



RA
Submission

**Independent
Review of
Infrastructure
Australia
2022**



15 AUGUST 2022

Submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts – Independent Review of Infrastructure Australia 2022

Background

Roads Australia (RA) is the peak body for roads within an integrated transport system, representing an industry that contributes \$236 billion annually to the economy and supports 1.4 million jobs. RA has over 150 members and brings industry, government, and communities together to lead the evolution of Australia's roads, integrated transport and mobility.

RA prides itself on being a leader in the industry. The organisation strives to be at the forefront of setting the industry up for success and pioneering new ways to be able to attract and retain highly skilled people now and into the future. This is iterated in the [RA Strategic Plan 2022-2024](#) which outlines our four strategic values as being:

The leader

To be a leading voice of influence.

RA is recognised by government, industry and the community as driving value and connectedness for the Australian roads and integrated transport sector.

The facilitator

To facilitate contributions to the industry and public policy.

Develop and communicate sound, evidence-based policy solutions encompassing safety, capacity, transport reform, customer experience and sustainability.

The collaborator

To collaborate on the efficiency, development and national priority of Australia's roads and integrated transport systems which underpin the social, economic and cultural fabric of the nation.

Promote recognition by government, industry and the community of the critical importance of Australia's roads and integrated transport in infrastructure assets and networks.

The champion

To champion a diverse, inclusive, sustainable and values-led organisation and industry.

Support our people to be high performing through our culture and systems.

Our main priority in embodying these characteristics is to make positive changes to the integrated transport system and our member organisations – both of which sit within the context of the construction industry.

RA welcomes the opportunity to make this submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts in its Independent Review of Infrastructure Australia.

The [RA Strategic Plan 2022-2024](#) outlines RA's four policy themes:

Place Making – Capitalising on neighbourhood spaces to optimise their use and to promote people's health, happiness and well-being.

People - A focus on the people of transport, the workers and customers.

Data and Technology – Using information and emerging technology to deliver improvements to customers and the development of infrastructure.

Resilience – To be able to rapidly and successfully respond to change.

Our strategic plan also includes three policy goals:

- Optimise the use of our roads for environmental, social, economic and cultural outcomes.
- Improve the stewardship of our roads for the workers on them and the people who use them.
- Decarbonise the economy through integrated transport and the efficient use of resources and energy.

Context and Imperatives

Governments across the country are investing in infrastructure at unprecedented levels and at a time where there are significant challenges, particularly in the context of emerging from the COVID-19 pandemic and recent geo-political instability. This has resulted in significant supply chain constraints, rapidly increasing materials costs and an extremely tight labour market with skills shortages.

At the same time, there has been little improvement in the productivity of the procurement of infrastructure for some years. [RA's submission to the Productivity Commission](#) in April 2022 identified a range of critical issues that require focus over the coming period. Improved productivity of the infrastructure sector is crucial and requires a collaborative effort across governments, industry and the community. IA has a pivotal role in championing and delivering these outcomes.

RECOMMENDATIONS

Infrastructure Australia's (IA) role

1. RA recommends that Infrastructure Australia consider the development, management and ongoing coordination of a national pipeline of infrastructure projects in partnership with the states and territories.
2. RA recommends that Infrastructure Australia remains an independent advisory body providing advice to the Australian Government on nationally significant infrastructure matters.

Effectiveness – Publications

3. RA recommends that IA continue with its Five-year Policy Cycle approach and its regular Infrastructure Audit, Infrastructure Plan and the Infrastructure Priority List.
4. RA recommends that IA continues to respond to emerging issues impacting infrastructure investment, delivery, operations and management by providing sound, well-founded and timely advice to government on these critical issues.

5. RA recommends that, in particular, IA continues its work and reporting on market capacity and that IA expands this work to focus on specific sectors in more detail to monitor labour workforce supply and demand for skills in high demand transport areas.
6. RA recommends that the Australian Government identify and empower the appropriate organisation(s) to implement the recommendations of IA's [Delivering Outcomes](#) report in partnership with states, territories and industry.

Effectiveness – Review of Infrastructure Proposals

7. RA recommends that IA continues with the \$250m threshold but consider expanding the review of infrastructure proposals where proposal complexity, significance or other factors (such as geographical isolation) are at play.
8. RA recommends that IA consider including the review of infrastructure proposals to include the adequacy of project planning and development and project delivery readiness, including risk management, in accordance with appropriate jurisdictional requirements.

Governance – Independence and Assurance

9. RA recommends that IA remains an independent body providing high quality advice to the Commonwealth regarding infrastructure investment.

Governance – Investment Prioritisation and Additional Priorities

10. RA recommends that IA include the decarbonisation of infrastructure and systems as part of its role in providing advice to government.
11. RA recommends that IA take a stronger role in providing asset management advice at a national level, particularly in transport where there is a weak link between price and service.

