

# **Inquiry into Infrastructure Australia Amendment Bill 2013**

## **Dissenting Report – Senator Sterle**

### **Infrastructure Australia**

1.1 Infrastructure Australia was established by the Rudd Labor Government in 2008, following passage of the Infrastructure Australia Act that year.

1.2 Infrastructure Australia commenced operations, with a Council headed by Sir Rod Eddington, and he remains in that role. The Infrastructure Co-ordinator, created by Part 3 of the Act, was, and remains, Mr Michael Deegan.

### **Achievements**

1.3 In a short period, Infrastructure Australia has overhauled and driven lasting improvements to the way Australia plans, assesses, finances, builds and uses the infrastructure it needs to compete in the 21st century. To date its achievements include:

- (a) completed the first ever infrastructure audit;
- (b) put in place a National Priority List to guide investment into nationally-significant projects which offer the highest economic and social returns – and the former government committed funding to all 15 projects identified as ‘ready-to-proceed’;
- (c) developed national Public Private Partnership (PPP) guidelines to make it easier and cheaper for private investors to partner with governments to build new infrastructure;
- (d) finalised long term blueprints for a truly national, integrated and multimodal transport system capable of moving goods around as well as into and out of Australia quickly, reliably and efficiently: the National Port Strategy, the National Freight Strategy and more recently the Urban Transport Strategy; and
- (e) conducted pilot work on improving governance and developing rigour around evidence-based road funding.

1.4 It is a credit to the Infrastructure Australia Council, the Infrastructure Coordinator, and the staff of Infrastructure Australia that almost every one of the submissions to the inquiry see IA as being a positive reform, and that there is a strong mood for retaining and enhancing IA’s role as critical adviser to government on infrastructure policy and priorities.

### **Consultation and change**

1.5 The new Government announced its infrastructure policy two days before the election in September 2013.

1.6 The evidence of the inquiry is that the Department drew up drafting instructions based on the new Government's election policy and in discussions with the Minister's office.

1.7 There was no formal consultation on the detail of the Bill prior to its introduction with any stakeholders outside the Government, including interested parties such as Infrastructure Partnerships Australia, the Business Council of Australia, the Urban Development Institute or the Tourism & Transport Forum. Given the tenor of these organisations' submissions, the Government would have been better advised to have sought detailed input via an exposure draft process at the very least.

1.8 Indeed, the Government did not formally consult on the detail of the Bill with Infrastructure Australia or the Infrastructure Co-ordinator. According to the latter, over twenty drafts of the Bill existed, but he saw none, despite having an evidently large background and body of knowledge that the Government could have drawn upon. Mr Deegan's comprehensive submission and oral testimony would have been valuable input into legislative drafting.

1.9 Many other organisations were also not consulted on this Bill, and such was evident from the written submissions.

### **Detail of the Bill**

1.10 The Bill seeks to change the governance of Infrastructure Australia via changing its corporate character and lines of reporting, fleshing out its functions and eliminating others.

1.11 Of greater concern however, is the enhancing of the Minister's explicit powers to direct Infrastructure Australia's operations, by allowing the Minister to add projects that are not "nationally significant", excluding whole classes of projects from evaluation, and by defining the Minister's powers from general to very specific and detailed. This is corrosive of the independence of an organisation whose primary role is to provide expert advice to Government.

1.12 Transparency is reduced via the explicit prevention of publication of evaluations or evidence relied upon without explicit Ministerial permission. This runs counter to the election commitment to greater transparency.

1.13 Of additional concern is the proposal to permit the separation of Infrastructure Australia, from the process of approving tax offsets for designated infrastructure projects.

1.14 The above are serious defects in the Bill, and most will have the effect of reducing confidence in the independence and transparency of the organisation.

### **Conclusion**

1.15 The preferred course is for the Bill to be withdrawn and for proper and broad inquiry on reform to Infrastructure Australia to be undertaken.

1.16 The Bill as it currently stands is not supported.

**Senator Glenn Sterle**  
**Deputy Chair**

