



Australian Government

Department of Infrastructure and Transport

Productivity Commission study to Benchmark Australia's Major Project Development Assessment Processes

June 2013

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1.0 Executive Summary

The Department of Infrastructure and Transport (the Department) recognises that road, rail, port and airport infrastructure is an enabler of productivity. A key determinant of Australia's future economic prosperity, therefore, will be our success in harnessing the productive potential of our existing infrastructure assets and the productivity gains that we are able to achieve through investing in new economic infrastructure.

The Department is involved in major project development assessment and approval processes, in three key ways. It:

- facilitates the approval processes of federally leased airports for the Minister's consideration;
- ensures through its substantial investment in infrastructure, the delivery of the transport infrastructure Australia needs into the future; and
- provides strategic advice on policy and processes to ensure the efficient and effective development of transport infrastructure.

1.1 Airport Planning and Approval Processes

Under the Airports Act 1996 (the Act) there are 22 federally leased airports, 19 of which require Ministerial approval for infrastructure development under (or in accordance with) Master Plans (MPs) and Major Development Plans (MDPs). The MPs are the major planning document for an airport. The approval process for MPs feature:

- Strict statutory timeframes for Ministerial approval;
- Mechanisms to stop the statutory Ministerial approval period where an airport has not provided sufficiently detailed information; and
- Requirements for appropriate stakeholder consultation and proof that comments have been addressed.

The Minister has 50 business days in which to either approve or refuse the Master Plan. If there is no decision after 50 business days, the plan is deemed to be approved.

Likewise, a proposal for a major development on an airport site requires Ministerial approval of an MDP. MDPs are triggered by a range of circumstances set out in the Act. They include proposed:

- major aeronautical works such as new or extended runways, terminals and taxiways;
- other works such as buildings and roadworks where the cost of construction exceeds \$20 million;
- developments with major environmental impact or in an area identified as environmentally significant; and
- developments that are likely to have significant local or community impact.

An MDP can also be triggered where consecutive or concurrent developments are proposed, but no individual development qualifies. Sensitive developments (residential development,

hospitals, community care facilities and schools on the leased site) are generally prohibited. In exceptional circumstances, an airport may seek the Minister's approval to prepare an MDP for a sensitive use for the Minister's consideration. As with Master Plans, the Minister has 50 business days (and a maximum of 60 business days) to either approve or refuse the MDP. If no decision is taken, the MDP is deemed to be approved. The Minister may approve the MDP subject to conditions.

1.2 Investment in Transport Infrastructure

A key role of the Department is as a major investor in land transport. Since 2008, the Australian Government has committed \$60 billion (to 2018-19) towards road and rail infrastructure under the Nation Building Program. By working with states, territories and local governments, this investment has been spread across a range of road and rail programs and projects in the National Land Transport Network.

The overarching objective of the next phase of the Nation Building Program is to 'lift Australia's productivity through nationally significant land transport infrastructure'. To maximise the impact of the Australian Government investment, the additional Nation Building infrastructure investments build upon the successes to date and provide a solid foundation for addressing Australia's current and future transport infrastructure needs.

1.3 Strategic Advice and Facilitation

The Department recognises that planning, design and procurement of major infrastructure projects can often vary especially with regard to:

- size and type of project;
- location of the project; and
- environmental approvals.

It is therefore important to understand why this occurs and to ensure robust practices are put in place to reduce unnecessary and costly processes. However, in doing so, consideration must be given to balancing the need to have responsive, fast moving approvals processes with the need to protect the public interest.

In addition to our role as an investor, therefore, the Department also provides strategic policy advice and pursues initiatives to ensure the most effective and efficient development of the infrastructure. This ensures the right infrastructure is provided at the right time. Examples of this include:

- working through COAG on major urban policy initiatives that provide for better integrated, spatial planning;
- land transport reform and regulation;
- the management of the Major Project Facilitation program, which aims to assist private sector proponents undertaking major projects, to navigate the various Australian Government approval and assessment processes; and

- other supportive activities such as the development and implementation of a National Pre-qualification System and the National Infrastructure Construction Schedule (NICS).

The emergence of Infrastructure Australia has also been a positive contribution towards progressing national approaches to the development of Australia's economic infrastructure. Its role in this area is demonstrated by the National Infrastructure Priority List, the National Land Freight Strategy and the National Ports Strategy.

2.0 The Department of Infrastructure and Transport

The Department provides policy advice to the Minister for Infrastructure and Transport.

The Department is responsible for providing policy advice and targeted research, delivering administered items and regulation for the following five programs:

- infrastructure investment;
- transport security;
- surface transport;
- road safety; and
- air transport.

This submission reflects the Department's role within these areas, where related to major project development assessment and approval processes.

3.0 Policy and Regulatory Context

Since the early 1980s, successive Australian governments have actively pursued microeconomic reform across a number of areas to make the Australian economy more responsive and efficient. The aviation, roads and rail (land freight), ports and shipping sectors have been a major part of the reform process. The Department has been an integral part of national policy efforts to improve the overall efficiency, competition and productivity of Australia's transport networks, including through funding nationally significant transport infrastructure.

The Department has supported an approach of 'light handed regulation where it has a role'. Where the Department does not have a direct role, it encourages early involvement and participation in project governance from early planning stages of project development. More recently, in conjunction with Infrastructure Australia, it has also provided advice on a more strategic approach in relation to major project approval processes.

The Department works closely with the states and territories and other Australian Government agencies such as the Department of Sustainability, Environment, Water Population and Communities (SEWPaC) in facilitating approvals under the Nation Building Program, which funds major road and rail infrastructure across Australia, in partnership with State and Territory Governments.

4.0 Airport Planning and Approvals: where the Department has a direct role

4.1 Background

Between 1997 and 2003 the 22 airports owned and operated by the Government through the former Federal Airports Corporation (FAC) were privatised on a leasehold basis; one was subsequently converted to freehold and 19 are now subject to the planning regimes as discussed below.

