

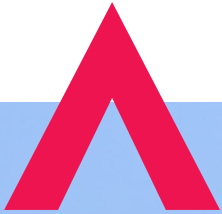


Australian Government

**IPFA** Infrastructure and Project  
Financing Agency

# Corporate Plan

2018–19 to 2021–22



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# Chief Executive Statement



**Ms Leilani Frew**  
CHIEF EXECUTIVE OFFICER

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This Corporate Plan covering 2018-19 to 2021-22 sets out the purpose and priorities of the Infrastructure and Project Financing Agency.

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IPFA's vision is to enable commercial excellence in Australian Government infrastructure investment for the benefit of all Australians.

In the 12 months since IPFA was established, we have helped embed stronger commercial acumen across the Commonwealth as it seeks to successfully implement the Government's infrastructure agenda and ensure the best use of Commonwealth taxpayer dollars.

We have done this in two main ways:

- Providing independent commercial and financial capacity to advise and implement
- Building capability through knowledge sharing forums and events.

## In-house Advisory Capacity

Specialist and independent, we provide in-house advice to all Commonwealth departments, Ministers and Cabinet on commercial, financial and related-policy issues associated with major infrastructure investment, delivery and governance.

- Our advice supports the implementation of government decisions through all stages of the infrastructure life cycle including business case development, project procurement and delivery governance. The nature of IPFA's project-related activities include market sounding exercises, external adviser management, project due diligence and risk analysis, commercial workshops, governance representation, commercial negotiations and development of funding and financing options for infrastructure projects for and on behalf of our client departments.

- We also provide in-house commercial and financial advice to Commonwealth departments in respect of the Government's investment lifecycle of implementation, administration, management and exit or refinancing of various Government financing arrangements. This includes providing specialist advice to the Commonwealth departments who hold the shareholdings in the Government Business Enterprises undertaking significant infrastructure projects.

In its first year of operation, we have seen demand for our services significantly expand both within the land transport sectors of freight, roads and public transport, as new projects have been added to the Infrastructure Investment Program, and beyond the land transport sector into sectors of industrial, energy, water, health, education, arts, communications and sports infrastructure.

It is pleasing to see the great engagement across the Australian Government for the commercial services we provide with our client departments.

In 2017-18, these included the Department of the Prime Minister and Cabinet, the Department of Finance, the Treasury, the Department of Infrastructure, Regional Development and Cities, the Department of the Environment and Energy, and the Department of Home Affairs.

Our key activities since inception include:

- a. **assisting the Australian Rail Track Corporation on the Inland Rail Public Private Partnership**
- b. **undertaking market sounding exercises on intermodal terminals to support the Inland Rail project in Melbourne and Brisbane**
- c. **supporting market sounding activities and negotiations, on behalf of the Department of Infrastructure, Regional Development and Cities in respect of key aspects of the Western Sydney City Deal**
- d. **advising the Department of Infrastructure, Regional Development and Cities on the Commonwealth's subordinated loan to WestConnex Motorway**
- e. **advising to the Department of Environment and Energy on the Port Augusta Concentrated Solar Thermal Project**

#### f. **supporting the Department of Home Affairs in developing a National Disaster Mitigation Framework for Critical Infrastructure.**

As the government maintains its focus on the successful implementation of its infrastructure investment decisions in the year ahead, our dedicated infrastructure and commercial experts will be seeking to ensure we continue to deliver the valued and quality commercial and financial advice to our Commonwealth stakeholders that they have come to expect.

#### Strengthening the Commonwealth's Commercial Capability

We appreciate that we can contribute significantly to the strengthening of the commercial and financial capabilities of the Commonwealth; better equipping it to deliver better value for money for the taxpayer and contributing to a 'future fit' Australian Public Service. We do this by delivering a program of knowledge sharing events ("**Practice**") and the providing of an active inbound and outbound secondment program with our client departments.

In 2017-18 we completed 10 "**Practice**" events and during 2018-19 and beyond IPFA is focusing on expanding the breadth of these. Our "**Practice**" events focus on understanding infrastructure investment and project procurement and delivery through the lens of practical implementation opportunities and challenges. These events are supported by expert speakers from State government and private sector practitioners as well as are strongly subscribed by attendees from across the Commonwealth government.

Our secondment program saw a 12-month secondment from the Australian Office of Financial Management into the IPFA team as well as short term secondment from IPFA into specific project teams in two Commonwealth departments. In 2018-19 we expect to facilitate a rollover of our inbound 12-month secondment from another department as well as enable other short-term project-based secondments to our client departments.

