



The Coalition's Policy to Deliver the Infrastructure for the 21st Century

September 2013

Key Points

The Coalition will be an infrastructure-focused government led by Australia's first infrastructure Prime Minister.

Under the Coalition, vital transport projects will be underway across the country within twelve months of an election.

But we will do much more than just deliver infrastructure. We will ensure better infrastructure planning, more rigorous and transparent assessments of taxpayer-funded projects, and develop a much firmer and clearer infrastructure plan for Australia's future.

The Coalition will strengthen the role of Infrastructure Australia, to create a more transparent, accountable and effective adviser on infrastructure projects and policies.

Under a Coalition government Infrastructure Australia will:

- be led by a Chief Executive Officer, responsible to the Board who will be tasked with implementing the Board's strategic objectives and direction;
- develop a 15-year pipeline of major infrastructure projects to be revised every five years based on national, State and local infrastructure priorities;
- undertake a new, evidence-based audit of our infrastructure asset base, to be run in collaboration with the States and Territories. This audit will be revised every five years;
- require all Commonwealth infrastructure expenditure exceeding \$100 million to be subject to analysis by Infrastructure Australia to test cost-effectiveness and financial viability. This will include dams, telecommunications, hospitals, educational institutions, energy projects and water networks but will not extend to defence projects;
- regularly publish cost-benefit analyses for all projects being considered for Commonwealth support or investment; and
- establish a dedicated Funding and Finance Advisory Unit which will be tasked with evaluating finance options for nationally-significant infrastructure projects and investigating and reporting on funding models.

Our *Policy to Deliver the Infrastructure for the 21st Century* provides the clear and definitive plan to build the nationally significant infrastructure our cities and country need.



Deliver Infrastructure to Cut Traffic Congestion

1. The Coalition Will Deliver the Vital Infrastructure Projects Australia Needs

Infrastructure is the key to Australia's competitiveness.

Better infrastructure underpins services, such as transport and logistics, and water and energy. Inefficient infrastructure networks are one of the key reasons why Australia's productivity has declined and are also a key driver of the cost of living pressures affecting Australians.

Under the Coalition, vital infrastructure projects will be underway across the country within twelve months of an election.

We have committed:

- \$6.7 billion to fix Queensland's Bruce Highway;
- \$5.6 billion to complete the duplication of the Pacific Highway from Newcastle to the Queensland border;
- \$1.5 billion to get Melbourne's East West Link underway;
- \$1.5 billion to ensure the WestConnex project gets underway in Sydney;
- \$1 billion to support the Gateway Motorway upgrade in Brisbane;
- \$615 million to build the Swan Valley Bypass on the Perth to Darwin Highway;
- \$686 million to finish the Perth Gateway without a mining tax;
- \$500 million to support the upgrade of Adelaide's North-South Road Corridor;
- \$405 million to get Sydney's F3 to M2 started by late 2014, which will mean shorter travel times, reduced congestion and safer roads for the residents of the Central Coast;
- \$400 million to upgrade the Midland Highway in Tasmania; and
- \$300 million to finalise plans, engineering design and environmental assessments for the Melbourne to Brisbane inland rail.

We will also get the Toowoomba Second Range Crossing underway, as well as a range of other road and rail project across Australia.

The Coalition has a clear and definitive plan to build the vital infrastructure our cities and country needs.



Our *Policy to Deliver the Infrastructure for the 21st Century* provides the clear and definitive plan to build the nationally significant infrastructure our cities and country need.

2. Roads to Recovery and Black Spots Programmes

The Coalition will continue the Roads to Recovery programme and look to expand it once the Budget returns to strong surplus.

The Coalition established the Roads to Recovery programme in March 2001.

The programme has been incredibly successful in providing funds directly to local councils to improve their local road network.

Roads to Recovery has become an essential element in helping local councils across the country maintain and upgrade more than 650,000 kilometres of local roads. Maintaining local roads is estimated to cost local government \$3.8 billion per annum.

The Roads to Recovery programme gives local government a much needed helping hand in meeting this infrastructure burden.

Between 2001 and 2009, the Roads to Recovery programme provided more than \$2.4 billion to support over 15,000 road projects.

We will maintain the Roads to Recovery programme, which has benefitted all regions of Australia.

