Australian Government
Department of Infrastructure and Regional Development

Principles for Innovative Financing

The Australian Government is committed to ensuring that the critical transport infrastructure that Australia needs to support economic growth and sustainability in our cities and regions is delivered. This will require active partnerships with state and local governments and the private sector. It also requires a reevaluation of how transport is funded and of how financing is structured to achieve the best transport and related policy outcomes possible. There is also a need to put land transport funding on a long term sustainable footing, which means looking beyond the traditional approach to infrastructure funding.

Goals

- Support high priority and high quality transport investments that provide value for money for the Australian public and improve economic productivity, sustainability and quality of life; and that secure urban planning and cities policy outcomes.
- Share the cost of transport projects fairly between those who benefit the most from the projects and the broader Australian community, with a focus on value sharing and moving towards cost reflective pricing.
- Optimise the impact of public investment in transport infrastructure through private sector partnerships and the prudent use of innovative financing by leveraging major projects to secure urban planning and cities policy outcomes.

Principles

- Transport projects are selected based on their capacity to meet identified national priorities and deliver the greatest benefit to the Australian community and economy. Only projects that will deliver a clear benefit to the public should receive funding or financing support from the Government.
- Transport proposals are assessed against the extent to which they align with integrated transport and land use planning strategies, including urban renewal and housing supply.
- Transport proposals are assessed against the extent to which technology solutions are used to optimise the capacity of existing and new infrastructure.
- Assessment of proposals for public funding of transport projects should include consideration of what proportion of the project can be funded by the beneficiaries of the infrastructure through targeted contributions and what proportion of the project should be funded by the broader community.

- The funding shares from the Commonwealth and the state and territory governments should be determined after taking into account contributions made by the beneficiaries.
- The suitability for innovative financing arrangements should be assessed for all projects before the amount of grant funding is determined.
- Project financing should be designed to minimise the level of public subsidy needed to deliver the project and meet whole-of-life asset costs.
- Private sector engagement in infrastructure and services should be optimised and any government intervention should be targeted and limited to that needed to overcome clear and specific market failures.
- Partnerships with private sector should involve an appropriate allocation of risks. Where risk is borne by the private sector, it should be transparently priced and present value for money for the Australian public.
- Where the Commonwealth provides funds for a major infrastructure project it will reserve the right to impose conditions, including Commonwealth approval being required for key decisions in relation to the project.