12. RA recommends that IA develop a national approach and framework for the inclusion of social outcomes in the procurement of infrastructure.
13. RA recommends that IA consider how it can support the move to increased recycling and the move to a circular economy in its infrastructure advice to government.
14. RA recommends that IA include a focus in its assessment of proposals productivity improvements through the use of technology to enhance the planning, design, construction and operation of infrastructure.
15. RA recommends that IA continue its national approach in freight and provide advice to government on freight issues particularly as it relates to transport and other related infrastructure.

Governance – Role and Relationship with other infrastructure bodies

16. RA recommends that IA continues its national role and works closely with jurisdictional infrastructure bodies and other organisations as appropriate.

Governance – Role and Composition of the Board

17. RA recommends that IA continue to have a diverse governing board selected from people with experience in government and/or industry and acknowledged expertise in infrastructure planning, delivery and operations.

Other Functions – Australian Cities and Suburbs Unit

18. RA recommends that an Australian Cities and Suburbs Unit be established within Infrastructure Australia where it can provide independent advice to government

INFRASTRUCTURE AUSTRALIA'S ROLE

- 1. RA recommends that Infrastructure Australia consider the development, management and ongoing coordination of a national pipeline of infrastructure projects in partnership with the states and territories.**
- 2. RA recommends that Infrastructure Australia remains an independent advisory body providing advice to the Australian Government on nationally significant infrastructure matters.**

Governments across Australia are making record investments in infrastructure. This is particularly the case with investment in transport infrastructure now being at a once-in-a-generation level. While these record levels of investment are welcome, it is critical that the investment is targeted at the most important, valuable and nationally significant projects.

It is essential for industry to have visibility of upcoming infrastructure projects for it to plan and ensure it has the required skills and resources. In RA's [Procurement Reform Report 2020](#), the visibility of the forward pipeline of projects was identified as one of the priorities for a competitive and sustainable infrastructure industry.

The report also identified the lack of a nationally coordinated pipeline of future projects. Infrastructure Australia's Infrastructure Priority List identifies currently unfunded nationally significant proposals. While this information is valuable, it does not constitute a forward pipeline of work upon which industry could make informed decisions regarding opportunities, skills and resourcing.

There are currently multiple project pipelines across jurisdictions, including at a national level. With the present level of investment, the supply chain challenges and skills scarcity issues, it would be beneficial for there to be a nationally coordinated forward project pipeline. This is a role that could be undertaken by Infrastructure Australia in partnership with the states and territories.

It is important that the Australian Government receives (and acts on) high quality independent advice on nationally significant infrastructure.

While RA does use reports and advice from a range of infrastructure organisations and advisory bodies, IA brings an independent, national approach that is highly valuable and built on IA's strong engagement with key stakeholders.

EFFECTIVENESS – PUBLICATIONS

- 3. RA recommends that IA continue with its Five-year Policy Cycle approach and its regular Infrastructure Audit, Infrastructure Plan and the Infrastructure Priority List.**
- 4. RA recommends that IA continues to respond to emerging issues impacting infrastructure investment, delivery, operations and management by providing sound, well-founded and timely advice to government on these critical issues.**
- 5. RA recommends that, in particular, IA continues its work and reporting on market capacity and that IA expands this work to focus on specific sectors in more detail to monitor labour workforce supply and demand for skills in high demand transport areas.**
- 6. RA recommends that the Australian Government identify and empower the appropriate organisation(s) to implement the recommendations of IA's [Delivering Outcomes](#) report in partnership with states, territories and industry.**

Infrastructure Australia has a well-established five-year policy cycle to identify infrastructure challenges and opportunities and make assessments of Australia's future infrastructure needs.

The Australian Infrastructure Audit, Australian Infrastructure Plan and the ongoing Infrastructure Priority list are highly valuable and useful publications.

These set out a clear and rational approach for the identification of infrastructure gaps and needs, and the list of nationally significant investment opportunities for consideration of government and other decision makers.

The current infrastructure market is experiencing significant challenges particularly in the context of emerging from the COVID-19 pandemic and recent geo-political instability. This has resulted in significant supply chain constraints, rapidly increasing materials costs and an extremely tight labour market with skills shortages.

In the 2021 Market Capacity report, IA identified and quantified these issues and their impact on the delivery of the pipeline of projects. The report identified the need for a coordinated project pipeline to manage capacity constraints and provide confidence and certainty for both industry and government. The report also identified the need for a step-change in both infrastructure productivity and innovation.

This analysis and advice to government is critical and work that IA should continue to focus on.

Given the market capacity constraints associated with the infrastructure build, (\$155bn in the next 10 years alone), RA strongly supports this market capacity work and reporting, and recommends IA expands this work to focus on specific sectors in more detail to monitor labour workforce supply and demand for skills in high demand transport areas.