Once the Budget position is restored, the Coalition will seek to ensure that Roads to Recovery is extended and is adequately funded so that local councils can continue to provide essential transport infrastructure for the community.

The Coalition will also continue funding for the Black Spot programme, which provides approximately \$60 million a year to address road sites that are high risk areas for serious crashes.

3. Improving Road Safety

The Coalition believes our nation's roads should be safer and that more can be done to prevent accidents and deaths on our local roads and national highways.

Every life lost on our roads is a tragedy.

The horrific personal toll of road injuries and deaths is first and foremost an emotional cost to families and the community. Road accidents and deaths affect families and communities in ways that cannot be reversed and which often lead to significant ongoing emotional trauma.



Road accidents and deaths are also an avoidable economic cost.

We will reduce traffic congestion and improve road safety by building the nationally significant roads our cities and regions need.

The Coalition will also provide \$10 million to support the 'Keys2Drive' programme. Since its introduction in 2008, the Keys2Drive programme has delivered more than 200,000 driving lessons to learner drivers and their parents.

As a first step to developing more effective and more targeted approaches to improving road safety, we will task the Bureau of Infrastructure, Transport and Regional Economics (BITRE) with undertaking a review of the full impacts of road trauma.

The review will evaluate the benefits and costs associated with the different road safety approaches adopted by various jurisdictions, both domestically and internationally.

Under a Coalition government, the Infrastructure and Transport Minister will work closely with all stakeholders and encourage a collaborative approach to research, innovation and the delivery of new programmes to help save lives and reduce injuries on our roads.

We will also engage with relevant State ministers through the COAG process and through Ministers' meetings of the Standing Council on Transport and Infrastructure, to investigate harmonisation of road safety practices, graduated licensing systems and other measures, including public information campaigns, to ensure the best possible practices are rolled out across Australia.

The Coalition will also continue funding to the Heavy Vehicle Safety and Productivity programme to build additional rest stops for truck drivers.

4. A Bridges Renewal Programme

The Coalition will invest \$300 million to upgrade the nation's deteriorating bridges.

Our commitment will be matched by local councils and State governments, delivering a total investment of at least \$600 million in replacing old bridges.

The federal funding will be allocated on a transparent, competitive basis, giving priority to community needs and economic return.

Across this country some 30,000 local bridges are approaching the end of their lifespan. These bridges are vital in connecting towns and communities and doing so safely.

Many are anything but safe. Some do not permit the school bus to cross or allow people to travel to town by the closest route.

But these bridges are also vital arteries in keeping our economy moving.



Many are simply impassable for standard trucks, let alone the B-Double and B-Triple trailers that bring produce from the regions to our cities and ports efficiently.

The Coalition's Bridges Renewal Programme will help make our roads safer and the nation's freight networks more reliable and efficient.



Better Infrastructure Planning

1. We'll Keep Infrastructure Australia and Make it More Effective

The Coalition fully supports Infrastructure Australia.

We'll keep it and ensure it is properly funded.

It is clear that the current structure of Infrastructure Australia does not provide the degree of independence, transparency or resources needed to provide the best advice to government about the infrastructure priorities that will reverse Australia's productivity slide.

The Coalition's reform of Infrastructure Australia is based on the agency providing two essential functions:

- the identification of major projects that are of national significance; and
- the identification of economic and procurement reforms needed to allow Australia's governments to fund these projects.

The Coalition will focus on enhancing the independence and scope of the agency, entrenching its role as a key adviser to government on infrastructure project and policy reform priorities.

We will strengthen the role of Infrastructure Australia, to create a more transparent, accountable and effective adviser on infrastructure projects.

2. Strengthening Infrastructure Australia

The Coalition will enhance Infrastructure Australia's status as an independent statutory advisory council, at arm's length from government, ensuring that it is able to execute its functions free from political interference or geographic bias.

Under a Coalition government, Infrastructure Australia will be led by a Chief Executive Officer, responsible to the Infrastructure Australia Board. In line with other Government Boards, the new CEO position will be responsible for delivering the strategic objectives of Infrastructure Australia and its policy reform programme.

Currently the Infrastructure Australia secretariat is led by the Infrastructure Coordinator, who reports to the Minister for Infrastructure and Transport rather than the Infrastructure Australia Board.

