



Members' Brief

Federal Government's response to the Australian Infrastructure Plan

The Government has released its [response](#) to the Infrastructure Australia (IA) [Infrastructure Plan](#) and [Infrastructure Priorities](#) List.

The response picks up many of the observations made by ALC in its 2016 election document '[Getting the Supply Chain Right](#)'.

The most important recommendation that was picked up was the need for Australia to have a **National Freight and Supply Chain Strategy**.

ALC recommended IA, in partnership with governments and the private sector should lead the development of the Strategy, which should: map nationally significant supply chains and their access to supporting infrastructure and gateways; evaluate the adequacy of the institutional framework supporting freight networks and recommend reforms and investments that will move the efficient movement of freight.

In particular, the strategy should facilitate the mapping of nationally significant supply chains and their connections across ports, airports, roads, rail and coastal shipping; identify the key bodies overseeing their efficient operation and recommend a series of reforms and investments to enable the more efficient movement of freight.

ALC said the strategy should build on work underway at state and federal levels as well as the previously released National Land Freight Strategy and National Ports Strategy.

In its response today, the Government announced it would undertake an **independent inquiry** to look at how the productivity and efficiency of Australia's freight and supply chain infrastructure can best be lifted.

The inquiry will examine any regulatory and investment barriers and opportunities to improve the capacity and reduce the costs of transporting goods through our major national container ports, airports and intermodal terminals.

The inquiry's findings will inform development of a long-term national freight and supply chain strategy for reform and investment.

Another ALC priority reflected in the Plan was a requirement for the Australian Government, in partnership with the States and Territories to establish effective corridor protection

mechanisms to ensure the timely preservation of surface, subterranean and air corridors and strategic sites for future infrastructure priorities.

The Government supported this recommendation, noting this is also a matter for state and territory governments.

In its response, the Government said:

The Australian Government recognises the importance of ensuring that the future infrastructure needs of the country are well-planned for and that economic infrastructure is protected appropriately from incompatible uses. This is critical to driving productivity and reducing future costs. To support this work in November 2015, the COAG Transport and Infrastructure Council agreed to develop a work program to protect transport corridors and precincts. The majority of projects will be completed during 2017.

ALC Comment

The establishment of a panel to examine how the productivity and efficiency of Australia's freight and supply chain infrastructure can best be lifted, as the final input in the development of a national freight and supply chain strategy, is a significant policy victory for ALC.

ALC understands panel members will be announced shortly. Participation in this inquiry will be an ALC priority in 2017.

ALC will need to ensure the panel recognises the impact of planning and land use decisions can and does impact on freight movements.

This is because freight infrastructure assets must be able to operate 24/7 to maximise the effectiveness of the asset and thus the productivity of the Australian economy as a whole.

The Government response seems to view planning issues through the newly established Smart Cities Plan process predominantly run from the Prime Minister's own Department.

ALC will need to make clear that planning concepts, such as urban densification (for example), designed to influence how Australian cities will look in the future, are not implemented in a way that will impinge the efficient movement of goods and produce around Australia.

The Government has finally reconfirmed its intentions to introduce a new heavy vehicle pricing system over a five year period currently being developed by the Infrastructure and Regional Development Department on behalf of COAG and to consider direct charging of light vehicles over a ten year horizon (subject to an eminent person agreeing the benefits outweighing the costs).

Time will tell as to whether the timeframes for change set out by the Government will be met. ALC will continue working with governments on this matter.

See the table below for key IA recommendations and the associated government responses.

IA recommendation	Government response
<p>1.1 Linking infrastructure funding to States against delivery of reform outcomes</p>	<p>The Australian Government supports this recommendation where appropriate reforms have been identified and the capacity to provide incentive funding is available.</p> <p>The Australian Government is already driving reforms through existing approaches to funding. The Government's Asset Recycling Initiative provided incentive funding to support the selling of mature brownfield assets where the proceeds are recycled into new or upgraded infrastructure.</p> <p>Through the Australian Government's <i>Principles for Innovative Financing</i>, released February 2016, the Government is also working with all levels of governments to implement nationally significant infrastructure reforms. Funding may be contingent on implementation of reforms. Through the <i>Smart Cities Plan</i> the Government will work with state, territory and local governments to improve the productivity, accessibility and liveability of our urban centres through coordinated governance, strategic planning, investment and reforms.</p> <p>In April 2016, the Council of Australian Governments (COAG) agreed that competition and productivity reforms are important to drive Australia's economic performance and living standards. Treasurers are developing a new competition and productivity-enhancing reform agreement, which includes consideration of payments, based on performance for the delivery of reforms.</p>
<p>1.6 Consolidating all Federal Funding pools into an integrated and transparent Infrastructure Fund</p>	<p>The Australian Government supports this recommendation where the alignment of policy objectives allows for the efficient consolidation of funding programs.</p>

The Australian Government is examining opportunities to streamline funding streams to deliver greater efficiency and reduce overlap. The Government is also seeking to align funding program designs as far as practical, noting that some differentiation is required to effectively deliver on the specific policy objectives and outcomes sought from each investment. For example, the Government's existing funding programs address different policy concerns across a variety of sectors – the Roads to Recovery and Black Spot Programs are different from each other and different from urban water programs. The Roads to Recovery Program provides funding direct to local government authorities for the upgrading and/or maintenance of local roads with councils able to choose the projects at their own discretion according to local priorities. The Black Spot Program aims to improve safety at sites where there have been serious crashes, or where serious crashes are likely, through the implementation of relatively small scale, cost effective works. Given the different policy outcomes of these programs, consolidation would not generate efficiencies or transparency around funding decisions.