The Government's intention for the privatisation process was to improve the efficiency of airport investment and operations, allowing private airport operators to provide the necessary services on a commercial basis; facilitate innovative management; and encourage greater local involvement and input to decisions on airport operation and development, ensuring the public interest is protected.

To ensure these objectives were met in both the short and long term, and the necessary regulatory safeguards could be maintained into the future, the Government introduced a package of measures to regulate the leased airports. This included development assessment processes, as the planning control of Airports as nationally significant assets, remains with the Government.

The key legislative instruments regulating airports are the Airports Act 1996 (the Act) and its subordinate Regulations. The Act establishes a comprehensive framework for the regulation of leased federal airports covering a range of development matters including leasing and management; land use planning and building controls; environmental management; and protection of airspace. The Act provides for airports to engage in both aeronautical and non-aeronautical development.

The development of the federally leased airports since privatisation has benefitted from a number of key features of the legislative framework which give regulatory certainty to support continued investment. These include a planning hierarchy that has clear objectives and processes, transparency in decisions through encouragement of community and stakeholder consultation, and a best practice approach to planning approval.

4.2 Legislative and Regulatory Framework for Airport Planning and Development

Leases

The leases are long term – 50 years initially and with an option, which can only be exercised by the Airport Lessee Company (ALC), to extend the lease a further 49 years. There are very limited conditions under which the Government can terminate the lease. However, the Act and the lease contain a range of requirements that must be met in order to not be in breach of the lease.

The lease agreements prescribe that throughout the term the lessee must develop the airport site at its own cost and expense having regard to:

- the actual and anticipated future growth in, and pattern of, traffic demand for the airport site;
- the quality standards reasonably expected of such an airport in Australia; and
- good business practice.

The ALC must maintain aeronautical activity as anticipated in aviation forecasting. The airport must be maintained to levels allowing the airport to be fully operational as a piece of important national infrastructure.

Master Plans

Each ALC is required under the Act to produce a Master Plan (MP) every five years. Following approval by the Minister, the MP becomes the prime planning framework for the airport site. The MP has a 20 year planning outlook for the airport and outlines proposed development for the airport during the short, medium and long term. All development on leased federal airport land must not be inconsistent with the ALC's approved MP. The required content of a MP is listed in detail in section 71 of the Act. These include

The Act also describes the matters which the Minister must have regard to in considering the MP (Section 81). The Minister has 50 business days in which to either approve or refuse the MP. If there is no decision after 50 business days, the plan is deemed to be approved.

There is also a process established under the Act to allow for minor variations to the MP within the five year renewal period.

Major Development Plans (MDPs)

A proposal for a major development on an airport site requires the preparation and Ministerial approval of a Major Development Plan (MDP). MDPs are triggered by a range of proposals set out in Section 89 of the Act. They include:

- Major aeronautical works such as new or extended runways, terminals and taxiways;
- Other works such as buildings and roadworks where the cost of construction exceeds \$20 million;
- Developments with major environmental impact or in an area identified as environmentally significant; and
- Developments that are likely to have significant local or community impact.

An MDP can also be triggered where consecutive or concurrent developments are proposed, but no individual development qualifies.

Sensitive developments (residential development, hospitals, community care facilities and schools) are generally prohibited. In exceptional circumstances, an ALC may seek the Minister's approval to prepare an MDP for a sensitive use for the Minister's consideration.

Section 91 of the Act clearly sets out the content requirements for a MDP and forms the basis for assessment of the proposal, and Section 94 sets out the matters which the Minister must have regard to in deciding whether to approve or reject the MDP.

As with MPs, the Minister has 50 business days (and a maximum of 60 business days) to either approve or refuse the MDP. If no decision is taken, the MDP is deemed to be approved. The Minister may approve the MDP subject to conditions.

Consultative and coordination processes

Under the Act MPs and MDPs must be publicly exhibited for 60 working days before being finalised and submitted to the Minister. The documents submitted to the Minister must indicate the persons and bodies consulted during the preparation of the plan, contain copies of all of the documents submitted as part of the public consultation, and also indicate how the airport has given due regard to the comments received.

As well as consultation with the community, and local and state governments, the master planning and MDP processes require early consultation with key agencies such as the Civil Aviation Safety Authority (CASA), Airservices Australia, and the Department of Sustainability, Environment, Water, Population and Communities (SEWPaC).

An MP or MDP must address the extent of consistency with planning schemes in force under a law of the State or Territory in which the airport is located. On-airport developments should generally be consistent with the planning schemes of the jurisdictions surrounding the airport.

The Minister has the capacity to approve a shortened public consultation period where a development proposed in a MDP has been foreshadowed in a MP and where it is unlikely that there would be significant community impact. This provision can streamline approvals for non-contentious developments (for example terminal extensions).

'Stop the Clock' provisions

Where there is insufficient information in a MP or MDP to allow the Minister to make a proper decision, an ALC may be requested to provide further information. In this case, the clock stops while the additional information is being gathered and supplied. This is an important mechanism to facilitate good decision making – an example of its use is included later.

Building control and environmental management

Part 5 Division 5 of the Act, and the Airports (Building Control) Regulations 1996 under the Act, prescribe the requirements for building control at leased federal airports. Airport Building Controllers are the Government's representatives responsible for ensuring that building activities at these airports meet the appropriate building and engineering standards.

The Airports (Environment Protection) Regulations 1997 establishes an Australia wide system of regulation for pollution and excessive noise (from sources other than aircraft in flight) and to promote better environmental outcomes on leased Government airports. The regulations are made under Part 6 of the Act. Airport Environment Officers are authorised officers under the Act and oversight compliance of the leased federal airports with legislative environmental management provisions.

