

# CALL TO FUND PRODUCTIVE INFRASTRUCTURE

In May 2016, representatives of eight peak bodies and concerned organisations released a Joint Infrastructure Statement calling on all major political parties to commit to facilitating and supporting increased investment, both public and private, in economic infrastructure.

We join together again now to urge cross-party support for improved long-term infrastructure planning, action on a funding mechanism to support investment in priority projects, and strengthened Parliamentary oversight of public investment decisions.

At a time when interest rates are low, and Australia's economic credibility remains competitively high, the Federal Government should be prepared to borrow for public infrastructure investment. We support fiscal discipline to reduce budget deficits, however this discipline should not come at the expense of good debt used to invest in productivity-enhancing nation-building.

We call on all political parties to support this call and work with industry representatives in the long-term interest of our nation. We are concerned that Australia's international competitiveness and domestic standards of living are at risk unless immediate and concerted action is taken.

We remain concerned that long-term funding for major projects announced during Federal and state elections remains far less than what is required to maintain our standard of living and boost productivity. All government-supported significant infrastructure projects should be subject to a detailed business case which takes into consideration the wider economic whole-of-life costs and social benefits, for example those which help grow jobs and boost housing supply and affordability.

We believe that Infrastructure Australia has made a good start on project identification and prioritisation of national infrastructure projects but, despite their best efforts, there is an urgent need for a long-term funded pipeline of quality infrastructure projects. Australia's project pipeline of infrastructure projects should extend for 30 years, not

the current 15 years. This is essential to provide public confidence and investment certainty for the private sector.

State and territory governments should be required to adopt robust independent advisory processes at arms-length from government, similar to the Infrastructure Australia model. The role of these processes should be to plan and identify projects, priorities and investment opportunities for the public and private sectors. The existence of such processes should be a pre-condition for eligibility for Commonwealth funding. The establishment of Infrastructure Victoria and Building Queensland are good examples where state governments have led in infrastructure decision making.

We strongly believe that the Australian Infrastructure Plan and state and territory infrastructure plans, priorities and investments should be subjected to Parliamentary debate and approval to provide greater certainty for infrastructure decisions across electoral cycles.

Transformational projects that are under Infrastructure Australia's threshold should have a pathway for assessment and investment. In addition, often a number of smaller projects and strategic investments can optimise the utilisation of existing infrastructure, catalyse urban regeneration and avoid the need for major new investments. We recommend that a pathway be established for below-threshold transformational projects and that bundling of small projects into a single investment plan, like that created through the Australian Government's City Deals initiative, should be encouraged and be considered for funding. We welcome City Deals but note the need for a broader approach that includes state and national infrastructure plans.

We also encourage the Government to fully explore the opportunities for utilising, where appropriate, innovative infrastructure financing for major projects and mechanisms to incentivise private sector investment. Investments should be determined on the basis of the business case and, on a case-by-case basis, provision within infrastructure funding should be made to fund business case development.



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