take into account the full range of costs and benefits.

For instance, while the health¹ and environmental costs of fossil fuel use rises, and carbon emissions from the transport sector grow significantly, investment in public transport is substantially less than on roads infrastructure.² The Abbot Point coal terminal and West Petrie Bypass, both in Queensland, are two examples of poorly conceived infrastructure projects that will have devastating effect on local environs the Great Barrier Reef and a Koala population.

Strong leadership is required by governments to ensure independent planning and advice on the appropriate types and locations of infrastructure investments. Only through independence, transparency and accountability can Infrastructure Australia make recommendations on investments that will ensure sustainable economic growth, helping Australia to become a modern and dynamic innovation-based, low carbon economy.

¹ http://dea.org.au/images/general/DEA_Air_Pollution_Policy_03-12.pdf.

² http://www.bitre.gov.au/publications/2013/yearbook_2013.aspx.

Recommendations on green infrastructure

In order to ensure sustainability and to lower costs associated with construction and maintenance, ACF recommends that demand management and green infrastructure be considered as a priority over more traditional and costly 'grey' alternatives.

Investment in green infrastructure, in particular, results in additional benefits including reduced air pollution, carbon sequestration, improved water quality and river flow, reduced wastewater treatment costs, lower impact from natural disasters, reduced heat island effect in cities, lower obesity where more green space and non-car transport options are provided, reduced rates of depression, and a wide range of other benefits. For instance, New York avoided constructing a US\$8 billion water treatment plant by investing US\$1.5 billion to protect and restore the Catskills-Delaware watershed. New York also avoided ongoing maintenance costs. In Australia, the Water and Carbon Group has seen similar success utilising green infrastructure to deliver clean water at lower cost than alternative grey infrastructure (see <http://waterandcarbon.com.au/> for case studies, and Attachment A for a more thorough analysis of the benefits of green infrastructure).

Co-benefits from green infrastructure are not traditionally included in benefit cost analyses, which leads to higher cost and less than optimal investment decisions.

ACF recommends incorporating a focus on green infrastructure by:

1. Amending Part 1, section 3 of the *Infrastructure Australia Act 2008* (the Act) to include a definition of green infrastructure, as meaning the network of land and water ecosystems that supply essential services including water production and purification, flood mitigation and storm water management, erosion and sediment control, carbon storage, climate regulation, air purification, food, fuel and fibre production, soil formation, pollination, pest control, and cultural, aesthetic, recreational and spiritual resources.
2. Amending Part 1, section 3 of the Act to add *green infrastructure* to the definition of *nationally significant infrastructure*.

Replacement of the Infrastructure Coordinator with a Board and CEO

ACF supports the proposal to appoint a Board and Chief Executive Officer.

However, this approach would require additional financial resources given the generally higher costs associated with a Board and CEO model. If this amendment is endorsed by the Parliament, ACF recommends allocating additional resources.

Amendments relating to Infrastructure Australia general functions

ACF supports the amended general functions, subject to the inclusion of a sustainability principle in replacement of the current function in the Act relating to issues arising from climate change.

While climate change remains an imperative, infrastructure decisions should factor broader sustainability issues which include but are not limited to climate change.

ACF recommends replacing the revised paragraph 5(a) in the Bill with:

to conduct audits to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account forecast growth and economic, social and environmental sustainability;

Amendments relating to Infrastructure Australia functions – evaluating infrastructure proposals

ACF is strongly opposed to the inclusion of subsection 5A (2), which seeks to limit the classes of infrastructure that Infrastructure Australia can consider.

Allowing the Minister to exclude a "class of proposals" from consideration by Infrastructure Australia would significantly limit the potential for productivity gain and public benefit. For instance, this proposed amendment would allow for the exclusion of all rail projects.

This amendment would significantly constrain Infrastructure Australia's independence, in direct contrast to the Government's previously stated objectives and commitments.

ACF recommends deleting subsection 5A (2).

Amendments relating to Infrastructure Australia functions – developing Infrastructure Plans

ACF commends the Government on the addition of a 15 year planning horizon. Considering the need for investments over such a timeframe will allow for more rigor and certainty around recommendations, and support lower infrastructure construction and maintenance costs.

