

***“Challenges and Opportunities for NSW Infrastructure Development”***

**Address by NSW Leader of the Opposition, Barry O’Farrell MP, to  
Civil Contractors Federation Annual Dinner  
at Parliament House, Sydney, 26 September 2008**

It’s a pleasure to again be present for this Civil Contractors Federation (CCF) Annual Dinner.

The people in this room need no convincing that customer relations is a big part of your businesses’ success. So, I’d like to start tonight by giving you some “customer feedback” about your organisation – the CCF.

Then, I’d like to share some thoughts with you about the NSW Liberal/Nationals Coalition’s views about infrastructure development policy in NSW – the challenges and the opportunities as we see them.

First, here’s the feedback. My main impression of the CCF as an organisation is that it “punches above its weight”. The CCF’s efforts and successes are considerable for an organisation its size in terms of membership base or head office.

Whether it’s through your very active Board members or your ever-present CEO, the CCF is involved in the right and meaningful discussions. Here in NSW, the CCF actively seeks to make a difference – on behalf of yourselves and broader interests – in policy terms.

The CCF has its finger on the pulse of what’s going on in the world of public affairs and politics.

I know I can’t top Sam Kekovic, but another funny bloke once said: “80% of success is just turning up.” Well, the CCF does more than turn up in many places I go. It works very hard at representing your industry and at seeking to revive the regrettably stalled economy of our State.

So full marks to you all for all this work.

Ladies and gentlemen, when you invite the Leader of the Liberal Party in NSW to speak to you, you know he’s not going to give full marks to the NSW Labor Government.

To understand what the NSW Liberal/Nationals Coalition wants to do in infrastructure, though, it’s important to be clear about the very low base we are likely to inherit from Labor. You have to analyse the problem to provide the solution.

Labor’s failure in infrastructure project delivery has several dimensions.

First, there is the “disconnection” problem. Namely, over the last 13 years, Labor has not been short of infrastructure strategies and plans. What has been completely lacking is any actual implementation of them.

As an example, let me cite the Parramatta to Chatswood Rail Link.

First announced in 1998 at a cost of \$1.4 billion in 2003, the project was halved and will only connect Epping to Chatswood. Running three years late, its cost has blown out by almost \$1 billion. In other words, NSW taxpayers are getting half the project at twice the original cost.

Second, there is the problem of poor processes.

You know it better than anyone else, but infrastructure and related tender processes of NSW government agencies are complex, convoluted, and costly. In addition, the market gets little certainty, as forward schedules of major works are either not provided, or are constantly chopped and changed according to political whim or mismanagement.

An example is the Barangaroo site, which some have described as potentially the single largest CBD development opportunity in the world at present.

Rather than claiming that opportunity out-right, and using Barangaroo to put Sydney back on the world map where it belongs, the Labor has lumbered it with another poor process. It lacks clarity, it doesn't fully consider key issues such as transport links to the CBD, and it doesn't deal with the site as a whole so as to fully maximise its economic, environmental and community potential.

Third, there is the problem of ignoring the skills shortage in NSW. Of greatest concern in NSW are skill shortages in engineering, vehicle, electrical, construction, food and wood trades. Despite this, the NSW Government has actively discouraged participation in training, most recently by raising TAFE course fees by up to 9%.

Fourth, there is the problem of bad financial management. Labor has squandered the revenue growth it enjoyed from the decade-long national economic boom, including windfall receipts totalling \$17.5 billion over the past 13 years.

It was neither invested in new infrastructure or improved services, nor put aside in the good times to help us deal with the bad times. It wasn't used to keep our tax levels competitive with neighbouring States or to make NSW an attractive place to invest or grow your business.

Over the past three years – in fact, since another relatively unknown minister was shoe horned into the Premier's job and promised fiscal responsibility – the State's debt has trebled from almost \$15 billion to \$42 billion – representing over \$6,000 for every man, woman and child.

Labor has failed to deliver on its fiscal strategy because it has failed to control expenses and has squandered windfall revenues during the good economic times through waste, mismanagement and nepotism.

To make infrastructure happen in NSW, you need to do what Labor hasn't – and that's get the broader economic and financial settings right.

An example of Labor getting it wrong is their recent effort to privatise NSW electricity assets. Governments only get one opportunity to sell a public asset and, if they decide to sell, it's essential that taxpayers get the best possible price. In the case of NSW's electricity assets it's not possible given the current uncertainty in the energy sector.

The consequence of uncertainty for NSW taxpayers is that potential acquirers of electricity assets will either choose not to bid for assets or build into their bid price a significant risk premium that may include a discount on bids.

Furthermore, Labor could not be trusted to get such a significant transaction right. From the Cross City Tunnel to Bathurst Hospital, history shows that the NSW Labor Government has repeatedly failed to do deals with the private sector that benefit taxpayers and service users.

The bottom line is this: just like each of you, I won't sign up to a bad deal put forward by a dodgy competitor with a failed management team and broken balance sheet.

However, our vote doesn't mean the Coalition is any less committed to the vital role of the private sector in infrastructure delivery.

Indeed, my political beliefs are driven by a view that competition, choice and free enterprise are important in helping create the conditions in which people can fulfil their potential – for their own benefit and for the benefit of the wider community.

To that end, I'd like to now make some remarks about the Coalition's views on the critical role of infrastructure in NSW.

