

Address by NSW Opposition Leader, Barry O'Farrell, to the Partnerships 2008 - Infrastructure & Investment Conference at the Four Seasons Hotel, Sydney, on Friday 1 August 2008

Mark Birrell, Chairman Infrastructure Partnerships Australia:

Thank you for the invitation to speak at this infrastructure and investment conference.

I compliment you on your timing. In recent days we've again seen all that is wrong with the State Labor Government's approach to infrastructure.

The revelation that Morris Iemma and John Watkins committed \$12 billion to the North West Metro project against the advice of the State Government's hand-picked international expert highlights the absence of rigour in whatever process was followed.

It followed earlier revelations in Treasury emails that came to light in May and which raised doubts about the project's costing and whether it could be built on time.

These concerns were, in part, understandable given the State Government's own records also revealed it had only started work on the idea six months earlier.

Until this Metro project was announced, residents in the North West had been waiting for its much-promised (and needed) heavy rail line.

First promised in 1998, and supposed to be up and running in 2010, at last year's election the promised completion date had blown out to 2017.

No report or reasons have ever been provided for the Iemma Government's decision to drop the heavy rail proposal in favour of the Metro.

It's been a ten-year saga that has only delivered project delays and cost increases – and residents in the region are no closer than at the start to accessing rail services they need.

If you in the private sector behaved in a similar fashion, you would either be out of business or out of a job. But no-one in the Iemma Government is ever held accountable.

This episode confirms Labor's preference for policy on the run.

It confirms that the Iemma Government always puts politics and electoral considerations ahead of good planning.

It helps explain – in part – why Sydney's public transport and other infrastructure haven't kept pace with population growth and the community's needs.

I wish it were an isolated episode, but it isn't.

There's little point going through the long list of bungled transport infrastructure projects, like T-card and chronic over-crowding on the train, under the Iemma Labor Government. The problems are well known.

Equally well known are many of the solutions.

Over its term in office Labor has announced a long list of projects that, if they had been delivered and been co-ordinated, could have equipped this city with a world-class transport system.

The projects have been so numerous as to be confusing to some.

This week Bob Carr sought to enter the public debate on Sydney's dependence on the car. 'Bus only freeways' are the answer he declared, only to get narky with the media when they reminded him of his promise in 1998 to build ten of them. Only three ever materialised.

Too often projects that would have improved transport systems have failed to be delivered or been dropped despite firm commitments and promises or been subjected to major changes.

I recall the State Government's 1998 announcement of the Parramatta to Chatswood rail link and the promise that it would open up to western Sydney residents jobs in, what was then described, as the 'dot.com corridor' of North Ryde.

In 2003 the project was revised; it is being built between Epping and Chatswood. It won't deliver on the promise to Western Sydney residents; it won't deliver the benefits to the rail system originally promised.

The public will end up with half the project promised at nearly twice the original cost.

This week's events have served to remind the public of the urgent need for reform of the process of planning and delivering transport and other infrastructure in this State.

And it's reform to which my colleagues and I are committed.

We understand the significance of a strong economy to the State's future and the ability of governments to create the environment to allow both individuals and business to maximise their potential.

We appreciate the importance of infrastructure, directly and indirectly, to the State's economy. No one can afford to ignore the evidence that NSW is slipping further behind other States in its development of infrastructure.

As the Liberal and Nationals undertake our work on the solutions we will take to the electorate, we are firmly committed to reforms that will demonstrate there is a better way.

Improvements that will ensure better planning, that guarantee project delivery - on time and on budget – and that cater to the State's current and future needs.

As I have previously argued, more focussed portfolio arrangements can, and will, help.

As long as ministries and departmental arrangements are determined according to political or factional factors, a lack of co-ordination and communication across government is entrenched. It's a 'silo' approach that frustrates the public and results in costs for business.

While proper functional grouping of agencies has been successfully applied in other States (under both Liberal and Labor administrations), NSW has largely ignored the idea.

The only serious attempt to embrace the concept was 2003 when the Carr Government sought to establish the Department of Infrastructure, Planning and Natural Resources (DIPNR) after the 2003 State election.