The additional of a 15 year planning horizon also allows for greater community engagement, subject to strengthened consultation arrangements, which will help to ensure investment decisions meet community expectations and need and that communities understand infrastructure investment decisions.

To ensure adequate community consultation and that potential negative consequences are appropriately considered, ACF recommends:

replacing 5B(1)(c)(ii) with *consultations with Commonwealth, State, Territory, local governments and communities*.

amending subsection 5B to add *potential negative consequences for the local and wider environment and society* at 5B(1)(b)(iv).

Amendments relating to Infrastructure Australia functions – providing advice on infrastructure matters

ACF supports the requirement that Infrastructure Australia provide advice on infrastructure matters. Ensuring public benefit requires that advice provided is disclosed quickly and fully to the public. To ensure the composite effects and interactions of discrete existing and proposed infrastructure assets are considered, and the potential negative impacts, ACF recommends amending section 5C to add:

(g) interactions and composite effects of infrastructure on other infrastructure, and potential negative impacts on economic, social and environmental sustainability.

Amendments relating to Infrastructure Australia functions – functions only performed when directed by the Minister

ACF is strongly opposed to amendments that limit the full and timely disclosure of information to the public. As a principle, amendments to the *Infrastructure Australia Act 2008* should not remove transparency, accountability and the independence of Infrastructure Australia. Full and immediate disclosure must be mandatory to ensure transparency and to ensure the public and investors have faith in Infrastructure Australia's assessments and recommendations. For instance, irrespective of any merits, public support for the proposed East-West road in Victoria is low because of the secrecy surrounding the business case and project merits. Giving the Minister discretion over publication of Infrastructure Australia's evaluation of proposals will not lead to investment decisions that are of genuine public benefit and would be in direct contrast to the Government's previously stated objectives and commitments.

ACF recommends deleting section 5D in the Bill and substituting:

5D Functions – transparency and accountability

(1) Infrastructure Australia has the following functions which it must perform to ensure transparency and accountability:

(a) to review and provide advice on proposals to facilitate the harmonisation of policies, and laws, relating to development of, and investment in, infrastructure;

(b) to publish the following material:

i. evaluations conducted under section 5A;

- ii. evidence relied on in preparing, and reasons for any opinion or conclusion contained in, the audits, lists, evaluations, plans and advice provided by Infrastructure Australia;

(2) For the purposes of paragraph (1)(b):

- (a) the material is to be published on Infrastructure Australia's website; and
- (b) Infrastructure Australia must not omit any information.

Amendments relating to Ministerial directions to Infrastructure Australia

ACF is strongly opposed to amendments that would limit the scope of work, matters to be considered and the manner in which Infrastructure Australia performs its functions.

Giving the Minister the ability to direct Infrastructure Australia on "the scope of any audit, list, evaluation, plan or advice", "any matters that Infrastructure Australia must or must not consider" in performing its function, and "the manner in which Infrastructure Australia is to perform" its functions would significantly limit the potential for productivity gain and public benefit. These amendments would significantly constrain Infrastructure Australia's independence, in direct contrast to the Government's previously stated objectives and commitments.

ACF recommends deleting subsection 6(3) in the Bill.

Amendments relating to Consultation

ACF supports amendments that increase consultations with governments, industry, consumer and other bodies and organisations. Improved consultation arrangements help to ensure all stakeholders understand infrastructure investment proposals and that decisions are made that genuinely benefit the community without negative economic, social and environmental impact.

ACF recommends making community consultation specific in subsection 6B.

Conclusions

ACF commends the Government on its efforts to bring about more sustainability, better long-term planning, inclusive consultation, genuine transparency and accountability for Australia's infrastructure needs.

The amendments proposed in the Bill go some way to achieving these goals, mainly through the inclusion of a 15 year planning horizon.

However, other amendments would significantly detract from the independence, transparency and accountability of infrastructure planning and investment in Australia and should be rejected in the national interest.

To ensure the long-term health and wellbeing of Australia, infrastructure investment decisions need to be free from short-term political influence and must take into account the full range of costs and benefits.

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