

Federal infrastructure minister outlines government policy

by Dietrich Georg

The federal government has moved swiftly on its promise to put infrastructure planning at the forefront of its major policies. Within its first 100 days in office it has:

- established an Infrastructure Department with an infrastructure minister at cabinet level
- set up the Infrastructure Australia advisory council
- appointed the chair of the council
- appointed an infrastructure working group within the Council of Australian Governments which has already made recommendations to it
- achieved an agreement with the nation's transport ministers to jointly develop a national transport policy and plan
- set up a time frame for an infrastructure audit and a priority list of major national infrastructure projects.

"We've moved with great urgency and our commitment to infrastructure is pretty clear," Anthony Albanese, the new federal minister for infrastructure, transport, regional development and local government, said in an interview in his electoral office for Grayndler in Marrickville, an electorate that includes massive infrastructure such as Sydney Airport and Port Botany.

"We are establishing a whole new

way of doing business with regard to infrastructure coordination at federal level," he said.

The new Infrastructure Australia advisory council "will advise governments, investors, as well as the owners and users of infrastructure on matters including:

- national infrastructure priorities
- the policy and regulatory reforms needed to improve the efficient utilisation of national infrastructure networks
- options to address impediments to the development and provision of efficient national infrastructure
- possible financing mechanisms."

In particular, Infrastructure Australia "will advise on ways in which barriers or disincentives to investing in nationally significant infrastructure can be removed," Albanese said.

Measures to overcome barriers could include:

- improving the efficiency of delivery of projects
- aligning infrastructure plans across all levels of government
- harmonising guidelines, legislation and regulations across jurisdictions
- standardising formats in tender documents and contracts to facilitate consideration of infrastructure proposals and promote best practice procurement to expedite decision-making.

Infrastructure Australia will be assisted by the Office of Infrastructure Coordination, which will be based in Sydney and headed by the infrastructure coordinator. The government has been looking for premises for the office, and advertisements for staff have been published. Albanese expects appointments to be made by next month.

The advisory council will consist of 12 members, with three representing the federal government, three the state and territory governments, one local government, and five coming from industry. Albanese said the council members will be announced soon.

The council's chair is Sir Rod Eddington, who is a mechanical engineer from the University of Western Australia and was included in *Engineers Australia* magazine's 2007 list of Australia's 100 most influential engineers.

He is no stranger to infrastructure reviews. He completed a transport study for the British government in 2006 and has just finished an assessment of the development options for an east-west transport link in Melbourne. Before returning to Australia at the end of 2005, he was CEO of British Airways for five years.

Albanese sees the direct involvement of the private sector in Infrastructure Australia as a recognition that both sectors "must work together to achieve the desired long-term goals. We want representatives who are active participants in industry."

In regard to any potential conflict of interest, Albanese pointed out that Infrastructure Australia is a statutory advisory council, rather than a statutory authority, with no decision-making powers. "It won't make final decisions and, according to our legal advice, this was the best way to avoid conflict of interest issues.

Also, the enabling legislation requires members to exclude themselves from deliberations about specific projects in which their companies have an interest," he said.

One of Infrastructure Australia's im-

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The federal minister for infrastructure, transport, regional development and local government, Anthony Albanese standing on Marrickville Road outside his electoral office in Marrickville, Sydney.

PHOTO: MARIA CHRISTOU

mediate tasks will be to undertake a national audit of Australia's main infrastructure. The government has already established the basis for the audit, with all federal, state and territory governments committed to make submissions by 30 June.

The information from the audit will then be used to put together a priority list as a guide for future investment decisions. This priority list is to be completed and presented to the Council of Australian Governments by next March.

Another task will be the development of a pipeline of work to avoid several major projects being carried out simultaneously, with little work to follow. The pipeline would stagger the commencement of projects, thus ensuring a more even flow of work for the construction industry.

The advisory council will also look at creating more consistent national guidelines for public private partnerships (PPPs), which are likely to play a major role in the delivery of new infrastructure.

"Consistent state and commonwealth rules will save governments and business time and money, and they will also make it simpler and less expensive for local and international financiers to bid for local infrastructure projects on offer," Albanese said. The government is committed to have nationally uniform and consistent guidelines for PPPs developed by the end of this year.

To ensure best value for money, Infrastructure Australia will develop a Public Sector Comparator, which will be used to identify the most efficient public sector delivery option and the associated risks for each project.

Albanese is not too concerned by the recent negative experiences with PPPs, particularly in Sydney, where the private sector had to write off significant losses. "We will learn from previous problems and, given that we have some \$400 billion worth of investment requirements in infrastructure over the next decade, it's unrealistic to think that all of it will be funded by the public sector."

Albanese expects there will be a mix of public/private funding and each project will be examined for the most beneficial form of financing.

One funding option the government is particularly interested in is to tap into Australia's superannuation funds, which currently hold some \$1.2 trillion in assets. "Put simply, the nation is faced with a situation where we have a strong demand for infrastructure development on the one hand and a substantial supply



Anthony Albanese (r) in his electoral office for Grayndler talking with Engineers Australia magazine editor Dr Dietrich Georg.

PHOTO: MARIA CHRISTOU

of capital on the other. With the right leadership we can put these together,” he said.

With all these tasks allocated to the advisory council, there have been concerns it might lose sight of the main issue of infrastructure planning. Engineers Australia’s chief executive Peter Taylor has warned that “there is a danger that the council could stray into bureaucratic minutiae rather than

concentrating on the critical big picture items”. (See story page 26.)

However, Albanese reiterated that Infrastructure Australia’s core function is to provide advice on the best ways of delivering nationally significant infrastructure, particularly in water, communications, energy and transport, which the government has already flagged as priority areas.

Specific projects for which it has

already announced funding include the Ipswich Motorway upgrade (\$700 million), a study on an inland railway between Melbourne and Brisbane (see box), and a national broadband network with a minimum speed of 12Mb/s (up to \$4.7 billion).

In regard to Sydney Airport, Albanese pointed out that while the airport is important economic infrastructure for the nation, at the same time it has to acknowledge that it is located in one of the most densely populated areas. Therefore it must minimise the negative impacts on residents, for instance by maximising flights over water and keeping the

curfew between 11pm and 6am. “Infrastructure has to exist in harmony with the community if it is to retain public support,” he said.

He believes a second airport outside the Sydney Basin is inevitable at some stage, but it won’t be at Badgerys Creek, which was shelved as a site by the previous government in 1996. That site is no longer appropriate due to urban encroachment, he said. ■

Study on inland rail line

Last month the federal government commissioned an extensive study to determine the economic benefits and likely success of a new multibillion dollar standard gauge inland railway between Melbourne and Brisbane.

The Australian Rail Track Corporation (ARTC) will conduct the study, for which the government has set aside up to \$15 million. The study is to be completed by August 2009.

At present, the only north-south rail corridor in eastern Australia runs along the coastline via Sydney. An inland route through the central west

of NSW has the potential to reduce the time it takes to move freight from Melbourne to Brisbane by rail from 36 hours to 21 hours, the government said.

In developing a detailed route alignment, the ARTC will generally follow the far western subcorridor identified by the earlier North-South Rail Corridor Study.

As well as determining the route alignment, the ARTC study will include the likely demand, the estimated construction costs and a project development and delivery

timetable.

It will provide a basis for evaluating private financing options for part or the entire project, federal infrastructure minister Anthony Albanese said.

The study is to be carried out in three stages, with a review of progress and direction at the end of each stage.

All working papers developed as part of the study will be placed on the ARTC website after the completion of each stage of work, giving the public the chance to make comment, Albanese said.