In a nutshell, the NSW Liberal / Nationals Coalition is strongly of the view that we need to have a development-led recovery. Under Labor, NSW has the country's worst unemployment rate of 4.9%. The key to fixing that – and our other economic woes – is to build our way out.

Infrastructure development is a critical "future-proofing" strategy in terms of international economic downturns and other threats like climate change. Infrastructure development is needed now more than ever as the quality of life in NSW declines.

Public transport is one of the key areas that affect the living standards and quality of life of the people of NSW. Commuters now spend less time with their families because not only has the Labor Government slashed services, but it's also lengthened journey times on trains.

Train services are now so unreliable and overcrowded that people have abandoned public transport and clogged the roads. That's why Sydney's roads are gridlocked by traffic and the air polluted with exhaust fumes.

Meanwhile, infrastructure initiatives like the Cross City Tunnel and the Lane Cove Tunnel have lost sight of the interests of motorists as upfront fees increase tolls, tunnel funnels are encouraged, and the original – Liberal – concept of a guaranteed untolled alternative are all but forgotten.

This is just one example of a trend that has developed under Labor that needs to be reversed if living standards and quality of life are to be improved in Sydney and across NSW.

In going forward with our infrastructure development agenda – including the further development of our detailed policies before the next election – the Coalition will be guided by several key principles.

First, the Coalition believes that the pursuit of economic growth is, simply put, a good thing.

Only a strong economy can secure the State's future. It's the foundation upon which all government does – or wants to do – is based. Only the achievement of a strong economy – encouraging business to grow and attracting investment to NSW – guarantees the continuation of the high standards of living we deserve and enjoy.

Secondly, the Coalition sees the private sector as a partner – not a pawn – in delivering infrastructure and services.

Regrettably, it has become fashionable in some Sydney circles to condemn business and be negative about development. We reject that fashion because we know that business and development – when done appropriately and responsibly – is vital to a strong economy. The private sector, through the jobs and wealth it creates, holds the key to our future quality of life.

Thirdly, the Coalition believes that government decision-making must be merit-based.

It's time to take the politics – and the perceptions about donor money – out of decisions and restore decision making based on who has the best bid at the right price with the right outcomes for the public.

I have said it elsewhere and I reiterate it tonight: I want limits imposed on how much political parties, third party interest groups and candidates can spend during campaigns, not on just how much people can donate.

As its fourth principle, the Coalition is determined to get “traction” between infrastructure strategy and planning work and actual project delivery.

Getting that “traction” is about political will. Its about government that takes a constant and vigilant interest in projects – rather than just putting out the news release, getting the headline and then walking away.

Principle number five: the Coalition will provide clarity about the “rules of the road” in infrastructure delivery.

We are acutely aware that the market produces the best results not just for itself - but for the economy and society as a whole - when it is has certainty, when it knows what is being asked of it. There is a strong case for streamlining Government tender processes and providing more information to the market about forward works.

Sixth, the Coalition supports a more centralised approach to infrastructure delivery.

There are simply “too many chiefs” in the current situation, including too many competing government bodies, to get things done in an efficient and effective way. We believe the Partnership UK model offers lessons on how to better harness the energy of the private sector to the benefit of the community.

It's an approach Tony Blair used to provide to the community improved services and better infrastructure delivery.

Finally, the Coalition believes that the private sector – including your industry – is part of the environmental and climate change solution.

Again, some fashionable circles of Sydney too conveniently cast business as only the problem – the polluters. It's an outdated "us versus them" mentality in an era when I know each and everyone of you takes your environmental performance as individuals and as businesses seriously.

Indeed, I want to take this opportunity to commend the CCF for its own efforts in the environmental arena.

Your Sustainable Development Policy is an example of business being pro-active. It provides a framework for your members to address sustainability issues, such as water usage and conservation, waste minimisation, energy efficiency, noise abatement and ecological preservation. It shows what's possible when we look for opportunities rather than threats.

For our part, the NSW Liberal/Nationals Coalition is excited about the prospect of seeing NSW become a real leader in the development of new environmental infrastructure – from renewable energy generators to water harvesting plants to waste minimisation facilities – as we seek to meet the climate change challenge.

As industry provides this new infrastructure and the jobs that go with it, it combines being green with being gold – and that's at the heart of what's truly sustainable.

I have listed our principles for infrastructure development. You might be thinking "nice theory, but where's the practice?"

I want you to know that, with just 130 Saturdays left before the NSW Coalition can become the Government of NSW, we have started the hard work already.

Just two weeks ago, the Shadow Cabinet had very productive dialogue with other key infrastructure and development-related organisations. I want to build on that dialogue by tonight announcing the NSW Liberal/Nationals Coalition is creating an Infrastructure Forum.

The Infrastructure Forum – to be chaired by our Shadow Minister for Infrastructure Brad Hazzard MP – will be an expert group of industry leaders providing counsel on infrastructure priorities, infrastructure project delivery innovation, and infrastructure funding options.

I am keen to ensure the membership of the Infrastructure Forum is diverse and spans the businesses that are involved in the infrastructure development realm. To that end, we would be keen to have your suggestions on suitable representatives from CCF member companies.

It will be an important way for not only your voice to be further heard, but for the industry to contribute to good policy – policy that puts the interests of the people of NSW first.

That's our common cause – putting the people of NSW first and putting NSW back on track. I know I am up for it and I look forward to working with you as we pursue it.

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