It was an initiative I supported at the time because it offered the hope of a more integrated and co-ordinated approach to the planning and delivery of infrastructure.

It could – and should – have put an end to the continuing failure of the State Government to co-ordinate its infrastructure planning.

The sort of problems identified during a visit to the Illawarra yesterday.

The region is understandably excited about the port expansion plans – as they were when the State Government announced that car carriers would be transferred from Sydney to Port Kembla last year.

But what everyone asked yesterday was: when is the State Government going to announce plans to deliver the road and rail infrastructure needed to ensure the additional port activity can move through and beyond Wollongong and the Illawarra.

DIPNR offered the hope that this Labor Government would finally match its housing strategies to infrastructure strategies and ensure their concurrent implementation to meet current and future needs.

Yet, two years after this advance was made, one of Morris Iemma's first acts as Premier was to again split the portfolio. It's a decision that has hindered, not helped, the State's infrastructure efforts.

It's a mistake I don't intend to make. It's why in Opposition I have a Shadow Minister for Infrastructure and Planning.

It's why in government, the Liberal and Nationals will adopt the type of functional portfolio structure that has operated in Victoria under both sides of politics.

It's an approach that can also help apply some of the best of business practice to the running of government in NSW.

Business looks to the future far better than State Government.

While Mr Iemma may produce plans and strategies from time to time – especially in the lead up to an election – from sorry experience, the public know they can't be relied on.

So-called 'strategies' and 'priorities' have and will continue to change under this Labor Government depending on the latest poll outlook, ministerial preference or change in leadership of the Labor Party.

It's an approach that fails the State.

It explains why it is taking so long to deliver important projects that are important for this city, including another passenger berth for Sydney Harbour or expanded convention and exhibition facilities.

It also explains why there was a rush to sign up to the \$2 billion desalination plant – simply to meet the election needs of a party that didn't have a water policy for Sydney after 12 years in office.

Regrettably, once again, other States have shown the way.

Mark Birrell was part of a government that engaged in the type of longer term planning, whose successive government continues to do so, and that is common to business.

It's about genuine planning – not glorified media strategies – that is designed to provide the public and business with certainty.

I am determined to deliver improvements in this area.

Like business, the next Liberal/Nationals Government needs to be able to plan with certainty over at least a ten-year time frame.

We want to better align State planning horizons with the timeframes applied by the private sector in making investment decisions.

Just as I look to proven initiatives in other States to help improve the operation of government in NSW, I am also happy to embrace strategies that have worked internationally.

As the NSW Liberal/Nationals Coalition argued at the last election, the Partnership UK model offers lessons on how to better harness the energy of the private sector to the benefit of the community.

We have to replicate the drive and political will that was behind Tony Blair's efforts to achieve improved services and better infrastructure delivery by engendering and encouraging public private partnerships.

With a firm and clear focus on improving outcomes for the public, efforts were made to facilitate partnerships with the private sector through reducing bid costs, improving project flow and certainty.

It was about providing clear objectives to avoid the costs and delays caused by the lemma Government's moving goalposts, changes or dumping of projects.

It offers hope of preventing the unnecessary levels of detail demanded pre-bid and it can ensure a better balance between probity protections and information flow between bidders and the government.

There is work to be done to restore confidence in public private partnerships in NSW.

The State Government's handling of projects like the Cross City and Lane Cove Tunnels has sapped community confidence in what will remain one of the keys to turning around this State's prospects.

In each of these projects Morris lemma used the private sector as the 'fall guys' in usual spin tactics. Yet in each, he and his government were responsible for the failure to ensure that the new infrastructure met the public's need.

It took real genius to stuff up a tollways concept that worked for the public and taxpayers alike.

Under Nick Greiner, the model was very clear: an operating franchise offered in exchange for a road being built. Insistence that there always be an untolled alternative route for motorists.

This model didn't involve road closures or 'tunnel funnels'; it didn't involve upfront fees; tolls were at reasonable levels and government kept sight of the interests of motorists.

