

INFRASTRUCTURE VICTORIA

Independent | Expert | Transparent

A road-map for infrastructure governance reform

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The need for reform

Victoria requires a robust, independent and transparent process and governance model for the evaluation, prioritisation and decision-making supporting infrastructure delivery.

A long-term approach to the prioritisation of infrastructure in Victoria is essential. While many infrastructure projects are prioritised through clear and rational assessment, in some cases decision making risks being misconstrued, and may appear to be driven by political exigency where no clear process or guidelines for assessment have been developed. When communities are competing for scarce dollars, clear processes are essential to assess, rank and prioritise projects. Decisions must be robust and stand the test of changing political and economic circumstances.

Across Australia there are a number of models now implemented supporting greater independence in the selection and prioritisation of infrastructure projects. Infrastructure Australia, Infrastructure NSW and Infrastructure Queensland are just some of the approaches now employed that merit consideration in determining a best-practice model for implementation in Victoria.

This proposal, for Infrastructure Victoria and Projects Victoria, builds on that recommendation included in Consult Australia's submission to the Victorian Labor Jobs and Investment Plan. We have here, reflected the best characteristics of approaches adopted across jurisdictions, tailored to deliver a more competitive, productive, liveable and sustainable Victoria in the decades ahead.

Infrastructure Victoria - Objectives

Created as an independent statutory authority, Infrastructure Victoria will provide expert and transparent advice to governments and industry supporting an interagency focus on transport, water, energy and communications infrastructure.

Infrastructure Victoria will facilitate a more informed debate across industry and the community about government priorities, supported by strong evidence, research and public advice to government published independently.

Delivering an integrated strategic approach to infrastructure planning and prioritisation, Infrastructure Victoria will facilitate better urban development through support for a long-term pipeline of coordinated infrastructure projects that will act as the foundation for the next phase of Victoria's economic growth.

Infrastructure Victoria will:

Prioritise infrastructure through integrated strategic planning:

- Develop Victoria's current and future needs and priorities relating to state and nationally significant infrastructure.
- Develop lists (to be known as Infrastructure Priority Lists) that prioritise Victoria's infrastructure needs.
- Prepare sectoral State infrastructure strategy statements.
- Review and evaluate proposed major infrastructure projects by government agencies or the private sector and other proposed infrastructure projects.
- Evaluate proposals for investment in, or enhancements to, state significant infrastructure.

Support smarter policy and better regulation

- Provide advice to the Government on economic or regulatory impediments to the efficient delivery of specific infrastructure projects or infrastructure projects in specific sectors.
- Review and provide advice on proposals to facilitate the harmonisation of policies, and laws, relating to development of, and investment in, infrastructure.
- Review policy, pricing and regulatory issues that may impact on the efficient utilisation and maintenance of infrastructure networks.
- Develop, implement and publish cost benefit analyses against infrastructure projects that account for wider economic and social benefits of investment in the longer-term.

Facilitate funding and financing options

- Provide advice to the Government on appropriate funding and models for infrastructure.
- Mechanisms for financing investment in infrastructure.
- Promote investment in infrastructure.
- Co-ordinate the infrastructure funding submissions of the State and its agencies to the Commonwealth Government and to other bodies.
- Review infrastructure funding programs to ensure they align with any infrastructure priority lists.

Anticipate and plan for future demand

- Consider the needs of users of infrastructure.
- Provide advice on infrastructure policy issues arising from climate change.
- Conduct audits to determine the adequacy, capacity and condition of state significant infrastructure, taking into account forecast growth and demographic change.

Projects Victoria - Objectives

The creation by the Queensland Government of 'Projects Queensland' as a dedicated unit with responsibility for enhancing infrastructure delivery capability is to be commended. Projects Queensland was created in 2012 as a new unit within Queensland Treasury and Trade, similarly positioned to Partnerships Victoria.

Consult Australia recommends Victoria build on this model and current activities. Projects Victoria would replace and expand on the functions currently performed by Partnerships Victoria, established as an independent statutory authority alongside Infrastructure Victoria.

The Board of Projects Victoria would be similar in size and composition to the proposed Board for Infrastructure Victoria: with a balance of representatives from the private sector and government, but with a stronger focus on technical skills and experience associated with delivery, finance and procurement.

Cross-representation between the Boards of Projects Victoria and Infrastructure Victoria will help ensure complementarities between the objectives of both organisations are realised, alongside the benefits provided by independent advice in relation to both infrastructure priorities and pipeline delivery.

Projects Victoria will:

Support project delivery

- Assess the risks involved in planning, funding, delivering and maintaining infrastructure, and the management of those risks.
- Prepare project implementation plans for major infrastructure projects.
- Oversee and monitor the delivery of major infrastructure projects and other infrastructure projects identified in plans adopted by the Government.
- Carry out or be responsible for the delivery of a specified major infrastructure project in accordance with an order of the Government.
- Carry out reviews of completed infrastructure projects at the request of the Government.

Deliver better procurement processes

- Enhance the infrastructure assessment and procurement processes within government.
- Develop and retain commercial skills within government.
- Manage tender processes and contract negotiations for designated projects
- Assist line agencies in project assessment, tendering and contract negotiations, and other advisory and review services

Facilitate investment

- Prepare preliminary evaluations for key projects with the greatest potential as public private partnerships (PPPs)
- Establish a pipeline of projects for private sector consideration.
- Prepare business cases for all projects approved as potential PPPs
- Actively engage with the private sector to develop funding models to encourage private investment in infrastructure

Governance

The boards of Infrastructure Victoria and Projects Victoria will determine their general policies and strategic direction and advice to the Government.

The boards should provide a mix of business leaders and expert representatives from across business, construction, consulting, property and finance with knowledge and experience directly relevant to the functions of Infrastructure Victoria, alongside senior government representatives.

The Chair of the Board should be a person of eminence with skills and profile complementary to the role and objectives of each entity.

The Boards should consist of:

- Not more than 11 persons;
- The Infrastructure Coordinator/Chief Executive;
- Not more than 5 persons (of whom one is the Chair) appointed by the Government from the private sector who together have relevant skills and experience in infrastructure planning, design, funding and delivery;

Alongside the State's most senior public servants, specifically the:

- Secretary of the Department of Premier and Cabinet;
- Secretary of the Treasury;
- Secretary of the Department of Planning and Community Development;
- Secretary of the Department of Transport; and the
- Secretary of the Department of Business and Innovation.

Cross-representation between Infrastructure Victoria and Projects Victoria, where appropriate, will help ensure complementarities between the work of the two organisations, but preserve the benefits associated with independent advice in relation to both delivery and prioritisation.

Ministers and their governments should be transparently held accountable to the independent advice provided by Infrastructure Victoria and Projects Victoria, through the publication of an annual policy response by the Government to their recommendations, detailing the rationale informing subsequent infrastructure prioritisation and funding and actions taken to support better infrastructure delivery.

