

INTERIM BUSINESS CASE

for

Advancing Sustainability in Australian Infrastructure



www.agic.net.au

Australian Green Infrastructure Council

April 2008

Executive Summary

EXECUTIVE SUMMARY

Australia is currently experiencing an unprecedented level of investment in infrastructure. At the same time there is an emerging public and business desire to address sustainability issues, chief amongst these, the impact of climate change.

The adoption of voluntary, independently verified, environmental rating and award schemes in the building sector in Australia and overseas (eg US, United Kingdom) have led to an improvement in green building outcomes and knowledge in that industry sector. The absence of any rating schemes applicable to the infrastructure sector in Australia has paved the way for the formation of AGIC and its journey in developing and operating a rating scheme for advancing sustainability in Australia's infrastructure.

The compilation of the Interim Business Case is AGIC's first key milestone in providing a roadmap to:

- demonstrate the business need that will be met by AGIC and the proposed rating scheme;
- describe the business model chosen to best administer the rating scheme and support functions;
- encourage industry organisations to actively contribute to and help build and influence the development of the rating scheme by becoming sponsors and members of AGIC;
- assure potential sponsors and members that their participation will enhance their reputation and branding and enable them to reduce risk on their projects, and meet compliance and other obligations;
- identify financial, administrative and governance issues and risks to AGIC and the controls needed for their successful management;
- enable the Interim Steering Group, and initial Board, sufficient guidance on how to govern and manage the formation of AGIC;

AGIC is a not-for-profit industry association limited by guarantee, governed by a Board of Directors. Formed initially by a collection of professionals operating in the infrastructure sector in mid-2007, AGIC is currently led by an Interim Steering Group (ISG), comprising unpaid Directors, supported by three working groups (all of which comprise volunteers from across Australia) and a paid administration support contractor.

AGIC's vision is to be a catalyst for delivering more sustainable outcomes from Australian infrastructure. It will do this through the development, delivery and operation of a sustainability rating scheme and the provision of tools, leadership, training and direction to assist the industry in achieving sustainable infrastructure outcomes.

It is proposed that the scheme will cover the infrastructure types nominated in Table 1. It will not cover buildings, industrial processes, suburban developments and mines¹. The rating

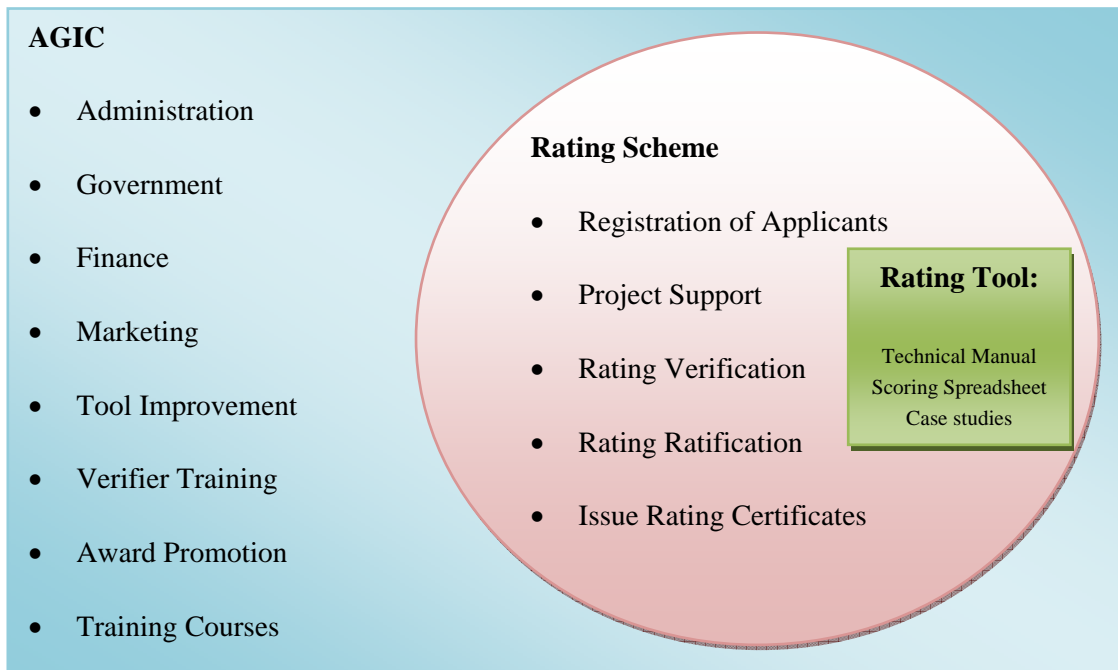
¹ Mines are excluded at this stage, although depending on market demand the scheme maybe extended to this and other areas at a later date.

scheme will assess the incorporation of environmental, social and economic aspects against benchmarks in sustainable infrastructure design, construction and operation.

