

# Chapter 1

## Introduction

### Referral of inquiry

1.1 On 5 December 2013 the Senate referred provisions of the Infrastructure Australia Amendment Bill 2013 (bill) to the Senate Rural and Regional Affairs and Transport Legislation Committee (committee) for inquiry and report by 17 March 2014.

### Purpose of bill

1.2 The bill contains two schedules. Part 1 of Schedule 1 amends the *Infrastructure Australia Act 2008* to re-establish Infrastructure Australia (IA) as a separate entity under the *Commonwealth Authorities and Companies Act 1997* (CAC Act). Part 2 of Schedule 1 makes consequential amendments to the *Income Tax Assessment Act 1997* in order that determinations about designated infrastructure projects are made by a responsible person rather than, as currently, the Infrastructure Coordinator.

1.3 As part of the reforms detailed in Part 1 of Schedule 1 of the bill, IA would be governed by the Board of Infrastructure Australia (board) comprising a chair and eleven other members appointed by the Minister for Infrastructure and Regional Development (minister). Other key elements of the bill include changes in reporting arrangements with the board reporting to the minister and establishment of a Chief Executive Officer (CEO) position to manage IA and report directly to the board.<sup>1</sup>

1.4 Notwithstanding these changes, IA would remain an advisory body only. The decision-making on funding allocation would remain with government. The proposed functions of IA are set out in proposed section 5 and include evaluating infrastructure proposals, developing Infrastructure Plans and providing advice on infrastructure matters. Proposed section 5D details the specific functions of IA which would be performed when directed by the minister.

1.5 A new Part 2A provides for the establishment and functions of the board. Item 11 would insert a new section 6E under Part 2A detailing the board's functions. The bill prescribes the following responsibilities to the board:

- (a) to decide the objectives, strategies and policies to be followed by Infrastructure Australia; and
- (b) to ensure the proper, efficient and effective performance of the Infrastructure Australia's functions; and
- (c) any other functions conferred on the board by this act.

1.6 Under provisions of the bill, all Commonwealth-funded projects worth more than \$100 million would undergo a cost-benefit analysis by IA.

---

1 *Explanatory Memorandum*, Infrastructure Australia Amendment Bill 2013, p. 2.

## Background

1.7 IA was established as a statutory body under the *Infrastructure Australia Act 2008* (Act) and came into effect on 9 April 2008. Its purpose is to serve as an independent advisor to government, investors and infrastructure owners on issues including Australia's current and future infrastructure needs, mechanisms for financing infrastructure investments, and policy, pricing and regulation and their impacts on investment.<sup>2</sup> One of its key functions is to produce the Infrastructure Priority List which provides the projects that IA considers to be central to strengthening the economy, dealing with sustainable population growth, export bottlenecks, urban congestion and climate change.

1.8 Prior to the federal election on 7 September 2013, the Coalition made public its 'Policy to Deliver the Infrastructure for the 21<sup>st</sup> Century'. The reforms proposed the re-establishment of IA led by a CEO reporting to a board; development of infrastructure plans based on national, state and local priorities spanning 15 years to be revised every five years; and reviews of all Commonwealth infrastructure expenditure exceeding \$100 million on the basis of financial viability and cost effectiveness.<sup>3</sup> The policy stated that the intention of the proposed reforms was to strengthen IA 'to create a more transparent, accountable and effective advisor on infrastructure projects and policies'.<sup>4</sup> The proposed reforms to IA are reflected in proposed sections 4, 5 and 6 of the bill.

## Conduct of inquiry

1.9 The committee advertised the inquiry on its webpage and in *The Australian*, calling for submissions to be lodged by 20 January 2014. The committee also wrote directly to a range of organisations and individuals likely to have an interest in the matters covered by the bill, drawing their attention to the inquiry and inviting them to make written submissions.

1.10 The committee received 20 submissions which are listed at Appendix 1. The submissions were published on the committee's webpage. The committee held a hearing in Canberra on 28 February 2014. Appendix 2 lists the names and organisations of those who appeared. Details of the inquiry, the bill and associated documents including the Hansard transcript of evidence may accessed through the committee's webpage at

[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Rural\\_and\\_Regional\\_Affairs\\_and\\_Transport/Infrastructure\\_Australia\\_Amendment\\_Bill\\_2013](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Infrastructure_Australia_Amendment_Bill_2013)

---

2 Infrastructure Australia, About Infrastructure Australia, <http://www.infrastructureaustralia.gov.au/about/> (accessed 9 December 2013).

3 Liberal Party of Australia, *Policy to Deliver the Infrastructure for the 21<sup>st</sup> Century*, p. 2, <http://www.liberal.org.au/our-policies> (accessed 24 January 2014).

4 Liberal Party of Australia, *Policy to Deliver the Infrastructure for the 21<sup>st</sup> Century*.

### **Acknowledgement**

1.11 The committee thanks those organisations and individuals who made submissions and provided evidence at the public hearing.

### **Note on references**

1.12 References to the Committee Hansard are to the proof Hansard. Page numbers may vary between the proof and the official Hansard.