4.3 Examples of legislative provisions resulting in good project development decisions

Shortened consultation and “stop the clock” for MDP

A major airport foreshadowed a significant terminal development in a MP. As it received little community comment, the Minister approved a shortened consultation period for the MDP. However, when the MDP was submitted for assessment, it was noted that the airport had not given sufficient weight to concerns expressed by Airservices Australia about potential impacts on facilities used for instrument landings. The stop the clock mechanism allowed for a pause in the assessment process while the airport finalised design plans that met Airservices Australia’s requirements and gave the Minister confidence that the proposed building would not compromise airport safety.

Master Plan processes

During the development of a MP for a secondary city airport, the community expressed concerns about aviation forecasting, and a lack of engagement from the ALC. The Minister invoked his ability to ‘stop the assessment clock’ and queried the ALC on these particular issues. The ALC did not address the Minister’s concerns in sufficient detail. Subsequently, the Minister refused to approve the draft MP, and requested the airport to submit a fresh plan, taking into consideration the issues not addressed by the rejected draft. The Minister was able to ensure that the community was adequately informed about the true extent of aviation operations at the airport, and encouraged a higher level of community engagement by the ALC.

Minor Variation to Major Development Plan

A major city airport submitted an MDP for a multi-level car park and pedestrian plaza. During the assessment of the MDP, a review of public submissions revealed a discrepancy in the level of consultation undertaken on particular elements of the MDP which appeared to be absent from the plan. The Minister invoked his ability to ‘stop the assessment clock’ and discussed with the ALC to seek further information. The ALC agreed to lodge a minor variation to incorporate additional planning designs in the MDP. The capacity to submit a minor variation gave the public the opportunity to fully understand the impact of the MDP for pedestrian and traffic movements from the terminal to the car park.

Impact of Airports Act requirements

Since airport privatisation commenced in 1997, Australia’s major airports have continued to build and improve airports to meet growth in the aviation market and realise commercial opportunities. The long term leases and regulatory certainty provided by the legislative and regulatory environment mean that the ALCs have been able to raise finance on domestic and overseas markets and develop an on-going commercial relationship with airlines and other airport users. The airports have delivered relatively efficient pricing, high levels of productivity and operational efficiency in international terms while maintaining reasonable levels of quality of service.

The operators of the major airports leases committed to undertake a total of \$700 million of capital expenditure at the airport sites over the first 10-year period of the airport leases. All

airports met this requirement within the specified timeframe and in some cases, well before the ten year period elapsed.

In more recent years, the pace of growth in air travel has quickened and most airports have implemented significant building programs to cater for current and future growth. Some of these include:

- New international and/or domestic terminal developments in Sydney, Melbourne, Brisbane, Perth, Adelaide, Canberra and the Gold Coast airports;
- New airport access roads in Brisbane and Perth;
- New multi-storey car parks in Sydney, Brisbane, Adelaide and Canberra;
- Runway overlays in Adelaide and Hobart; and
- Provision for wide body jets such as the A380 at major airports.

In addition, there has been significant non-aeronautical development in parts of the airport that will not compromise aeronautical operations. These include commercial, industrial and retail developments.

Information obtained from ALCs indicates that in the period since airport privatisation, the airport lessees have undertaken more than \$6.9 billion in capital expenditure of which more than \$4 billion (or 59 per cent) was in aeronautical facilities.

The Department's submission and additional information provided to the previous Productivity Commission Inquiry into Airport Economic Regulation contained extensive detail of this investment.

5.0 Other Infrastructure: Activities where the Department has no approval role but has a direct interest

5.1 Nation Building Program and related funding programs

Investment as a lever to delivering infrastructure

The transport investment program under the Department's management is substantial - since 2008, the Australian Government has committed \$60 billion (to 2018-19) towards road and rail infrastructure under the Nation Building Program.

Under the first phase of the Nation Building Program (2008-09 to 2013-14) the Australian Government invested \$36 billion. The Department is currently delivering this investment through a range of road and rail programs and projects across the National Land Transport Network.

The next phase of the Nation Building Program (2013-14 to 2018-19) will see the Australian Government invest a further \$24 billion in partnership with the State, Territory and Local Governments. To ensure funding is directed to projects with the greatest potential to improve productivity, assessments have been undertaken by Infrastructure Australia and the Department for all projects over \$100 million.

The projects were assessed against the four cornerstone themes of the program to support and complement the overarching program objective including: Moving Freight; Connecting People; Safety; and Innovation. These assessments also focussed on key project traits such as national significance and alignment with the Australian Government's key strategic infrastructure policies including the National Ports Strategy, the National Land Freight Strategy, Commonwealth Infrastructure Investment Framework and the National Urban Policy.

As a substantial funder the Australian Government also has a vested interest in an efficient and effective market place for such projects. The Department actively manages these projects and works with its partners to aid wherever possible the development assessment and approval processes to ensure these road and rail projects are delivered to the standard expected, in a timely and cost effective manner.

Major Projects Processes

The Department has experience related to the delivery of major land transport infrastructure projects and as an observer during approval processes prior to providing construction funding. The Department also provides funding for planning and design, and proponents are required to update the Department in relation to approvals required, steps towards achieving these approvals and decisions made.

When and where required, the Department plays a role in facilitating major projects through complex approval processes, by virtue of its association and involvement with other Australian Government agencies, such as SEWPaC and the Department of Education, Employment and Workplace Relations. Generally major project development assessment processes across all levels of government on the whole, deliver good regulatory outcomes for

the public and provide transparency and certainty to promote investment. This is borne out in a number of examples from across the portfolio. These are discussed in the following sections of the submission.

The Department recognises that administrative processes can potentially slow down project planning, release and development of land, infrastructure and vital services and that this may represent a significant cost to business, the government and the community. The Department also recognises it is important to minimise the impact of time and costs on proponents and government administrative bodies. However there needs to be a balance of appropriate consideration for the environment, and input from, stakeholders and communities and these matters can take time. In addition, decisions relating to approvals may be legislatively based, are complex and take time to properly assess to protect the community and to provide value for money.