It is important that IA is able to respond to emerging issues affecting infrastructure investment, development, operations and management and provide sound and well-founded advice to government.

Through its [Delivering Outcomes](#) report of 2022, IA has identified the need for transformational changes in the way infrastructure is planned and delivered in Australia. This report was informed by extensive engagement with industry and provides a roadmap for reform over the next 10 years. The key reform recommendations align strongly with RA's work in procurement reform and the recommendations of its Procurement Reform Report 2020. They also strongly align with RA's more recent submission to [House of Representatives Standing Committee on Infrastructure, Transport and Cities inquiry into Procurement Practices for Government-funded Infrastructure](#).

The Delivering Outcomes report outlines a roadmap for reform and provides important recommendations. It is critical that government takes a lead in implementation of these recommendations and develops a comprehensive approach to reform as set out in the report.

EFFECTIVENESS – REVIEW OF INFRASTRUCTURE PROPOSALS

7. RA recommends that IA continues with the \$250m threshold but consider expanding the review of infrastructure proposals where proposal complexity, significance or other factors (such as geographical isolation) are at play.
8. RA recommends that IA consider including the review of infrastructure proposals to include the adequacy of project planning and development and project delivery readiness, including risk management, in accordance with appropriate jurisdictional requirements.

IA is required to review infrastructure proposals where more than \$250m of Australian Government funding has been committed. This threshold seems to be reasonable and is supported. It is generally accepted in Australia and around the globe that as projects grow from large to mega projects, their complexity and the potential of unexpected risks increase dramatically. To assist in the management of these complex projects it is important that an independent and nationally and internationally connected organisation like IA be involved to assist in flushing out risks that can then be managed and/or mitigated early in the process.

Additionally, there may be merit in the review of individual proposals below this threshold where the proposal so warrants due to complexity, significance, geographical isolation, or other important factors.

RA has identified the importance of project planning and appropriate risk allocation to the success of infrastructure projects, particularly in transport. In its Procurement Reform Report 2020, RA has recommended that additional time be allocated to planning and design and there be early engagement with industry particularly around risk allocation and management.

The IA Assessment Framework Stage 3 does include the development of a delivery and operations strategy for infrastructure proposals. In the current environment, this is critical and further work should be done to reflect the supply chain, cost and workforce risks currently being experienced by the industry. This could also include the commercial and contracting models proposed for the project and strategies to ensure project delivery readiness.

GOVERNANCE – INDEPENDENCE AND ASSURANCE

9. RA recommends that IA remains an independent body providing high quality advice to the Commonwealth regarding infrastructure investment.

RA believes that IA plays an important role in ensuring the integrity of Commonwealth government investment in infrastructure in Australia. The independence of IA is critical in fulfilling this role. In particular, IA's ability to engage nationally, with industry and consult with the community and its ability to be open and transparent with its reports, analysis and recommendations is highly valued.

GOVERNANCE – INVESTMENT PRIORITISATION AND ADDITIONAL PRIORITIES

10. RA recommends that IA include the decarbonisation of infrastructure and systems as part of its role in providing advice to government.

11. RA recommends that IA take a stronger role in providing asset management advice at a national level, particularly in transport where there is a weak link between price and service.
12. RA recommends that IA develop a national approach and framework for the inclusion of social outcomes in the procurement of infrastructure.
13. RA recommends that IA consider how it can support the move to increased recycling and the move to a circular economy in its infrastructure advice to government.
14. RA recommends that IA include a focus in its assessment of proposals productivity improvements through the use of technology to enhance the planning, design, construction and operation of infrastructure.
15. RA recommends that IA continue its national approach in freight and provide advice to government on freight issues particularly as it relates to transport and other related infrastructure.

As stated previously, Infrastructure Australia has a well-established five-year policy cycle that identifies infrastructure challenges and opportunities and assesses Australia's future infrastructure needs. The delivery of the Australian Infrastructure Audit, Australian Infrastructure Plan and the ongoing Infrastructure Priority list are considered to be highly valuable. This should be continued as a priority.

RA believes that there are several critical issues that require addressing and could be undertaken by IA, including:

Decarbonisation of infrastructure and systems

[The Journey to Net Zero - Inspiring Climate Action in the Australian Transport Sector](#) was delivered as part of an industry-first partnership between the Australasian Railway Association (ARA), Infrastructure Sustainability Council (ISC) and Roads Australia (RA), and included 46 recommendations to accelerate decarbonisation in the sector.

Several of these recommendations particularly related to policy, investment and a national strategic approach could be pursued by IA. In particular Recommendation No. 4 *Implement governance structures, processes and approaches to drive transparency and sound decision making to support the decarbonisation of transport systems* has particular relevance to the national role of IA.

