

NSW Liberals & Nationals



Infrastructure NSW

Making the right infrastructure decisions and delivering better projects



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February 17, 2010 Infrastructure NSW

The NSW Liberals & Nationals will establish a professional and independently chaired body called *Infrastructure NSW* to improve the identification, prioritisation and delivery of critical public infrastructure across the State.

The new body will ensure the roads, rail, hospitals, ports and other upgrades NSW so desperately needs are delivered according to need, on time and on budget.

Rebuilding core infrastructure is the only way that NSW can reverse its recent decline and lay the foundation for a swift economic recovery. The time has now come for a new way to plan, procure and deliver the projects and networks that will restore our prosperity and position as the 'premier State'.

The shortfall of infrastructure in NSW is obvious - but it is also very costly. It is estimated that urban congestion costs NSW more than \$4 billion in lost productivity each year. Clogged freight networks have very significant economic costs and the failure to renew hospitals, schools and public facilities means that the best efforts of dedicated nurses, teachers and public servants are hampered by old, tired facilities.

The problems are many, but the root cause is common. For too long, NSW has failed to develop rigorous, integrated and real plans for the future and has failed to build key projects. That's why the NSW Liberals & Nationals have committed to create an effective co-ordination and strategic planning body - *Infrastructure NSW* - to address the task of rebuilding the State.

1. The NSW Liberals & Nationals plan:

- **Stronger governance and greater accountability.** The Premier will take responsibility for the overall co-ordination and management of infrastructure and chair a Cabinet Infrastructure Committee providing long term strategy oversight and monitoring of delivery of major infrastructure projects. A Minister for Planning and Infrastructure will be appointed to ensure that planning and infrastructure decisions are integrated;
- **A new statutory body.** *Infrastructure NSW* will be established to drive our infrastructure effort. Oversighted by a Board with an Independent Chair appointed from outside government and will have the capacity to directly manage project delivery and implementation for designated major projects;
- **A 20-year State Infrastructure Strategy.** *Infrastructure NSW* will develop a 20-year strategy detailing major infrastructure projects costing over \$100 million. The State Infrastructure Strategy will be reviewed every 5 years. The State Infrastructure Strategy will be approved by the Premier and the Cabinet Infrastructure Committee and will be tabled in Parliament and subject to debate to establish a clear political mandate for the long-term strategy.
- **A 5-year Infrastructure Plan.** A detailed, costed and transparent 5-year Infrastructure Plan to underpin the 20-year strategy. Projects in the 5-year plan will be funded in the forward estimates of the Budget.

- **State Infrastructure Strategy Statements.** A system of State Infrastructure Strategy Statements (SISS) will be developed across key infrastructure sectors, setting out clear analysis of long-term requirements and a transparent road map for infrastructure projects in that sector.

Our plan will:

Reduce the time it takes to deliver vital major projects, through better planning and co-ordination and reduced delays; Ensure **better value for money** for communities and taxpayers by minimising cost overruns and delays; **Restore the reputation of NSW** as a State where the right projects are undertaken in a timely and professional manner; **Make decisions in the public interest** and on the advice of experts and not for political purposes; **Attract investment to NSW** by providing greater certainty over project delivery; and **Be accountable** with the State Infrastructure Strategy tabled in Parliament and subject to debate.

Our approach draws on the recommendations of Max Moore-Wilton AC, a former Secretary of the Department of Prime Minister and Cabinet, who undertook a review of existing infrastructure delivery processes to identify the barriers to delivery and ways barriers could be removed.

It also draws upon the *Sydney Morning Herald's* Independent Public Inquiry into Public Transport in Sydney, the experience of Infrastructure Australia and Partnerships Victoria, and global experience of groups like Partnerships UK and Partnerships British Columbia.