Stakeholder Management and Governance Arrangements

The Department's experience is that successful projects are ones where the proponent has early and continual participation and engagement with stakeholders. Better outcomes can be achieved if stakeholders and end-users are engaged early in the planning stage and then throughout the delivery and management of infrastructure and services. In addition, if all the relevant parties are involved in the early stages of project planning there is less likelihood or need to invoke "stop the clock" processes in gaining development approvals.

WA Gateway – a community engagement example

Stakeholder and community consultation is a key component of the success of planning for the \$1 billion Western Australian Gateway project. This includes a broad range of ongoing engagement activities, such as:

- community liaison;
- public display of proposals;
- open forums and web pages;
- project newsletters distributed to local households and businesses; and
- regular meetings of key government stakeholders (Federal, state and local) that considered project development issues including freight, environmental impacts, drainage and urban design.

The feedback received through consultation has influenced a number of key decisions relating to road design, access arrangements, environmental management, amenity for pedestrians and cyclists and aesthetics for the treatment of the Gateway WA project. The project is considered a success due to the following:

- early involvement of the Australian Government in the initial planning stage (Perth Airport Transport Master Plan) and the subsequent Gateway WA Project Master Plan;
- early and transparent stakeholder engagement with government and institution stakeholders such as WA Department of Environment and Conservation, WA Department of Planning, WA Department of Water, the Public Transport Authority, local government and Perth Airport;

- sound governance arrangements: The Department is involved in project steering groups at executive and project management levels; and
- a desire by both the State and the Australian Government to deliver a successful project with minimal delays.

Bilateral Agreements for Environmental Assessments

Many delays experienced for major infrastructure projects are due to environmental approvals: often because the environmental impacts are under estimated or the current bilateral processes do not cater for all the environmental issues. Under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC), many assessments of projects are carried out under a bilateral agreement by state bodies such as Environmental Protection Authorities (EPAs). These agreements were introduced to reduce duplication of environmental assessment and regulation between the Australian Government and States/Territory Governments. They allow the Australian government to 'accredit' particular state/territory assessment processes and, in some cases, state/territory approval decisions. They also allow the Australian Government to delegate to the states/territories the responsibility for conducting environmental assessments under the EPBC Act. Bilateral agreements may also deal with various other matters, such as management plans for World Heritage properties and cooperation on monitoring and enforcement.

As discussed above, the State EPA is responsible for preparing an assessment which addresses both State and Australian Government issues. However, the process still requires the submission of the state or territory assessment report for approval to the Australian Government Environment Minister. Once submitted, the Australian Government Minister has 30 business days to make a decision. The Minister may also “stop the clock” if more information is required relating to EPBC matters.

When a project, particularly an MPF project, cannot be accredited under a bilateral agreement (for example, where part of a project occurs in Australian Government waters) then a different approach must be adopted. This involves the project proponent, SEWPaC and the State authority working together so that the one Environmental Impact Statement (EIS) can address both State and Australian Government issues. This reinforces that the success of either approach is dependent on effective communication and engagement between proponents, the Australian Government and State authorities.

Recent example of a significantly delayed road project due to environmental issues

A recent example of where delays can be extensive is the road works between Traralgon East and Kilmany in Victoria (funded under Nation Building Program).

As indicated above the Australian and Victorian governments have a bilateral agreement to reduce the duplication of environmental processes. The arrangement, however, is unable to accommodate all environmental requirements. The proposed works were deemed significant and that its potential environmental impact required further assessment and approval under the Environment Effects Act 1978 (Vic) and the EPBC. The reasons for the decision included that the proposed alignment was likely to have a significantly adverse effect on biodiversity, including native vegetation, listed threatened flora and fauna species and vegetation communities of both state and national significance.

As a result of the requirement for a more detailed environmental assessment, this project is now expected to be completed by mid-2016, some 30 months later than initially scheduled. This is a significant delay compared to many other projects.

These sorts of delays are not unusual in the Department's experience, but despite early involvement there is often little the Department can do to expedite the process.

5.2 Major Project Facilitation Program

The Program

The Government recognises that major projects involve some navigation of significant regulation and red tape. The Department through the Major Project Facilitation (MPF) program provides a service to assist with and co-ordinate access to contacts for the various regulatory approvals and assists to reduce barriers to entry to aid in reducing approval time frames. Where appropriate, the MPF service endeavours to ensure that the Government's approval processes are coordinated with relevant state and territory government approval processes.

The MPF program is open to all industry sectors, but it is not mandated or appropriate for all major projects. The Department lists all projects with MPF status, on its website:

<http://www.majorprojectfacilitation.gov.au>

The MPF program has had up to 23 projects with active MPF status over the last three years, 17 of which are still active, reflecting the long planning timeframes required for large infrastructure projects. A map is provided at Attachment A.1. The projects are at various stages of development, and across a range of sectors, including mining and petroleum, infrastructure and renewable energy. Potentially, the current projects represent over \$160 billion in total investment, including generating some 35,000 jobs during the construction and almost 12,000 permanent jobs.

The Minister has the authority to grant MPF status. However, this does not confer any development approval or entitlement upon the project.

The MPF program offers project proponents:

- an initial and ongoing contact point in the Government;
- tailored facilitation services to address the nature and complexity of the project; and
- assists to improve the proponent's familiarity with the Government environment.

Services may include:

- advice on necessary Government approvals as administered under Australian Government legislation;
- referral to other Government agencies for various assistance programs;
- facilitation of relationships between the Proponent, key State, Territory and Australian Government agencies involved in the approvals processes; and

- the ability to respond to specific impediments or policy issues raised during the approvals process or during project development and forwarding the issues to the relevant policy areas within the Government.

In practice, once a project is awarded MPF status, the Department holds a series of roundtable meetings between project proponents and relevant Government agencies involved in both the approvals processes and possible assistance programs.

Proponents have previously pointed to the advantages of having an open dialogue with Government agencies early in their planning processes to identify possible impediments that may then be addressed. The Department then continues to work with project proponents and Government agencies to address any further issues that arise during the course of the project's progress.