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## A Strategic Investor Approach to Commonwealth Funding and Financing

One of IPFA's services provides is to identify projects that may have alternative funding and financing opportunities and the nature of those opportunities. To enable this analysis, IPFA developed a series of strategic investment principles (the Strategic Investment Principles) that ask a number of questions to identify if there is an opportunity for non-Commonwealth funding to support the project or for a Commonwealth return of capital invested in the project.

In essence, IPFA's approach towards infrastructure investment seeks to:

1. maximise the contributions of "other people's money", rather than just that of the Commonwealth taxpayer
2. return any Commonwealth capital where the government's contribution is being used to take risk that would not otherwise be taken by others and a future return of funds is possible
3. validate "traditional" grant funding as the most appropriate form of Commonwealth grant funding for its infrastructure investments.

With the significant funding need for the infrastructure agenda of the Government, active consideration of opportunities serves to stretch the Commonwealth funds further. Our Strategic Investment Principles enable government to receive advice on where opportunities to do this may be possible.

### Partnering with the infrastructure community

We work closely with other Commonwealth infrastructure bodies notably Infrastructure Australia, the Clean Energy Finance Corporation and the Northern Australia Infrastructure Fund, as well as with our counterparts in the States and Territories, local governments and the infrastructure business, finance and advisory sector.



We will continue to strengthen our productive working relationships with our commercial counterparts across the infrastructure community.

I am confident that our agency is well positioned to deliver the services to support our purposes and outcomes and more importantly, those of our client departments. To do this we will continue to ensure that our people remain:

- **Client and services focused**
- **Independent with a view to the right outcome**
- **Commercial, financial and infrastructure specialists and experts**
- **A high performing and dynamic workforce.**

These elements will guide us in ensuring we continue to provide valued and high quality advice to our client agencies as we work to deliver the activities outlined in this plan over the Financial Year 2018-19.

As the accountable authority for IPFA, I am pleased to present our Corporate Plan for the period 2018-19 to 2021-22, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

Ms Leilani Frew  
Chief Executive Officer

# 1 Our Purpose

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IPFA remains committed to supporting the Australian Government in achieving the maximum benefit for taxpayer funds applied to nationally-significant infrastructure projects.

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We achieve our purpose through our vision and goals and by working collaboratively with Australian Government stakeholders and agencies, state and territory counterparts, and our industry partners.



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As the Australian Government's independent infrastructure and project finance executive agency our purpose is to:



Provide independent commercial and financial advice to support the delivery of Australian Government infrastructure projects



Build the Australian Government's capability to deliver infrastructure priorities



Strengthen confidence in the Australian Government's investment through better-informed decisions and investment management

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## VISION

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Enabling commercial excellence in Australian Government infrastructure investment for the benefit of all Australians.

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## STRATEGIC GOALS

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**1**  
Be sought after for our people and influential advice

**2**  
Commercial Excellence in the Australian Government's investment in and delivery of priority projects

By measuring our success against these goals, we demonstrate the achievement of our purpose and fulfilment of our role.





## 2 Our Environment

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Australia's infrastructure challenges are well known – we have a growing population, increasing urbanisation and environmental considerations, as well as great expectations from our citizens and communities for high quality services, now.

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All governments across Australia recognise how critical investment in infrastructure is to meeting those challenges, the Commonwealth included.

As a result, the Australian infrastructure has seen substantial increases in the level of activity in the infrastructure sector, particularly over the last 8-10 years and the outlook over the next 10 years continues to suggest continued significant activity.

**“As a key sector participant, the Australian Government is committed to being a strategic investment partner with states, territories and the private sector.”**

There are unprecedented levels of investment in infrastructure in every State and Territory in the nation. Australia's governments also have rapidly expanding infrastructure pipelines, with over \$21 billion more committed to infrastructure projects across the states in 2018/19 than 2017/18.

The Commonwealth Government is investing \$100 billion over 10 years from 2019-20 in transport infrastructure<sup>1</sup>. Additionally, the Commonwealth has multi-billion dollar commitments aimed at addressing infrastructure challenges across the energy and water, telecommunications and social infrastructure sectors.

To deliver this significant infrastructure program, all parts of the “infrastructure sector”, including governments at all levels, the private sector, and project proponents, need to work in close partnership to ensure delivery of infrastructure projects that meet the needs of citizens across Australia. As a key sector participant, the Australian Government is committed to being a strategic investment partner with states, territories and the private sector.