Our approach to *Infrastructure NSW* builds on the priorities established in our economic framework, *Planning for Prosperity*, and social policy framework, *Smarter, Stronger, Healthier, Safer*. Our plan to establish *Infrastructure NSW* also builds on our other policy initiatives, including our plans to establish an Integrated Transport Agency, to scrap the Rozelle Metro and deliver the South West and North West rail links and to improve honesty, integrity and accountability in government.

2. Labor's Failures

NSW suffers from the long term failure of the State Labor Government to adequately plan and manage infrastructure delivery in NSW. This has led to a lack of integration, poor planning, inefficiency, unnecessary costs and budget overruns. Projects have been serially delayed or have been announced and then not delivered at all.

The result of these failures has been increasing urban congestion, communities serviced by poor or non-existent public transport, impediments to investment, jobs and economic growth, a failure to renew ageing infrastructure and greater stress on inadequate infrastructure.

The obvious lack of planning involved in the announcement of the Rozelle Metro, and the resulting community backlash against the project highlights the problems with the current system for planning and delivering major projects.

People rightly question how our suburbs, towns and cities will cope with the extra demands of an ageing and growing population when existing infrastructure cannot currently cope with current demand. These pressures have been looming for 15 years – yet Labor has repeatedly ignored the problems. While they've been busy playing politics or distracted by scandals and infighting, families and business have suffered higher costs and great inconvenience.

The key problems with infrastructure planning and project delivery include:

- an absence of detailed long term plans and a lack of consensus about the long term requirements;
- failure to provide a credible implementation program and deliver projects on time and on budget;
- failure to integrate strategic infrastructure planning with land use and environmental planning and a failure to co-ordinate the provision of infrastructure with urban development, and
- a slow and complex major project approval process with perceptions of political interference and inadequate public consultation.

The combination and interaction of these problems has led to the failure of the current system of infrastructure delivery. Without significant structural reform designed to solve these problems the malaise that has affected NSW for 15 years will continue.

3. Stronger governance and better accountability

Successful planning and delivery of infrastructure requires the following key elements:

- a single focus on the issue at hand, which is undiluted by competing areas of attention;
- a commitment to achieving a successful outcome, accompanied by a responsibility for - and ownership of - those outcomes; and
- necessary powers to co-ordinate and align the sometimes competitive interests of different agencies and departments with the State interest.

The NSW Liberals & Nationals believe successful infrastructure delivery needs the focus and direct oversight of the Premier. Under our model, the Premier will take responsibility for the overall co-ordination and management of the State Infrastructure Strategy. Appointment of a Minister for Planning and Infrastructure will also ensure that planning decisions and infrastructure delivery are aligned.

The Premier will also chair a Cabinet Infrastructure Committee providing long-term strategic oversight and monitoring of delivery of major infrastructure projects.

The Cabinet Infrastructure Committee will comprise:

Premier (Chair); Treasurer; Minister for State Development; Minister for Planning and Infrastructure; Relevant portfolio Minister for the particular project under consideration; the Chair of *Infrastructure NSW* and the Co-ordinator General as co-opted members of the Committee.

The functions of the Cabinet Infrastructure Committee will be:

- Approval of the 20-year forward State Infrastructure Strategy, detailed 5-year Infrastructure Plan and sectoral State Infrastructure Strategy Statements;
- Setting the program and priorities for the preparation of State Infrastructure Strategy Statements in key sectors such as ports, metropolitan transport or water;
- Determining which projects should be subject to either direct management or oversight by *Infrastructure NSW* and which, if any, privately sponsored projects should be subject to co-ordination by *Infrastructure NSW*; and
- Monitoring project delivery and reporting to Cabinet on a quarterly basis on project time and cost variations.

4. Infrastructure NSW

The NSW Liberals & Nationals will establish a new statutory body, *Infrastructure NSW*, with responsibility for co-ordinating and managing infrastructure delivery across NSW.

Infrastructure NSW will be tasked with the delivery of a cohesive, integrated 20-year State Infrastructure Strategy and will also oversee best practice infrastructure policies, standards and procedures. (Figure 1).