The Government remains committed to supporting nationally significant infrastructure that provides value for money for the Australian public and improves Australia's economic productivity, sustainability and quality of life. The Government is ensuring this occurs through consistent, robust assessment and project appraisal processes for projects seeking Australian Government funding, including requiring Infrastructure Australia to evaluate proposals for nationally significant projects and those where \$100 million or more is sought from the Australian Government.

<p>2.4 Ensuring that state and territory government ensure statutory planning instruments deliver high quality design, including in particular ensuring that metropolitan land use and transport planning processes are integrated.</p>	<p>The Australian Government is delivering an ambitious infrastructure agenda with some \$50 billion of spending between now and 2019-20. This includes projects such as the:</p> <ul style="list-style-type: none"> <input type="checkbox"/> upgrade of the Monash Freeway in Melbourne’s South East; <input type="checkbox"/> completion of the M80 Ring Road upgrade in Victoria; <input type="checkbox"/> construction of a second crossing of the Murray River between Echuca and Moama; <input type="checkbox"/> WestConnex and NorthConnex in Sydney; <input type="checkbox"/> Western Sydney Infrastructure Plan <input type="checkbox"/> Pacific Highway Upgrade in New South Wales (NSW); <input type="checkbox"/> Bruce Highway Upgrade Program in Queensland; <input type="checkbox"/> Gateway Upgrade North in Queensland; <input type="checkbox"/> Ipswich Motorway: Rocklea to Darra in Queensland; <input type="checkbox"/> New Gold Coast Light Rail – stage 2; <input type="checkbox"/> Completion of the Moreton Bay Rail Link, north of Brisbane <input type="checkbox"/> North-South Corridor in Adelaide; and <input type="checkbox"/> New Forrestfield Airport Link rail line in Perth’s eastern suburbs. <p>This infrastructure investment is designed to stimulate productivity, improve access to domestic and international markets for our primary producers, help tradespeople serve their customers more efficiently, and reduce the work commute burden to give people more time with their families.</p> <p>The Australian Government will work with all levels of government to improve urban amenity and connectivity, as outlined in the <i>Smart Cities Plan</i>. Encouraging more</p>
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	<p>integrated development, including higher density development in the right areas, is a key focus. The Government is also working to raise awareness of telecommunications planning needs with other tiers of government and to work with them to implement complementary planning requirements for telecommunications infrastructure. For example, the Government's <i>Telecommunications Infrastructure in New Developments Policy</i>, which came into effect in March 2015, sets out the arrangements for providing telecommunications infrastructure in new developments.</p> <p>In the land transport sector, the <i>Principles for Innovative Financing</i> require that governments assess the extent to which transport proposals align with land use planning strategies, including urban renewal and housing supply. The Joint Scoping Study on Western Sydney Rail Needs is a practical example of how the Australian and NSW governments are working together to examine the long term transport needs of Western Sydney, taking account of proposed infrastructure development (the Western Sydney Airport and associated roads) and population growth projections.</p>
<p>2.7 That the process of local government consolidations continue so as to increase efficiency and service quality.</p>	<p>The Australian Government notes this recommendation, recognising that this is an area of state government responsibility.</p> <p>The Australian Government supports processes to increase the efficiency (including regulatory efficiency), service quality, financial viability and strategic profile of local government. The Australian Government notes that the choice of particular policy instruments is a matter for state and territory governments.</p>
<p>5.4 Implementing a heavy vehicle road charging structure in the next five years, and extended to light vehicles within ten years.</p>	<p>The Australian Government supports this recommendation, noting this is also a matter for consideration by state and territory governments.</p>