The Australian Government's strategic partner focus and significant funding role creates a clear case for it to ensure it has stronger capability and expertise within the public services to enable better implementation of its infrastructure decisions.

<sup>1</sup> <https://investment.infrastructure.gov.au>



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Capability and expertise that provides confidence that the Commonwealth's interest is set up and implemented to provide greatest opportunity to maximise taxpayer value and realise desired social and economic outcomes.

IPFA's contribution to the national infrastructure program involves expert advice and capability to support the Australian Government to deliver on its priorities. Focused on advising Government on the best ways to implement its decisions – be it through delivery and governance models, funding agreements or public financing arrangements – the end objective is the same – IPFA seeks to enable the Commonwealth to be a more effective shareholder, principal, sponsor or partner through independent, dedicated expertise and experience. The target is an outcome that sees our taxpayer dollars invested appropriately and infrastructure projects delivered well.

IPFA operates as an in-house commercial and financial adviser to our Commonwealth departments and agencies. Just as importantly, we engage with private sector stakeholders and our counterparts in State, Territory and Local government who support their governments in the procurement and delivery of infrastructure projects.

At the institutional level IPFA is an executive agency within the Infrastructure, Regional Development and Cities Portfolio. The CEO of IPFA reports to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP.

As an independent executive agency, we are well positioned to be confident and bold, supporting partnerships and collaboration, capability development and commercial excellence across the Commonwealth government.



# 3 Measuring Performance

## IPFA has two main goals to help us deliver our purpose:

- To be sought after for our people and influential advice
- To support commercial excellence in the Australian Government's investment in and delivery of priority projects

Our deliverables map to these goals. Our priorities detail IPFA's approach to managing its workload and the expectations of its stakeholders, ensuring that its resources are best allocated to ensure their maximum effectiveness in achieving our goals. Our success measures and targets explain how we will measure our performance against our goals and purpose.

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### Priorities

In developing its performance measures, IPFA strives to provide an independent expert capability, available to support the Australian Government and its agencies in their infrastructure investment analysis, decisions and delivery of nationally significant infrastructure projects.

As a small entity, it is important for IPFA to carefully prioritise our activities. In determining which projects to focus on, we have adopted a criteria-based approach including:

1. **the nationally significant nature of the project**, including but not limited to whether it is an identified initiative on Infrastructure Australia's Infrastructure Priority List;
2. **the project's ability to generate a revenue stream and an economic return;**
3. **the nature of project risks;**
4. **our ability to engage and shape financing and funding approaches early**, based on factors such as states and territories' willingness to work with us; and
5. **alignment with broader Australian Government policies and objectives** (and views of relevant portfolio Ministers).

### Our success measures and targets

As stated earlier, our purpose is to:

- Provide independent commercial and financial advice to support the delivery of Australian Government infrastructure projects.
- Build the Australian Government's capability to deliver infrastructure priorities.
- Strengthen confidence in the Australian Government's investment through better-informed decisions and investment management.

The success measures and targets below link to the purposes above, through their focus on:

- Stakeholder satisfaction with the quality, timeliness and relevance of advice provided; and
- Increasing capability within the Australian Government.

IPFA measures its performance against these measures and targets through a variety of methods, including collection of data on activities, stakeholder surveys, and recording of feedback.

In 2017-18 we identified baseline data to enable performance reporting in 2018-19 and beyond. This data has been used to inform the targets and key performance indicators described below. We will report the performance criteria in this Corporate Plan through our annual performance statement in our Annual Report and we will track our performance internally.

### 1. Our partners seek our commercial and financial advice

The value of IPFA and our advice will be evident when we are viewed as the trusted adviser and first point of call, rather than a mandated partner, and we are approached to be involved in decision-making processes for nationally-significant infrastructure projects from day one.

#### KPIs

Our advice is proactively sought by government and agencies

#### 2018-19 Target

**30%** of our work is sought proactively through unsolicited approaches from agencies and/or government

#### Forward Years Target

Target percentage increased year on year

### 2. Our involvement improves outcomes for and our advice is valued by all stakeholders

A successful engagement on a project will be evident if it can be seen that our advice was adopted and/or it is acknowledged that we played a significant role in supporting decision-making on delivery of the project.