Infrastructure NSW will be oversighted by a Board with an Independent Chair appointed from outside government. The Board will comprise:

a Chair selected from outside government; the NSW Co-ordinator General; the Director General of the Department of Premier & Cabinet; the Secretary of Treasury; the Director General of the Department of State & Regional Development; the Director General of the Department of Planning and Infrastructure; five members from outside of the public sector with expertise in infrastructure.

The Co-ordinator General will be the CEO of *Infrastructure NSW* and be responsible for the day-to-day management of the organisation.

The Co-ordinator General will report directly to the Premier. In addition to the role at *Infrastructure NSW*, the Co-ordinator General will have responsibility for special projects requiring statewide co-ordination.

- prepare a 20-year forward State Infrastructure Strategy, detailed 5-year Infrastructure Plans, and sectoral State Infrastructure Strategy Statements for approval by the Premier and Cabinet Infrastructure Committee;
- liaise with Infrastructure Australia, co-ordinate State agencies in relation to infrastructure projects and advise the Premier on resolving infrastructure project difficulties or impediments;
- develop policies, standards and procedures for infrastructure funding and delivery in NSW and consider and recommend long-term strategic corridor and land reservations for future infrastructure use;
- make recommendations in relation to infrastructure issues for the Budget capital works program;
- assess which major infrastructure projects, including privately sponsored projects, should be subject to the co-ordination processes for major infrastructure by *Infrastructure NSW*;
- for those projects of critical importance to the State, appoint a Project Coordinator and a Project Steering Committee involving line departments plus contractors and key stakeholders to either oversight or directly manage project delivery within a Project Implementation Plan, and
- report to the Premier on infrastructure project delivery and implementation, and in particular on any project delays, impediments or cost variations.

Infrastructure NSW will comprise a compact staff, drawing the best from the public and private sectors.

By establishing a small team with a high level of expertise in delivering major projects, the government will be in a better position to minimise cost overruns and delays. This will ensure the taxpayer dollar is stretched further, delivering better assets at better value.

5. Better strategic planning

The lack of a long-term strategic plan for infrastructure is the greatest infrastructure problem facing NSW. Without a clear, long-term strategy to address emerging bottlenecks, the impact of population growth and changes in land use and employment patterns, poor decisions will inevitably be made.

This long-term strategy cannot simply be a political document or a wishlist of potential projects. It must be a detailed plan backed by sufficient evidence and analysis to gain long-term bipartisan support.

To address this lack of strategic planning, the NSW Liberals & Nationals will:

- direct *Infrastructure NSW* to develop a definitive State Infrastructure Strategy extending over 20 years, detailing major infrastructure projects costing over \$100 million. The State Infrastructure Strategy will be reviewed every 5 years. The State Infrastructure Strategy will be approved by the Premier and the Cabinet Infrastructure Committee and will be tabled in Parliament and subject to debate to establish a clear political mandate for the long-term strategy;
- establish a detailed, costed and transparent 5-year Infrastructure Plan to underpin the 20-year strategy. Projects in the 5-year plan will be funded in the forward estimates of the Budget; and
- establish a system of State Infrastructure Strategy Statements (SISS) across key infrastructure sectors, setting out clear analysis of long-term requirements and a transparent road map for infrastructure projects in that sector.

The public and businesses deserve to know that when government commits to a project, it will be delivered. Accordingly the State Infrastructure Strategy will be a transparent prioritisation and sequencing of projects. This means there will be a clear timeline of when projects will be delivered based on the most critical projects being undertaken first.

The State Infrastructure Strategy will be based on rigorous analysis and a clear assessment of the costs and benefits of alternative options. The development of the Strategy will involve community input and consultation, particularly in identifying the objectives against which the strategy will be assessed, to ensure that there is strong community.

The State Infrastructure Strategy will include:

- a clear statement of economic, social and environmental objectives, against which the performance of the State's infrastructure can be assessed and benchmarked;
- the identification, of where the State's infrastructure are causing the greatest economic, social or environmental costs based on detailed and objective evidence; and
- a transparent assessment of the full range of potential solutions to those problems.