The Chief Executive Officer position will be a full-time, remunerated role.



The current position of Infrastructure Coordinator will be abolished.

The Coalition will retain the Infrastructure Australia Council structure, with representation from key federal agencies, representatives of State Governments and with a majority of private sector representatives.

3. An Annual Parliamentary Statement on Infrastructure Delivery

The Coalition will ensure our commitments to build the roads and infrastructure of the 21st century are converted into real action on the ground by producing an annual statement on infrastructure delivery.

Under a Coalition government, the Prime Minister will deliver this annual statement to the House of Representatives.

The statement will set out the construction status of major infrastructure projects, the amount of Commonwealth money spent on major projects over the preceding 12 months, and whether milestones have been met.

This will provide unprecedented levels of transparency and accountability for the delivery of infrastructure by government and ensure concrete progress is made on construction.

The Leader of the Opposition, the Hon Tony Abbott MHR, has said that if elected, he will be an infrastructure Prime Minister because infrastructure, particularly national highways and national freight railways, are the arteries, the muscles and the sinews of a modern economy.

Congestion is an increasing problem in our cities, which means more time spent in traffic gridlock and less time at home.

The Coalition will deliver infrastructure reform because people who are stuck in traffic jams, moving around our cities or between our regional centres, are obviously far less productive than they should be.

4. Better Infrastructure Planning

The Coalition will ensure better infrastructure coordination and planning by tasking Infrastructure Australia with developing a 15-year pipeline of priority major infrastructure projects, to be revised every five years based on national, state and local infrastructure priorities.

Infrastructure Australia will also undertake a new, evidence-based audit of our current infrastructure asset base, to be run in collaboration with the States and Territories, many of whom now have an infrastructure advisory body of their own.



a. A 15 Year Priority Infrastructure List

We will require Infrastructure Australia to:

- develop a revolving 15-year infrastructure plan for Australia, with this plan being revised every five years;
- clearly specify infrastructure priorities at national and state levels, based on a rigorous and transparent assessment of competing infrastructure projects proposed by the States;
- develop clearly defined service standards for project delivery and productivity outcomes;
- identify and estimate short and long-term productivity gains from infrastructure projects, as well as the potential for any complementary projects; and
- recommend infrastructure projects on the basis of a transparent and rigorous cost-benefit assessment of their environmental, economic and social sustainability.

There are substantial benefits to delivering a clearly articulated, national pipeline of infrastructure projects. A pipeline that provides a much higher degree of transparency about what, where and when infrastructure projects will come to market will create a natural incentive for a deeper engagement by investors (such as superannuation funds) and the infrastructure sector (such as construction, finance and advisory companies).

Additionally, a more robust pipeline will provide public transparency and accountability about the requirement, for and timely delivery of, major infrastructure projects.

b. A National Infrastructure Audit

The Coalition will task Infrastructure Australia with undertaking a new National Infrastructure Audit. The new audit will be more robust and will be undertaken in collaboration with the States and Territories. It will be updated every five years and will help inform the 15 year pipeline of projects.

The Coalition believes a reformed Infrastructure Australia should take a much more proactive role in identifying the infrastructure priorities our nation needs.

Rather than just rely on submissions from States, Territories and third parties, Infrastructure Australia itself should be working with them to identify, assess and rank infrastructure priorities across the nation.

An evidence-based audit is a necessary precursor for this to occur.



Developing a robust pipeline will provide substantial benefits to the Australian Government, the States and Territories and the private sector, by:

- allowing the private sector to better plan for, and marshal the skills needed, to bid for particular projects;
- allowing public sector agencies to ensure that funding capacity and project management skills are allocated to support planned projects;
- allowing all jurisdictions to better coordinate the release of major projects to the market, to ensure that the best possible skills are available on the public and private sector sides to ensure better procurement outcomes; and
- enabling the private sector to suggest innovative funding and financing initiatives with regard to particular projects.

5. Driving New Funding Schemes

The Coalition will establish a dedicated Funding and Financing Advisory Unit within Infrastructure Australia to examine opportunities for additional private sector funding for projects identified through the renewed National Infrastructure Audit.

Under current arrangements, Infrastructure Australia has delivered its Infrastructure Priority List annually, but with limited progress on project funding beyond the initial allocation from the Building Australia Fund in 2009.