Labor's version saw the lemma Government trade away motorists' interests in exchange for upfront payments. Unsurprisingly, motorists were angered by road closures, tunnel funnels and higher tolls and, as is clear, have voted with their wheels.

While I am all in favour of encouraging greater innovation and less prescription in the design of bids – and different models should be on the table – unless they are focussed on improving outcomes for users, they won't pass muster under an O'Farrell Government.

We intend to learn from Labor's mistakes – not repeat them.

It's why we will ensure that the political will exists to reform the planning and delivery of infrastructure in NSW.

We also determined to impose constraints on the ability of government to engage in politics and stymie projects.

While limiting political influence might be seen as an unusual goal for a prospective Premier of NSW, it's an essential if the State's performance is to be lifted.

We need a public sector that, in fulfilling government's objectives, is effective in meeting the needs of the community and business.

Currently too much of the public sector's efforts are focussed upwards on meeting the needs of ministers and government instead of being firmly directed towards the needs of the public.

It's a culture that has eroded customer focus; one that ignores the State's real needs; that breeds the complacency that permeates this Labor Government.

The real solution to a government's political fate rests lies in a better performing public sector, rather than the recruitment of an army of ex-Channel 9 spin doctors. In other words: politician heal thyself!

Constraining politics – along with co-ordination of planning, guarantee of project delivery and improvement in services – underpins our proposal for a single Integrated Transport Agency.

The concept, developed by Shadow Transport Minister Gladys Berejiklian, ticks every box on our checklist of how to improve infrastructure and service delivery.

The proposed agency will be charged with responsibility to deliver major transport infrastructure projects and ultimately to improve services for commuters.

It will take over the planning, infrastructure, fares, ticketing and customer information responsibilities currently held by existing State transport agencies like Rail Corp.

Under our proposal, State Transit, RailCorp and Sydney Ferries, will continue as service providers, devoting all their focus and energies to delivering the public transport services Sydney deserves.

An independent board, comprising transport experts, providing strategic advice and – importantly – keeping government accountable, would assist in delivering the world-class transport systems the public deserves.

An Integrated Transport Agency would have avoided the Tcard and North West Metro problems by ensuring a more rigorous planning process and preventing political considerations interfering after government gave a project the ‘green light’.

If such an agency received a report from a Jim Steer it would be properly assessed – not simply cast aside because it contained unwelcome advice. If a government did try to bury such a report, the independent board could, and would, raise the alarm.

Transparency and accountability always leads to the best outcome; election timetables and politics-driven decisions do not.

These changes to the structure of government can, and will, help with the task of improving infrastructure delivery.

But financing the needed infrastructure projects remains a major problem for you and the State.

It's made worse by a wastrel government that's frittered away record revenues.

When I was first elected – the year Labor came to office – State revenues were \$20 billion. This year they are \$48 billion. Thanks to the property market and GST, Labor has enjoyed strong revenue growth.

Windfalls receipts from taxes and other revenues have totalled \$17.5 billion over Labor's term in office, including an overall taxation windfall of \$913 million last financial year.

But instead of being wisely used to improve services and infrastructure, these tax windfalls have been lost by Labor Government's inability to keep expenses under control.

Almost every Budget Labor has delivered has promised record investment in infrastructure. Two months, we saw Morris Iemma's version of the infamous 2002 'Bob the Builder' claim. Same script; same lack of guarantee of delivery.

Yet even when funds are allocated vital projects have been delayed or abandoned.

Each set of Budget Papers reveals State Government underspending of its own capital expenditure budget.

In 2006/07 the amount underspent on infrastructure capital and maintenance was almost \$450 million – incompetence equal to the sum needed to build 19 high schools or 25 police stations.

It's another example of the lack of discipline and rigour that flourishes in Morris lemma Government.

An incompetence, that last year resulted in the State Government failing to lodge a submission for the latest round of AusLink funding.

A lack of planning that sees our State's submission to the Federal Government's audit by Infrastructure Australia read like a postcard from a poor cousin compared to the submissions States like Victoria.

It's simply incredible that, even when funds are on offer from the Federal Government for projects to improve the State's performance, Labor's incompetence intervenes.