The State Infrastructure Strategy, Infrastructure Plan and sectoral State Infrastructure Strategy Statements will work together to provide much clearer short-term and long-term planning for infrastructure across NSW. They will also ensure projects are sequenced and co-ordinated effectively so that competing demands for limited resources are avoided.

The NSW Liberals & Nationals believe this new approach to infrastructure will result in better decision making for communities, greater certainty and a clearer project pipeline for investors and better value for money for taxpayers.

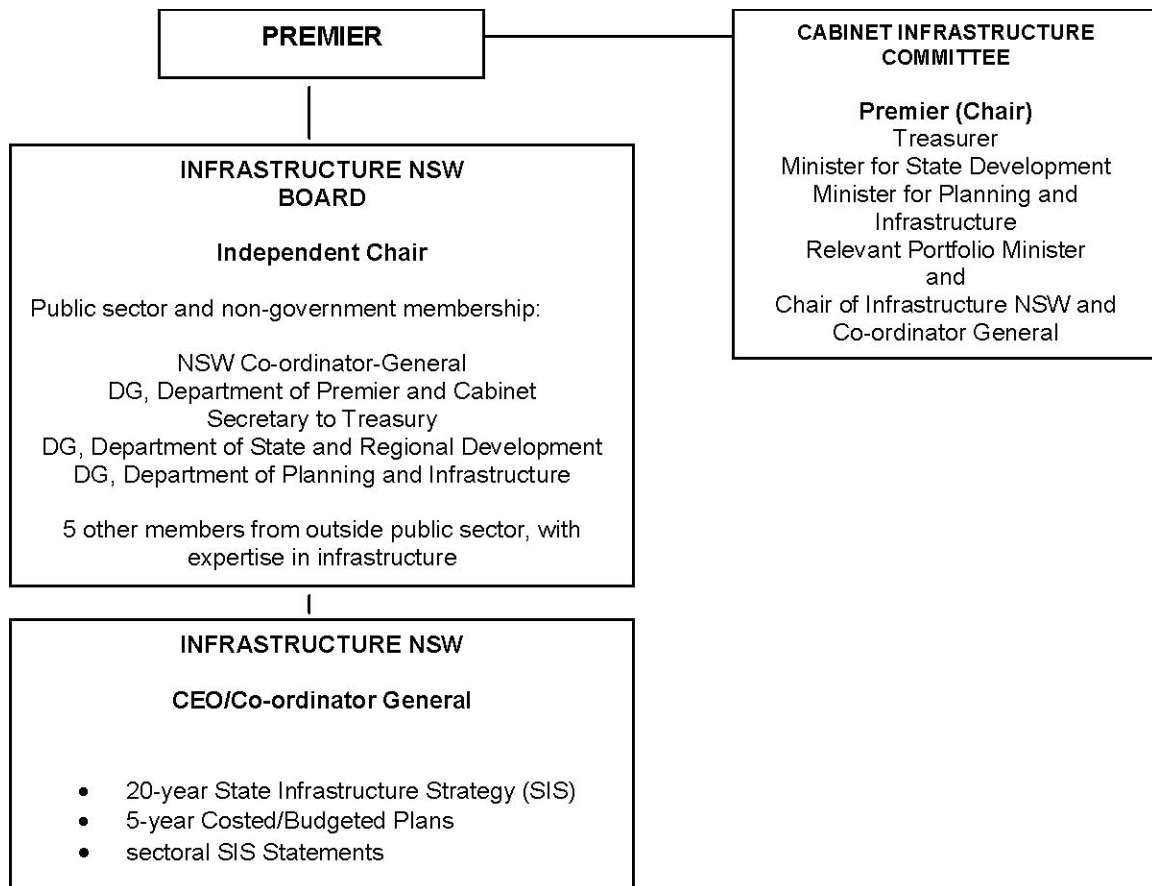


Figure 1