Eligibility

To be eligible for assistance under the MPF program the project must meet the criteria outlined below.

- 1) The project is of strategic significance to Australia.
 - the project will significantly boost Australian industry innovation:
 - increasing research and development (R&D) and commercialisation capability and/or
 - a new application of skills and knowledge and/or
 - technology transfer and/or
 - cluster development
 - or, the project will have significant net economic benefit for regional Australia, taking account of a region's investment needs.
 - or, the project's estimated investment exceeds \$50 million and makes a significant contribution to economic growth, exports, employment and/or infrastructure development.
- 2) Requires the Government approval(s) administered under Australian Government legislation in order to proceed and/or significant Australian Government involvement, including through other Government programs.
- 3) Has sufficient financial resources to complete the Government approval(s) process.

Approvals and Assistance

Examples of the Government's approvals and assistance in relation to these projects include:

Approvals

- Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act);
- Native Title Act 1993;
- Foreign Acquisitions and Takeovers Act 1975;
- Environment Protection (Sea Dumping) Act 1981;
- Production, infrastructure and pipeline approvals;
- Relevant Customs and Quarantine legislation; and
- Maritime Security and Safety legislation.

Assistance

- The Enhanced Project By Law Scheme;
- The Tariff Concession System;
- Employment and Training Programs (including Indigenous programs);
- Indigenous Business Programs; and
- Business Migration Programs.

In the Department's experience, anecdotal evidence from proponents and other government agencies is that the MPF is a valuable tool in facilitating major projects where there are likely to be impediments or policy issues raised during the approvals process or during project development. Early engagement with the proponent and relevant Government agencies can help identify and resolve issues that may affect the successful progress of a project.

Experience with MPF provides the following insights regarding other issues affecting project approval processes.

Size and Type of Project

Factors that have added to the complexity of approvals processes can vary considerably between different types of projects and the industry involved. Most current and past MPF projects have been resource projects, involving rail, port and pipeline infrastructure. In addition to requiring environmental approvals, these projects can also trigger native title access agreements and a raft of other legislation. The Department works closely with industry and other government agencies to help the proponent navigate through the various processes.

Location of the Project

The complexity of approvals may also be exacerbated by the location of the project. No two projects are the same, therefore, statistics on the "average" time for approvals processes may be of little use. In an example where two new mining projects required rail infrastructure and port facilities, the timing and cost of the approval process can differ depending on factors such as:

- knowledge of flora and fauna in the area;
- existing data about the presence of endangered and migratory species;
- the amount of dredging to be undertaken in establishing new ports or expanding existing facilities and data relating to the seabed in the proposed dredging area; and
- whether there are any additional projects utilising existing infrastructure which is already approved.

Resources

Feedback from MPF project proponents indicates the program is valued by other Australian Government agencies. The value in the MPF relies on having the proponent in round table discussions with appropriate level officers from the relevant Australian Government agencies. In addition resourcing, continuity, skills and certainty in staffing (in approving agencies) has been identified as a means of expediting the approval processes. An Environmental Impact Statement (EIS) submission, for example, which could number several thousand pages, needs to be scrutinised and assessed and appropriate recommendations made.

Volatility in staffing can affect timeliness of approvals. Notwithstanding this, such decisions take time, to ensure appropriate levels of probity and public accountability.

6.0 Strategic Planning – Where to from here?

6.1 What the Department is doing

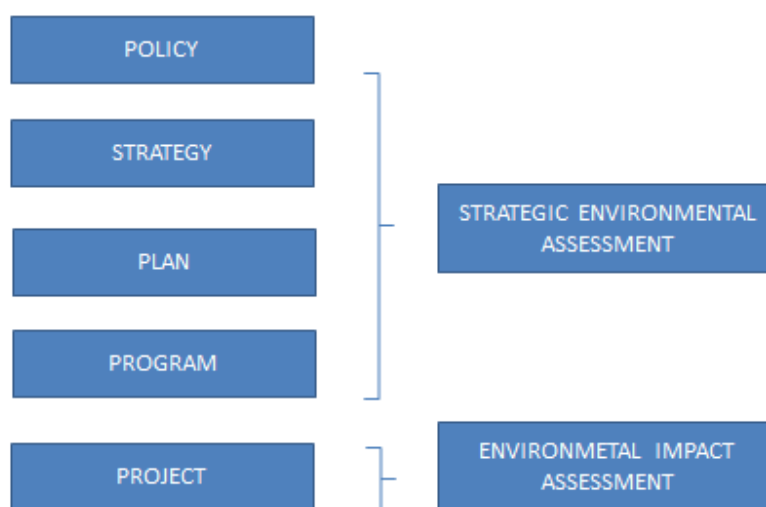
The Department is moving from a focus on reacting to funding of infrastructure projects and programs to viewing infrastructure projects and programs as part of implementing overall strategies. Alignment and integration with national strategies such as the National Urban Policy and National Land Freight Strategy is becoming increasingly important.

The establishment of Infrastructure Australia and the creation within the Department of the Major Cities Unit demonstrates this change in focus. At the same time the Council of Australian Governments has encouraged, through the Review of capital city strategic planning systems, a focus on an enhanced policy and strategic development role to guide jurisdictions land use and infrastructure planning systems.

This change in focus does not mean that the Department’s development approval or consideration of environmental impact statement processes will become redundant. The State and Territory jurisdictions will continue to carry the bulk of all development approval processes, along with SEWPaC. However, it means that there will be more emphasis placed on the strategic and plan making stages of evaluation, with less reliance on only having to be concerned with the final project development assessment stage of the process.

How the Department and other national agencies better engage with the coordination and integration opportunities during the strategic and plan making stages continues to be a work in progress.

Figure 1: Illustrates the stage in the process where EIS project assessment normally occurs and where Strategic Environmental Assessment can be added.



6.2 The national move to a more strategic focus

This focus will inform the shift in public management toward outcomes over outputs.

