

10 August 2015

Philip Davies
CEO
Infrastructure Australia
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RE: Infrastructure Australia's Australian Infrastructure Audit

Dear Mr Davies,

The Infrastructure Sustainability Council of Australia (ISCA) welcomes the release of Infrastructure Australia's Australian Infrastructure Audit (the Audit) and the opportunity to contribute to the 15 year Australian Infrastructure Plan.

Findings from the Audit identified many themes that are aligned with ISCA's purpose and strategic objectives. I agree that an effective transport sector, including road, rail, ports and airports, is crucial to raising productivity and strengthening the economy and similarly the efficient operation of energy, telecommunications and water infrastructure is essential to sustaining our quality of life.

ISCA is committed to improving the productivity and liveability of industry and communities through sustainability in infrastructure. We support the increase in adoption of integrated and outcomes based social, economic and environmental (triple bottom line) practices. We consider this the ideal time to work closely with Infrastructure Australia to identify and develop the tools and methodologies required to evaluate triple bottom line performance across the evolving project pipeline, and also to distil the relatively high level audit findings into assessable features to inform evaluation and decision making processes.

We are pleased to see "environmental sustainability" featured in the Audit as a "fundamental aspect of infrastructure project selection and planning processes". This couples nicely with the current coverage of the Infrastructure Sustainability (IS) rating scheme and the rationale and drivers behind its development. The IS rating scheme is now being adopted across Australia by infrastructure procurers, owners and operators, with more than \$40B in capital works projects and assets certified or in the rating process.

We agree that management and decision making processes need to enable continuous improvement and promotion of contemporary design and construction practices, facilitating the uptake of new technologies. It is primarily for this reason that the IS rating scheme has an Innovation category. The IS rating scheme rewards projects and assets achieving benchmarked performance in management, procurement, climate change adaptation, resource efficiency, lifecycle material impacts, emissions, pollution, waste, ecology, community, heritage and stakeholder engagement.

When the IS rating scheme is applied in a way to deliver outcomes, it can assist directly with driving improved whole-of-life economic outcomes and enhanced social licence. This can assist with the reduction of construction costs and prevention of project delays, or even worse, cancellations caused by the total loss of a social licence. IS rating scheme process and certification is an essential means of any infrastructure investment or business case evaluation process.

Below we have detailed suggestions relating to specific issues raised in the Audit to inform the development of the 15 year Australian Infrastructure Plan.

We look forward to evolving the collaboration between our two organisations.

Regards



Antony Sprigg

Chief Executive Officer
Infrastructure Sustainability Council of Australia (ISCA)

Australian Infrastructure Audit

ISCA aims to facilitate sustainable and resilient infrastructure and considers the IS rating scheme a tool that can assist Federal, State and Local governments in meeting the challenges outlined in the Australian Infrastructure Audit.

The IS rating process encourages whole-of-life asset management from planning to operation and rewards best-practice triple bottom line thinking at each stage of the project life-cycle.

ISCA can assist Infrastructure Australia in meeting the future challenges of infrastructure as outlined below:

Capturing value creation

The audit mentions the direct economic contribution of infrastructure is \$187 billion increasing to \$377 billion in 2031, however the inherent social and environmental value of infrastructure, and the wider economic benefits are rarely measured and captured. ISCA is working with industry, academics and government bodies to gap analyse and benchmark leading practises (nationally and internationally) regarding triple bottom line valuation methods and case studies. This work will be used to inform decision methodologies and processes across the industry, throughout the infrastructure lifecycle.

Encouraging well planned sustainable and resilient infrastructure solutions

The IS rating scheme provides a pathway to achieving sustainable infrastructure solutions. The audit indicates that decision-making in the planning, procurement and construction phases need to improve. The IS rating scheme can be used as a decision-making framework and provides guidance on, and assesses performance in the following categories through the planning, construction and operation phases:

- Management systems
- Procurement and purchasing
- Climate change adaptation (and resilience in development)
- Energy and carbon
- Water
- Materials
- Discharges to air, land and water
- Land use
- Waste
- Ecology
- Community, health, wellbeing and safety
- Heritage
- Stakeholder participation
- Urban and landscape design
- Innovation
- Economic (in development)
- Wider economic benefits (in development)
- Workforce (in development)

Leading practice is benchmarked against business as usual and continually updated as industry progresses.

The IS rating scheme facilitates decision-making by providing a standardised and accepted performance standard for identifying sustainability related risks and opportunities early in the project lifecycle.