You can hardly blame the Federal Government when, in exchange for additional funds for NSW hospitals, it forces a resistant lemma Government to sign up to a system of published benchmarks.

It justifies the decision of Federal Infrastructure Minister, Anthony Albanese, to commission his own studies – rather than rely on NSW agencies' reports – when assessing the costs and other issues involved in determining whether major projects in this city should be funded.

Eight months after the Rudd Government's election, wall-to-wall Labor Government doesn't seem to have delivered any returns to NSW. There is no evidence of any 'special relationship' paying dividends for NSW residents and business.

A change of Federal Government seems to have struck Morris lemma dumb. His silence on the impact of the Federal Government's Emission's Trading Scheme is both surprising and appalling.

The NSW Premier has failed to take the fight up to the Federal Government on the issue of compensation for this State.

He should be strongly arguing for NSW families and businesses.

The Federal Government's compensation package for the ETS must provide substantial funds to NSW for necessary infrastructure projects, particularly public transport improvements.

Given the likely impact of the scheme for individuals and business, it the least that Mr Rudd can do.

Given ETS is also meant to promote changes in people's behaviour, allocating compensation funds to invest in improving public transport makes sense.

Morris lemma is again letting down NSW by not pressing Kevin Rudd hard on this issue; by not ensuring the public are offered some hope of lasting State benefits as a result of the ETS.

There is one other issue I want to raise.

If we are to improve infrastructure investment and delivery in NSW, we also need to improve the operation of the State's workplaces.

Occupational health and safety regulations in this State are unbalanced and failing to deliver safer work places.

The former Minister for Industrial Relations, John Della Bosca, admitted it and it's why he drafted legislative changes prior to the 2007 State election to improve the system.

Of course, Unions NSW ensured that government legislation was never introduced.

Despite a costly, over-regulated OH&S regime, NSW still suffers accident and injury rates above the national average.

My colleagues and I are committed to workplace safety reforms that:

- ensure both employers and workers responsible for developing and maintaining a safe workplace environment;
- ensure prosecutions are determined in a Court consistent with other criminal matters;
- restore the right of appeal against convictions;
- make the prosecution in criminal matters prove its case beyond reasonable doubt, and;
- ensure responsibility for all education, enforcement and prosecution issues is vested in a single, independent authority - the WorkCover Authority.

When Parliament resumes next month I will be introduce a Private Members Bill along these lines.

It seeks to better focus on safety results and rather than costly legal action, requires employers and employees to take reasonable care for their own safety, provides a more practical approach to the 'duty of care' obligations upon employers, and beefs up the advisory functions of WorkCover.

In the meantime, while the State Government dithers, I have made a submission to the Federal Government's inquiry arguing that adoption of existing Victorian legislation is the simplest and quickest way to effect change in NSW and consistency across the nation.

I wish you well with today's proceedings and I will view the results with interest. The opportunity to discuss the most critical issue facing the State and outline the Coalition's framework for change was welcome.

I hope I have left you clear about my intentions; that you understand:

- my determination to end government by media release or glossy ad – and end to the delay and debacles like the on-going saga of the M4 East.
- my unequivocal support for innovation of funding options and their application as appropriate to projects;
- my resolve to work through the dilemmas created by Labor's lack of co-ordination and integrated planning;
- my commitment to a model of government firmly focussed on achieving results for the community and taxpayers and one that understands it can't do it alone;
- my intention to lift public sector performance and not allow union self-interest to impede improvements for the public and public servants alike; and,
- my goal of achieving sensible improvements to the State workplace safety laws that will deliver reductions in deaths and injuries.

Above all, I hope you are clear about my determination to constrain politics in public sector administration and to ensure the structure of government is geared towards the needs of the community and business.

One of my predecessor's used to reflect that while 'infrastructure' was a word rarely mentioned (or even understood) during the 1999 State election, it was widely used four years later.

Today, most people have grown tired of politicians using the term, but not delivering the sought after improvements.

In 2011 – in 138 weeks – my colleagues and I won't have a choice. Improvements will be desperately needed and we're determined to deliver them.

ENDS/...