Long-term planning is crucial to efficiently delivering the infrastructure Australia needs. Identifying the projects that are the highest priority across the nation and ensuring they are done in order of priority builds investor confidence and meaningfully expands the investment pipeline.

Planning decisions are often made without detailed consideration of social, economic or environmental interdependencies. Transport planning often fails to take an intermodal approach, including consideration of the role of an efficient public transport system, nor consider broad spatial planning issues, such as where jobs will be located, how freight will be moved around and through towns, and how people will commute within and between communities.

Inadequate protection of infrastructure corridors presents challenges today, with increased costs of building new or upgrading existing infrastructure, particularly in major cities. Appropriate steps need to be taken to protect land for existing and future infrastructure to meet its maximum potential. Use of these corridors requires Development Approval but is only one part of the project delivery process.

These corridors are required for a variety of transport uses such as High Speed Rail, future roads and future rail tracks. Future infrastructure planning and project decisions should consider new corridors, alignment with existing corridors and protection of existing corridors.

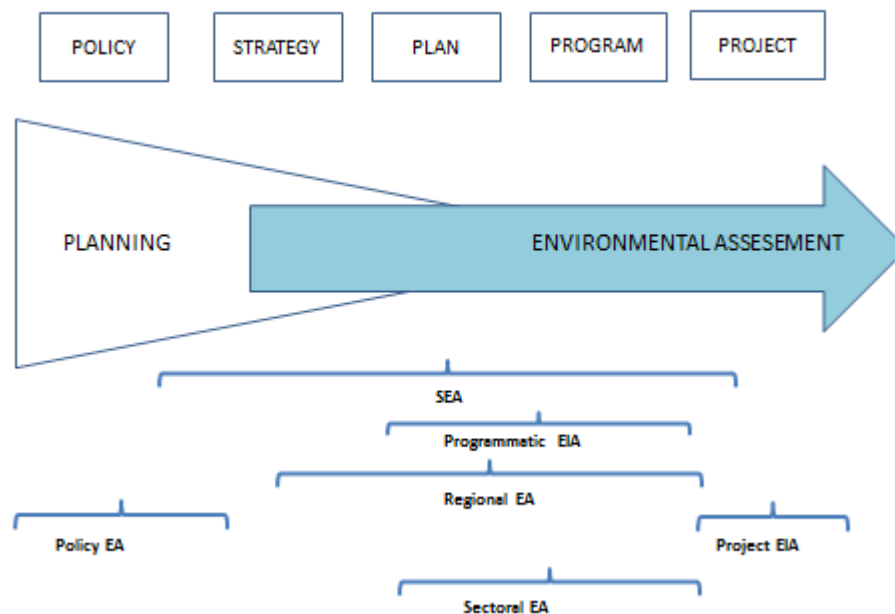
The Department sees value in integrated land use planning and a national strategy for corridor protection being considered as part of appropriate project planning.

6.3 National and International trends

The shift to earlier high level policy integration and coordination is generically known as Strategic Environmental Assessment (SEA). SEA reflects government and industries interest in creating new assessment forums that are more inclusive of policy and strategic issues. The SEA processes are both amenable to internal corporate quality control measures and evaluation and assessment processes and/or can be undertaken through independent external agencies, such as with public statutory reviews under infrastructure, land use planning or environmental legislative processes.

Internationally there exists a range of strategic environmental assessment procedures developed to varying degrees, to connect back into the policy and strategic levels of the environmental studies. In these cases, the environmental component typically includes social and economic components of policy strategy. SEA is the broadest method.

Figure 2: Illustrates the stage in the process in which strategic environmental assessment occurs.



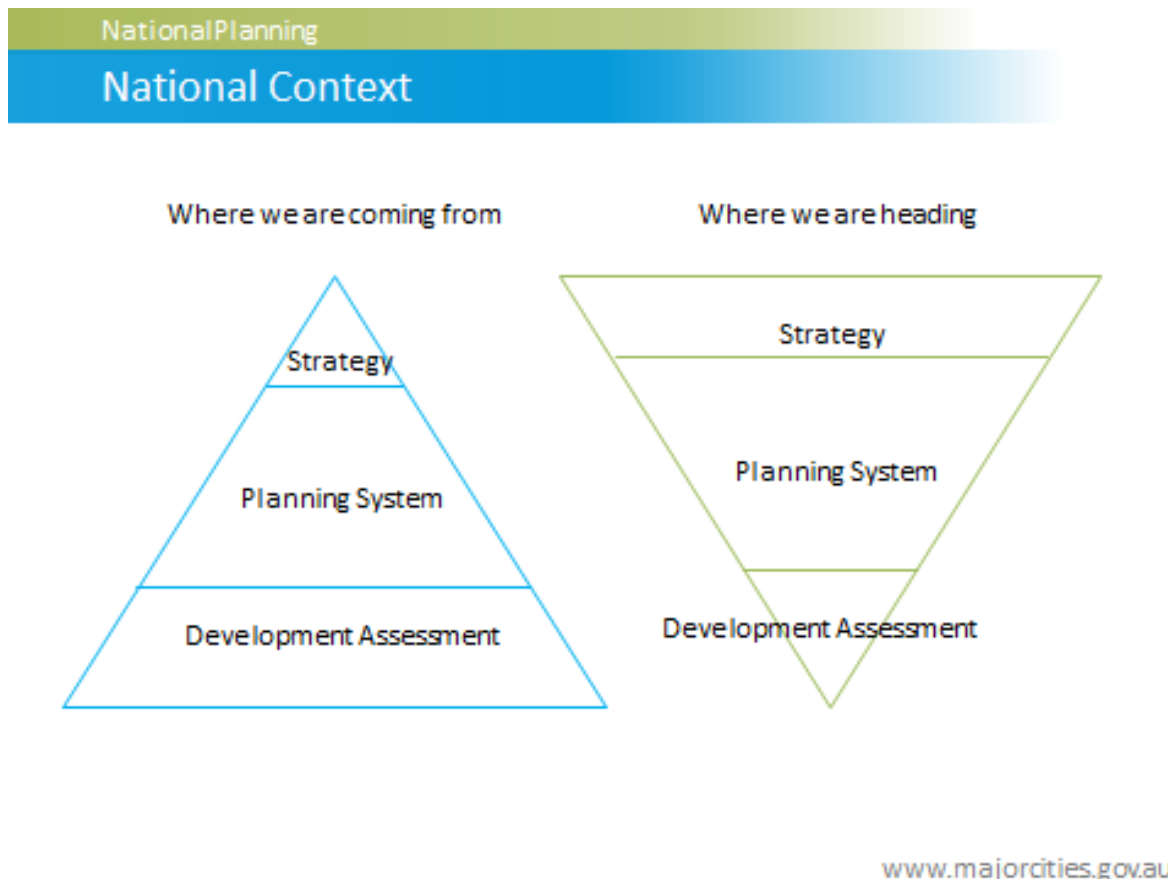
With regard to changing city and land use planning and major infrastructure provision, most Australian jurisdictions now recognise that they have been over-reliant on the project assessment development stage, as the key planning and assessment tool.