The scheme can facilitate a united approach to infrastructure design, planning and assessment to meet the challenges of the future.

The next generation of the IS rating scheme will consider the economic and workforce challenges and opportunities facing infrastructure, and encourage these elements to be considered in the decision-making phases. Emerging issues such as social licence, social return, resilience, and workforce planning will be addressed to improve outcomes for the procurers, deliverers and operators.

Benchmarking industry best practice is regularly undertaken to ensure the tool stays relevant and leading. Version 2 of the tool will include updated benchmarks and review categories to consider macro trends affecting the infrastructure sector.

Adapting to climate change

Adapting to climate change is outlined in the Audit as a major consideration for infrastructure now and into the future. ISCA, in collaboration with State and Federal departments, has developed guidance on designing for climate change and rewards projects that achieve this through the IS rating scheme. ISCA promotes a first principal risk based approach from planning through to delivery and operations. This is particularly important as climate risks are still not regulated in a consistent manner as part of infrastructure project approvals, consequently exposing funders/financiers, planners, procurers, deliverers and operators to legal risks. The next generation of the IS Tool will expand climate risk, to include natural hazards in general and explicitly link to infrastructure systems resilience considerations.

Reducing environmental impacts

An ongoing theme of the audit is the need to reduce the environmental impact of infrastructure projects.

The IS rating scheme encourages environmental impacts to be minimised and where practical reversed through planning, design, construction and asset operations, by rewarding leading performance.

Closing the gap

Indigenous equality is outlined as a key consideration for the 15 year plan.

ISCA is working with the Federal Department of Employment, industry members and subject matter experts to develop workforce elements for the IS rating scheme. The Workforce theme will include Indigenous employment, gender diversity, workforce planning, jobs for job seekers, local employment, employee wellbeing and capability and capacity. As a result of encouraging and rewarding industry to consider and achieve workforce sustainability, an increase in indigenous employment figures is expected plus reduced project costs and job continuity.

Encouraging the uptake of new technologies

“Fostering the uptake of new technologies” is identified as an area for national focus.

The IS rating scheme rewards innovation and encourages the uptake of new technologies. ISCA shares leading practice design with other members to create a community of practice within the infrastructure sector. A recent example was connecting air and land transport stakeholders with an interest in advanced LED solutions. ISCA is changing industry thinking to consider sustainability as an avenue to encourage and unlock innovative solutions in the context of reducing asset operational costs, environmental footprints and reducing the barriers for advanced technologies to competitively enter the market place. The IS rating scheme encourages innovation, not only in new technologies, but also in decision-making, planning and delivery of infrastructure to consider the triple bottom line impacts of each project.

Version 2 of the IS rating tool will align with technology such as Building Information Management (BIM) software to streamline data capture and utilisation.

Recommendations

ISCA suggests the following actions be considered for the Australian Infrastructure Plan:

1. Infrastructure Australia to collaborate with ISCA to develop and implement industry initiatives to respond specifically to the sustainability related challenges outlined in the Audit.
2. The IS rating tool is mandated in all priority infrastructure projects.
3. Collaboration with ISCA to develop a standard triple bottom line valuation and decision-making framework for infrastructure planning and assessment to consider the challenges outlined in the Audit.
4. Sustainability targets for priority infrastructure are included in the Australian Infrastructure Plan.

About ISCA

The Infrastructure Sustainability Council of Australia (ISCA) is a member-based not-for-profit public and private industry council. ISCA is the peak industry body for advancing sustainability outcomes in infrastructure.

ISCA specialise in the facilitation and development of industry led performance based integrated triple-bottom-line governance and reporting frameworks, decision tools and rating tools; generating communities of practise throughout the lifecycle from funding, planning, procurement, design and delivery to operations and maintenance.

ISCA is advancing sustainability outcomes in infrastructure through the development and facilitation of the IS rating scheme. The IS rating scheme is an industry-compiled voluntary sustainability performance rating scheme evaluating planning, design, construction and operation of all infrastructure asset classes in all sectors linking industry, communities and commerce beyond regulatory standards. Since launching in 2012, over \$40 billion in infrastructure and civil works projects or assets across Australia and New Zealand have either been certified or registered for an IS rating. The IS rating scheme is Australia's only comprehensive rating scheme for evaluating sustainability across design, construction and operation of infrastructure.

For more information visit www.isca.org.au

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