#### KPIs

Stakeholders are satisfied with our advice and involvement

#### 2018-19 Target

**75%** of our stakeholders are satisfied that we are improving outcomes and provide valued advice

#### Forward Years Target

Target percentage increased year on year

### 3. Our contribution increases confidence in the Australian Government's infrastructure investment decisions and processes

A key area of success will be where external stakeholders acknowledge the value of having a more sophisticated Australian Government investor in infrastructure and how we have contributed to a greater level of confidence of stakeholders in the government's decisions and processes.

#### KPIs

Delivery of agreed activities and positive stakeholder/market regard for our contribution

#### 2018-19 Target

**100%** of committed activities completed within time frames

**75%** of feedback from external parties regarding our contribution is positive

#### Forward Years Target

Improvements on 2018-19 external feedback

### 4. Our work strengthens the commercial and financial capability of the Australian Government

We are partnering with agencies across government to raise the level of in-house commercial and financial expertise and capability of infrastructure arrangements. A more sophisticated and expert public service can better support the Australian Government in its infrastructure investment decisions, reduce dependency on external advisers and improve the retention of critical commercial knowledge.

#### KPIs

Facilitation of quality knowledge sharing and development programs, events and forums

#### 2018-19 Target

**10** knowledge sharing activities

**75%** satisfaction with quality of the activity

#### Forward Years Target

Target percentage and satisfaction level increased year on year

# 4 Our Capabilities

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IPFA places high priority on ensuring we have high calibre, expert capability to provide quality advice and support to the Australian Government and our partner agencies.

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The IPFA team comprises individuals that have previously worked in private and/or public sectors of the infrastructure industry. Collectively, the IPFA team has significant expertise and experience in infrastructure policy and reform; advisory and governance; sponsorship, development, procurement and delivery; investment and financing; corporate and project financing; and commercial and legal arrangements.

## Our Core Services

We undertake the following core activities for our government and agency stakeholders:



**Advise**  
Commercial &  
financial advisory



**Broker**  
Capability &  
capacity

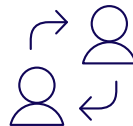


**Assure**  
Governance  
& leadership

The team is organised to deliver our core activities through three key business units:



**Project  
Advisory**



**Strategy, Stakeholders  
and Communications**



**Corporate, Finance  
and People**



We will continue our focus on strengthening our capability and capacity over the period of this corporate plan to build our influence in line with our purposes.

We will do this by:

1

**Continual focus on client outcomes and delivery**

Utilise our resources to ensure the delivery of high quality, independent advice that is effective and timely.

2

**Embedding a shared vision of IPFA's culture and values**

Promote effective communication and engagement within IPFA and across the Commonwealth to support IPFA's role in the realisation of the Australian Government's infrastructure agenda.

3

**Maintaining collaborative and trust-based stakeholder engagement and partnerships**

Work across all levels of government and with project proponents, including state and territory governments and the private sector, to support the delivery of appropriate informed advice.

4

**Strengthening and complementing the skills of our people and our commercial advisory leaders**

Foster a diverse, inclusive, high performance and flexible working culture, supported by an efficient governance and corporate structure, to attract, engage, enable and retain talented staff in order to provide valued advice and capability.



# 5 Oversight and Management

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IPFA's Risk Management Policy and Framework acknowledges the importance of effective risk management to ensure we achieve our Vision, Strategic Goals and Priorities and outlines our risk appetite and behaviours.

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As a non-corporate Commonwealth entity, we have adopted the Commonwealth Risk Management Policy, as required under section 16 of the PGPA Act.

Our framework includes systems, policies, guidelines and processes to ensure the integration of a risk aware and managed culture in the operations and practices of IPFA and our people. It helps ensure that we are well placed to monitor, review, mitigate and communicate appropriately to stakeholders in a timely and effective manner key risks that may impact on our ability to deliver our purpose, and also to communicate appropriately to stakeholders, in a timely and effective manner.