Public review processes often founder upon insufficient consideration of strategic issues, lacking long-term coordination and integration functions of policy and plan-making and actions between levels of government. This has led to a loss of public of credibility and considerable delays in infrastructure provision and funding delivery.

The Government led a number of microeconomic reforms over the past two decades aimed at creating more opportunities for flexible city and land use planning. These reforms required a planning and assessment approach which engaged at all decision stages from policy development through to project delivery. The reforms have progressively been adopted by each jurisdiction and are broadly known as the shift to performance-based planning. Nationally development approval and planning courts and tribunals, in all jurisdictions, now recognise this new direction.

The national shift in approach to development approvals and planning systems can be further illustrated as a reverse of public decision making away from reactive site based and project based decision making to one of a strategically driven process. This shift in emphasis is now even more pressing given the uptake of these reforms by jurisdictions over the past two decades. In parallel the Government recognises this reform by strengthening its national urban policy frameworks.

Figure 3: Reversing the emphasis in assessments and planning.

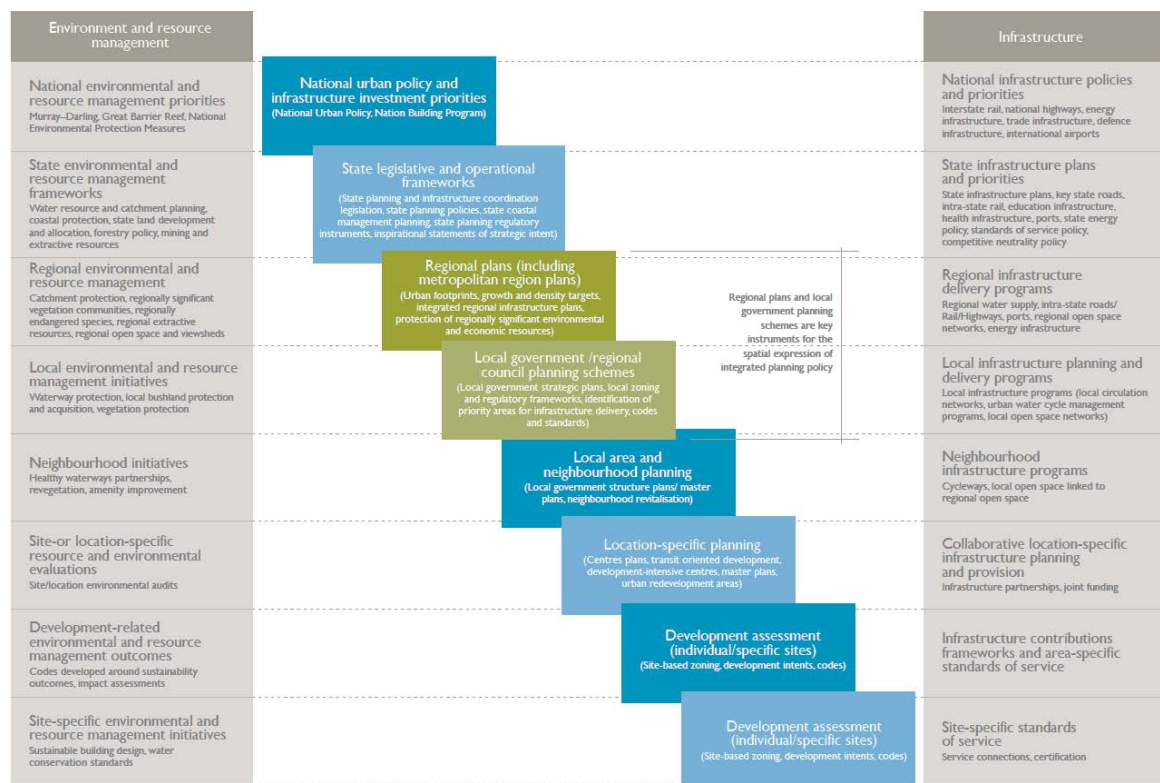


6.4 Benefits of Strategic Environmental Assessment

The renewed focus on urban policy at the Australian Government level presents a particularly important opportunity to facilitate jurisdictions SEA processes and for internal program assessment and planning process within the Department.

These new systems build a transparent bridge between policy and strategy and the program and project stages giving greater credibility to final decisions. These new processes allow us to avoid unnecessary review of policy and strategy issues, un-knitting a project's purpose, in the project environmental impact statement and development assessment stages.

Strategic environmental assessment processes will give clarity and certainty to national urban and infrastructure policy. The jurisdictions approach to physical development involves a hierarchy of legislated, state to regional to local planning policies and mechanisms, adding greater certainty to trickle down of national policy. This has been referred to as the line-of-sight concept in the national urban policy; as illustrated here in Figure 4.

