

“The South Australian Government has been submitting business cases to Infrastructure Australia (IA) since its inception in 2008. During that time, South Australia has welcomed the collaborative approach IA has taken in working with jurisdictions in the development of business cases. South Australia will continue to work actively to maintain and enhance this collaborative arrangement.

South Australia supports the broad principles behind the proposed amendments in the Infrastructure Australia Amendment (Cost Benefit Analysis and Other Measures) Bill 2014. It acknowledges the important role played by cost-benefit analysis in deciding whether to proceed with a proposed investment.

Indexation of the \$100 million threshold seems appropriate to maintain the real value of the threshold.

Ensuring the IA approved cost-benefit analysis methodology has a triple bottom line focus (economic, social and environmental) is in line with evaluation guidelines around Australia. Revising and updating IA’s methodology on a periodic basis will ensure the methodology is kept up to date, and this can only enhance the quality of assessments of proposed initiatives on an ongoing basis.

It is also important that IA’s methodology be aligned with other relevant guidelines. In this respect, South Australia supports IA’s strong involvement in the current revision of the National Guidelines for Transport System Management in Australia, which is being undertaken through the Transport and Infrastructure Senior Officials’ Committee. The National Guidelines are the standard for transport planning and the assessment of proposed transport initiatives, and are expected to be updated on an ongoing basis. IA’s continued involvement in future years will be very helpful for the Guidelines process, and is likely to be beneficial to IA in meeting the Bill’s requirement to keep the IA guidelines revised and up to date.

One of the amendments proposed in the Bill is that IA must not include a proposal in its Infrastructure Priority List unless a cost-benefit analysis (CBA) has been prepared in accordance with a method approved by IA. Under current arrangements, the Priority List has four rating categories: Early Stage; Real Potential; Threshold; Ready to Proceed. To achieve an Early Stage rating, the current IA guidelines do not require a CBA or other detailed assessments needed to achieve the higher ratings in the Priority List. This has been beneficial in allowing jurisdictions to get an early indication from IA of its assessment of the strategic merit of a proposal. If the amendment is to proceed, we suggest a mechanism remain for IA to provide early feedback on the strategic merits of proposals, even before CBA work is undertaken.

South Australia also wants to take this opportunity to request that maximum consistency be sought between the requirements and guidelines of both the Department of Infrastructure and Regional Development (DIRD) and IA. Jurisdictions are required to make funding related submissions to both bodies. Key aspects of the submission requirements of the two bodies are not always consistent. For example, the discount rates jurisdictions are asked to use in cost benefit analyses differ between the two

bodies. All opportunities to increase the level of coordination and integration in the submission requirements of these two bodies should be pursued.”

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