	<p>Consistent with its response to the Harper Competition Policy Review in November 2015, the Australian Government is working with the state and territory governments to accelerate heavy vehicle road reform and investigate the benefits, costs and potential next steps of options to introduce cost reflective road pricing for all vehicles. Phase One of the COAG Transport and Infrastructure Council’s Heavy Vehicle Road Reform is now complete, and is delivering improved transparency around road expenditure, investment and service delivery through the publication of heavy vehicle infrastructure asset registers and expenditure plans.</p> <p>The Australian Government will progress next steps for heavy vehicle reform with state and territory governments through the development of a forward looking cost base; and a discussion paper to inform consultation on options for an independent price regulator.</p>
<p>5.6 Continue to provide incentives for state and territory governments to recycle mature infrastructure assets.</p>	<p>The Australian Government supports this recommendation.</p> <p>The Australian Government’s Asset Recycling Initiative provided incentives for state and territory governments to transfer mature state government-owned assets to the private sector to unlock capital for productivity enhancing public infrastructure, subject to national interest (including national security considerations).</p> <p>The Government will continue to look for future opportunities to implement similar programs subject to budget and Government priorities at the time.</p>
<p>7.4 State and territory governments should deliver and consistently update one term land use plans for all Australian cities.</p>	<p>The Australian Government supports this recommendation, noting this is a matter for state, territory and local governments.</p> <p>The Australian Government’s <i>Smart Cities Plan</i> recognises that integrated active</p>

	<p>transport improves transport accessibility and efficiency, while also improving liveability outcomes. While these matters are primarily matters for state, territory and local governments, the Australian Government supports active transport through funding to local governments and associated road projects. For example, the Gateway Upgrade North project in Brisbane has integrated on-off cycle and pedestrian facilities included as part of the approved scope for the project. Similar features are included on the Perth Freight Link (Roe 8) project and the North-South Road Corridor upgrade in Adelaide.</p> <p><i>The Australian Transport Assessment and Planning Guidelines</i>, approved by the COAG Transport and Infrastructure Council in August 2016, provide guidance on integrated transport and land use planning to address a city or region’s longer-term challenges and coordinating investments and policy decisions to achieve that vision. The Guidelines also provide guidance on undertaking economic appraisals of active travel which provides practitioners with best practice for establishing planning and associated activities.</p>
<p>9.1 All state and territory governments should deliver long term infrastructure plans.</p>	<p>The Australian Government supports this recommendation, noting this is a matter for state and territory governments.</p> <p>Integrated, long-term planning is critical to ensuring that government investment in infrastructure provides the maximum benefits. Plans should identify both new investments and reforms which allow for more efficient use of existing infrastructure. The plans should also be cognisant of current and future infrastructure needs; ensure that economic corridors and precincts are appropriately protected from incompatible uses, while being appropriately maximised; and that consideration is given to cross border issues. The Australian Government supports linking the reforms to</p>

	<p>a pipeline of potential infrastructure projects. Where Australian Government funding is sought for projects, the projects must address a solution to a deficiency in the state plan and be subject to the Government's assessment framework.</p> <p>While the Government anticipates that state infrastructure bodies will progress this recommendation at jurisdictional level, the Australian Government will further pursue this recommendation including through the negotiation of City Deals and the consideration of incentives and/or conditions to ensure that cities are well-planned and that Australian Government funding is appropriately allocated. Long-term infrastructure planning will also be a continuing focus of the Government's regional development agenda.</p>
<p>9.2 Infrastructure service standards (both minimum and desired standards) should be used to guide future and project development.</p>	<p>The Australian Government supports this recommendation.</p> <p>The <i>Australian Transport Assessment and Planning Guidelines</i>, which are currently being updated, provide a comprehensive framework for overall transport system management, focusing primarily on planning, assessing and developing transport systems and related initiatives. To support the Guidelines, state and territory governments are working to establish harmonised road asset data standards through Austroads, which will deliver a recommended harmonised road data standard for core road asset management activities and a business case demonstrating the value of adopting the new standard.</p> <p>In addition, under the banner of national heavy vehicle road reform, the Australian, state and territory governments have brought together asset information and conducted assessments of heavy vehicle levels of service along the Key Freight Routes. The Key Freight Routes contain a number of different road types (or</p>

	<p>categories) which reflect user perceptions regarding levels of service based on extensive consultation with industry.</p>
<p>9.7 IA will develop national governance principles in partnership with governments and the private sector to support better project decision making across the public infrastructure sector.</p>	<p>The Australian Government supports this recommendation in-principle, noting improvements in this area are likely to be achieved through existing guidelines, recently updated and agreed by all Australian governments.</p> <p>The Australian Government supports undertaking community engagement in infrastructure planning and transparency in decision-making, noting it is generally the responsibility of state and territory governments.</p> <p>As outlined in the <i>Smart Cities Plan</i>, the Australian Government will work with jurisdictions to encourage projects that meet broad economic and city objectives, such as accessibility, jobs, affordable housing and healthy environments.</p> <p>The state and territory governments have also agreed to post-completion reviews under the current National Partnership Agreement on Land Transport.</p> <p>Improvements in these areas can be achieved through the recently updated guidelines, including the <i>Australian Transport Assessment and Planning Guidelines</i>, and in consideration of the development of the next National Partnership Agreement. These considerations would be appropriately undertaken under the auspices of the COAG Transport and Infrastructure Council and the Infrastructure Working Group; with Infrastructure Australia's input sought as part of this process. In particular, care needs to be taken to ensure that updates to existing guidelines streamline processes and do not create duplication or additional red tape.</p>