Figure 4: Line-of-site national policy framework.

The benefits that will be produced by using and focusing on SEA and integrating with performance based planning systems will produce:

- Clearer evaluation of project and program against alternative plans and programs.
- Improved early coordination and integration for major infrastructure and urban management across jurisdictions and portfolios.
- Addition of spatial and temporal dimensions to aid coordination and integration of national interests at state and regional levels
- Better links for cost benefit analysis to the wider economic benefits components and strategic inclusion of urban long term priorities to achieve positive outcomes such as, urban growth corridors, long term metropolitan transit investments and an equitable distribution of metropolitan resources.
- Improved project entry position to environment impact assessments, development control and public consultation stages.
- Better understanding and delineation of policy trade-offs.
- Potential for clearer agreements reached in the early policy and strategic stages that generate credit for later project approval stages. The best expression of this is the establishing of environmental offsets as part of strategic plans in state SEA processes.
- Ease of national reporting on urban policy outputs for program delivery.

6.5 Key Implications for the Department

The Department recognises that design and procurement of major infrastructure projects can often vary and can too rapidly move through the policy and strategic planning stage to the project stages. Long infrastructure planning and design lead times, social pressure (such as disaster related renewal) and short terms of government, relative to the often long periods of infrastructure planning and construction, can conspire to necessitate concertinaed approval processes. On the other hand there is also the ever present need to have responsive, fast moving approvals process for some projects, which may well not fit all the policy and strategy tick boxes but where dynamic reasons exist, can expedite approvals.

If more focus is given to strategy and plan-making upfront, the Department could ultimately yield greater strategic justification for final projects and programs. It is also a way of seeking to ensure that scarce Commonwealth resources and funding are allocated to the most beneficial programs and projects, particularly where long term considerations are predominant.

Where the Department receives project funding requests these should:

- Align with the COAG Review of Capital City Strategic Planning Systems
- Apply the principles and objectives of the National Urban Policy
- Align with the National Land Freight Strategy and the network approach to transport in large capital cities
- Require as a condition of funding that each capital city has in place, by 2014, a 20 year freight strategy consistent with the National Land Freight Strategy and the National Ports Strategy.
- Align with state and regional statutory plans and policies.

7.0 Other initiatives the Department is undertaking to improve efficiencies during a project's lifecycle

As indicated previously, the Department is of the view that all aspects of a project's life cycle should be efficient and effective. The Department is undertaking a series of other activities to aid the proponent to better plan, procure and deliver major projects, not just at the approval stage. Some of these activities are outlined below.

7.1 The National Pre-qualification System

Through the Council of Australian Government (COAG) Infrastructure Working Group (IWG), the Government is reducing barriers to competition in the construction industry through a single National Prequalification System (NPS) which commenced on 1 January 2011. The NPS provides for harmonisation and mutual recognition of prequalification across jurisdictions for major non-residential building projects (above \$50 million) and civil construction for road and bridge projects. These reforms will increase competition in the construction industry and reduce duplication and red tape for contractors.

7.2 National Infrastructure Construction Schedule

The National Infrastructure Construction Schedule (NICS) is an initiative of the Australian Government that brings together information on major infrastructure projects from all jurisdictions and across the three tiers of government on one unique website.

For the first time, constructors, investors, governments and the public can view the national pipeline of upcoming infrastructure projects where governments have committed to fund construction in a single timeline. The NICS also provides information on Infrastructure Australia's National Priority List, as well as all planning and feasibility studies currently being undertaken by governments, so that industry can look to the future with confidence.

By providing a one-stop portal for information on government-procured infrastructure, the NICS is bringing the certainty and transparency that industry seeks.

With industry being able to survey the pipeline of infrastructure, the Government believes that industry will gain confidence in spending time to understand the development approval process, knowing it will utilise that knowledge for subsequent projects.

7.3 Infrastructure Planning and Delivery: Better Practice Case Studies

Building on the success of the first booklet, in February 2012 the Government published the second volume of Infrastructure Planning and Delivery: Best Practice Case Studies. Volume Two highlights another eight projects that exemplify best practice, builds on the lessons learnt in Volume One and extends the analysis to highlight emerging best practice processes and behaviours in planning and delivering infrastructure projects.

7.4 The Government's Infrastructure Investment Framework

The Government has developed a set of principles to address reforms to the Infrastructure market. This framework encourages private sector involvement, in various manners, as part of the process to maximise benefits to taxpayers. This framework will encourage greater planning and development of projects that align with the Government's strategies. The framework is available at

<http://www.infrastructure.gov.au/infrastructure/investment/index.aspx>

8.0 Conclusion

Experience from the role as an approval authority for Master Development Plans and Master Plans for federally leased airports has shown that in the majority of cases, early and thorough stakeholder engagement is a leading indicator of more efficient and effective development approval timelines. It is acknowledged that there are instances of longer than expected timelines but these are in the minority and where generally there is a sensitive nature to the development. The Department's own approval processes are relatively short for the nature of the development being considered and 'stop the clock' provisions are only used where there is a clear case to do so.

Experience from the Nation Building Program demonstrates that early engagement, participation in major project governance arrangements and transparency of project objectives have on the whole resulted in project delivery with fewer delays.

Where lengthy delays have occurred these are predominantly attributable to the complexity of the project due to:

- environmental issues;
- location; and
- size and type of project.

However, this does not mean that opportunities to reduce the level of complexity should not be examined. The Department fully supports the removal of duplication and reduction in timeframes, where warranted to improve economic growth.

The Department also stresses that approval processes are just one step in the life cycle of a project. The government together with jurisdictions and industry must continue to pursue initiatives aimed at reducing barriers to entry, increasing competition, improving procurement efficiency and reducing red tape. Together, all these initiatives go to improving the efficiency of delivering major infrastructure projects.

It must be noted, however, that these initiatives should not necessarily be at the expense of social outcomes. These issues need to be appropriately balanced.