■ **Table 1 Infrastructure types within scheme**

Included	Examples and inclusions
Roads	Freeways, motorways, local roads
Rail infrastructure	Heavy rail, light rail, maintenance yards
Bridges and tunnels	Viaducts
Ports, wharfs or boating	Loading and unloading facilities, container, bulk, commercial, recreational
Airport airside facilities	Military, civil (excluding terminal and other buildings)
Distribution grids (pipes, poles and wires)	Gas, electricity, water, fuels, wastes, material conveyors, landline telecoms
Telecommunication and other communication facilities	Towers
Waste or resource management	Landfills, remediation sites
Water infrastructure	
Waterway or foreshore management	Canals, docks, bank management, erosion/sedimentation control, in-stream management, coastal and beach nourishment
Preparatory civil works for other types	(associated with non-urban developments and excluding industrial processes)

The rating scheme is proposed to be self-assessable by project teams, practical and easy-to-use, and is envisaged to comprise a scoring spreadsheet, a technical manual, and a library of good practice case studies and references to assist in achieving sustainable outcomes as shown in the figure below. Ratings would only be certified and endorsed by AGIC once verified by third party accredited assessors.



The rating scheme is envisaged to include assessment across a range of environmental, economic and social categories relevant to sustainable outcomes for individual projects. The

development of the rating scheme will be managed by a contract project manager who will report to the Chief Executive Officer.

A pilot version of the rating scheme is targeted for trialing in late 2008 and early 2009. The first version of the rating scheme and tool is expected to be launched in mid-2009.

It is estimated that between \$750,000 and \$1,000,000 will be required to develop the rating scheme and AGIC's organisational capabilities to mid-2009. This includes funding to support the development of the rating scheme content and trials, AGIC's administrative and secretariat functions (including a full-time Chief Executive Officer and subcontracted secretariat support), marketing and advocacy activities. AGIC plans to obtain this funding from three primary sources:

- sponsorship support,
- membership fees, and
- development grants.

Sponsorship is being sought from federal and state/territory government agencies as well as private industry. Membership is expected to comprise a variety of industry stakeholders including infrastructure financiers, designers, contractors, operators and owners from the public and private sectors. Non-governmental organisations, individuals and research organisations will also be invited to participate in the scheme's development and become AGIC members.

Once established, AGIC intends to support itself through the collection of annual membership fees, rating assessment fees for projects, technical manual sales, and training courses. A balanced budget for AGIC's initial development and ongoing operation is outlined in this IBC.

Finally, the IBC nominates AGIC's strategic goals and actions to guide the Interim Steering Group and eventually the fully appointed Board until an appropriate Business Plan is approved (scheduled for mid-2008). These strategic goals include to:

- acquire sufficient funding through receipt of sponsorship and membership fees to facilitate scheme development (nominally \$250,000 by June 2008);
- appoint a Chief Executive Officer (nominally by end of May 2008);
- prepare a detailed, realistic and robust financial plan by June 2008 to facilitate development of the rating scheme and AGIC's operational capabilities (planned for mid-2009);
- prepare the initial PILOT version (manual and scoresheet) ready for trial by end of September 2008;
- attract membership from a range of sector and industry organisations which represent the full spectrum of stakeholders involved in the financing, design, construction and operation of infrastructure;



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- develop a training programme for external parties wishing to be accredited AGIC assessors and verifiers (nominally by March 2009); and
- by June 2010 AGIC, be operating at a break even position on the basis of revenue from fees for assessments against operating costs.

This IBC is supported by a variety of other materials which describe the benefits of AGIC and its services in detail. These materials include brochures, forms, technical briefings, conference papers, a website (www.agic.net.au), forum presentations and other promotional material.

By June 2008, AGIC's Business Plan will be complete and a framework will be in place to manage the infrastructure sustainability rating scheme. This IBC provides comparative information on the form and scope of AGIC's infrastructure sustainability rating scheme and provides a compelling case for the advancement of both AGIC and the rating scheme.