While the Commonwealth has finite capacity available on its balance sheet in the short term, there are substantial opportunities available to drive additional private sector funding streams to support major infrastructure projects, particularly transport projects.

The Funding and Financing Advisory Unit will provide advice on the most efficient financing options to raise capital for a particular project. This will include an analysis of suitability for private, as well as public, financing options.

We intend this Unit to use its expertise to assist a diverse array of projects in coming to market, using models that are tailor-made for the project at hand.

The Coalition will also require Infrastructure Australia to work with the private sector to investigate and negotiate innovative funding and financing options with regard to projects that are in the national pipeline.

6. Improving Infrastructure Coordination with the States and Territories

The Coalition will allow Infrastructure Australia to provide support to the States and Territories through the secondment of experienced personnel to work with jurisdictions to procure major projects, when requested.



Infrastructure Australia was created to drive the development of a long-term, coordinated national approach to infrastructure planning and investment. Such an approach requires a high level of cooperation and interaction with the States and Territories.

To facilitate greater development of greater expertise and infrastructure knowledge between the Commonwealth, States and Territories, we will allow Infrastructure Australia to provide secondment of experienced personnel to work with jurisdictions to procure major projects, when requested.

Ideally, the secondment of staff between the Commonwealth, States and Territories will flow both ways, increasing the capacity and understanding of the Federal and State and Territory public sectors.

Greater collaboration between Infrastructure Australia and the States and Territories will lead to substantially better outcomes.

7. Publish Justifications for Project Recommendations

The Coalition will make Infrastructure Australia a more transparent, accountable and effective adviser on the planning, selection and procurement of infrastructure projects.

To ensure more rigorous and transparent assessments of taxpayer-funded projects we will require all infrastructure projects worth more than \$100 million to undergo a cost-benefit analysis.

This will include dams, telecommunications, hospitals, educational institutions, energy projects and water networks but will not extend to defence projects.

Infrastructure Australia will also be required to calculate and publish the net present value of recommended infrastructure projects and to justify why a given project has been recommended and prioritised.

8. Greater Industry Advice and Consultation

The Coalition will establish an industry advisory council for infrastructure. The council will be co-chaired by Infrastructure Australia's Chief Executive Officer and the Infrastructure Minister.

The advisory council will provide informative consultation and recommendations on proposed legislation or policies affecting infrastructure. It will convene at least once every six months and the Minister will be required to attend at least two meetings annually.

The advisory council will also monitor the progress and delivery of major infrastructure projects. The Coalition is committed to informed, consultative decision-making.



The Choice

The Rudd-Gillard Government has fundamentally failed to deliver infrastructure that will increase productivity and help Australia deal with our ageing population.

Labor promised that the Building Australia Fund would get \$20 billion from budget surpluses, but due to additional spending demands for pink batts and school halls, the Fund now has barely more than half this amount.

Only 14 per cent of Labor's stimulus spending was directed to productivity enhancing infrastructure.

In the 2008-09 Budget, the Rudd-Gillard Government stated that efficient public infrastructure investment requires a "commitment to transparency at all stages of the decision making process."

Only one year later, the Rudd-Gillard Government did not release the cost-benefit analysis of the 15 projects (amounting to \$80 billion of investment) selected for partial government funding in the 2009-10 Budget. Six of these projects were not on Infrastructure Australia's priority list. Labor also decided to build a national broadband network that will now cost more than \$90 billion with no cost-benefit analysis.

The results of the Rudd-Gillard Government's poor investment in economic infrastructure and the lack of transparent cost-benefit analysis are clear:

- our cities suffer from widespread congestion on their road and rail networks;
- our freight centres are hindered by poor infrastructure planning and woeful integration to road, rail and air networks; and
- our export supply chains suffer from under-investment and the legacy of inefficient government ownership.

These problems translate into direct costs for businesses and families. For example, slow and inefficient transport networks result in higher costs and longer travel times. This means that consumers end up paying more for goods in supermarkets and spending more time on congested roadways.

The Coalition will stop Labor's wasteful spending and will deliver the infrastructure Australia needs.

We will strengthen the role of Infrastructure Australia, to create a more transparent, accountable and effective adviser on infrastructure projects.



Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au