Asset management

Infrastructure is typically long-lived and its ongoing management to ensure that it continues to deliver benefits to the economy and the Australian community is vital. While whole-of-life costs are considered in proposal assessments, a stronger focus on management of infrastructure assets including their operations to deliver the desired benefits would be enormously beneficial.

Infrastructure – and particularly transport assets – are generally owned and managed by state and local jurisdictions within specific jurisdictional asset management requirements. IA could play a national role in advising government on asset management at a national level. This is particularly the case with transport infrastructure where there is often a very weak connection between the price the user pays and the services the infrastructure owner provides.

Social outcomes from procurement

Governments across Australia are using procurement to achieve important social outcomes including meaningful and genuine indigenous participation, local business and employment opportunities and enhanced environmental outcomes, among other.

There is not currently a national framework or approach in the way these outcomes are sought or achieved.

It would be useful for IA to develop a national approach and framework for the inclusion of social outcomes in procurement. This would include the development of measures and assessment criteria to assist industry in transparency about these requirements.

Recycling and move to circular economy

[Transport and infrastructure ministers at their meeting of 5 June 2020](#) noted the opportunity

through the increased pipeline of transport projects to re-purpose waste in support of the COAG Waste Export Ban and the National Waste Action Plan. It is critical that there be consistent and national standards and appropriate targets for recycling. This could be a role for IA and could be included within their priorities for the upcoming period.

Technology and productivity

In the Journey to Net Zero report, the increasing use of technology to improve infrastructure procurement, delivery and operations was identified as a key recommendation. This is encapsulated in Recommendation No. 5 *Adopt and promote technology solutions that optimise asset design, construction and operation of road and rail fleets to assist in the transition to a low carbon economy.*

The appropriate use of technology particularly digital through the life cycle of the infrastructure will improve productivity and the management of risk for all parties to a project.

National Freight and Supply Chain Strategy

The efficient and effective movement of freight is fundamental to a growing economy and thriving communities. There have been significant challenges in the freight industry through the COVID-19 pandemic and recent geo-political and natural disaster impacts on the supply chain nationally and internationally.

Australian governments together with extensive input from industry have developed the [National Freight and Supply Chain Strategy](#). The focus on freight as a national issue has been a recommendation of IA.

GOVERNANCE – ROLE AND RELATIONSHIP WITH OTHER INFRASTRUCTURE BODIES

16. RA recommends that IA continues its national role and works closely with jurisdictional infrastructure bodies and other organisations as appropriate.

While other jurisdictions have established their own infrastructure bodies, often with different roles and charters, it is important that IA fulfills its national role in providing advice at a national level.

IA does work with other jurisdictional infrastructure bodies and the ongoing sharing of information and coordination of work priorities and assist in minimising duplication and maximising outcomes.

It is important that IA continues its strong engagement and coordination with other infrastructure organisations and bodies to assist in the promotion and delivery of efficient and effective infrastructure for the Australian community.

GOVERNANCE – ROLE AND COMPOSITION OF THE BOARD

- 17. RA recommends that IA continue to have a diverse governing board selected from people with experience in government and/or industry and acknowledged expertise in infrastructure planning, delivery and operations.**

RA supports an independent board for IA with mix of skills, experience and expertise that can guide the organisation. It is important that there is diversity within the Board membership as this is proven to deliver the best outcomes.

OTHER FUNCTIONS – AUSTRALIAN CITIES AND SUBURBS UNIT

- 18. RA recommends that an Australian Cities and Suburbs Unit be established within Infrastructure Australia where it can provide independent advice to government**

Australia is one of the most urbanised countries globally and our cities are one of the biggest drivers of the economy. The performance of our cities is underpinned by its infrastructure and the creation of an Australian Cities and Suburbs Unit within Infrastructure Australia is a logical fit and a sensible priority.

RA supports the establishment of an Australian Cities and Suburbs Unit. This aligns with the Place Making priority within the RA Strategic Plan.

That said, in working on city policy it should not be forgotten that regional Australia contains much of Australia's significant transport

infrastructure (road, rail ports and airports), linking our cities together and delivering national economic benefits.

CONCLUSION:

RA appreciates the opportunity to make this submission to the Independent Review of Infrastructure Australia.

Given the significant scale of the nation's current transport infrastructure pipeline and the role its delivery will play in supporting national economic activity, RA strongly encourages the Independent Review to adopt the recommendations put forward in this submission.

When the right infrastructure, especially a service supporting infrastructure like transport, is built and maintained properly it can produce significant productivity improvements. But we also need to ensure that the construction and maintenance of that infrastructure is also benefiting from improved productivity measures.

Our recommendations will enable industry to deliver productivity improving projects more efficiently and deliver a wider range of economic and environmental benefits to the community. They will also improve the capacity of our industry's workforce by allowing it to become more skilled and diverse.

RA looks forward to continuing to work and engage with Infrastructure Australia in delivering outcomes for Australia and Australian communities.



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