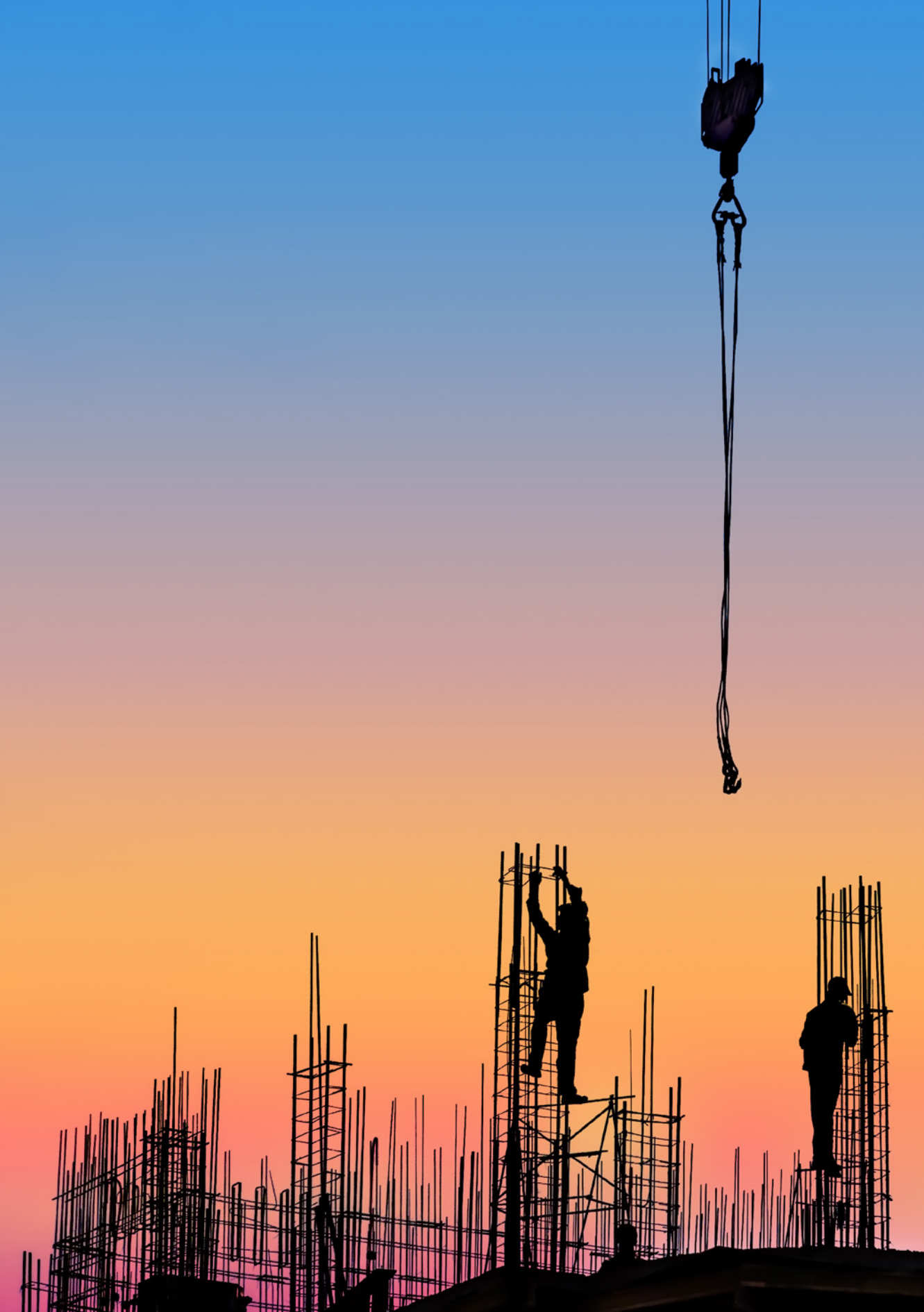
IPFA is guided by its Audit Committee through its role in reviewing IPFA's risk management framework and documentation, as well its assessment of the effectiveness of IPFA's risk procedures against IPFA's risk appetite.

Our risk management framework includes:

- **Systems & Structures**
  - Appropriate frameworks are in place to manage, monitor and mitigate risk
  - A leadership and management environment and structure which is supported by an effective delegations schedule and a culture of ethical conduct driven from IPFA's leadership team
- **Policies & Procedures**
  - Policies and procedures which support compliance with legislative and administrative requirements
  - An audit program which aligns with our Risk Management Plan
- **People**
  - The fostering of a positive risk management culture that is built into our day to day practices
  - Enabling our people to engage with reasonable levels of risk within appropriate frameworks and behaviours
- **Practice**
  - Education and awareness raising for all our people in respect of risk management and compliance obligations
  - An enterprise risk register which enables active identification, monitoring and management of key risks

The framework will be revised at least annually alongside a review of the application of our risk management practices. We will implement improvements arising out of those reviews to ensure that the risk management framework remains current and relevant and continues to promote a positive risk approach.







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Financing Agency

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