



Victorian State Election 2018

Consult Australia's Policy Platform

**Embedding a 'new normal' for
infrastructure in Victoria**

CONTENTS

SUMMARY	3
POLICY PLATFORM.....	4
1. Embed the Model Client Policy into procurement practices	4
2. Promote procurement knowledge sharing between the public and private sector	4
3. A new fund to develop ideas and proposals for innovative infrastructure project	5
4. Create a 30-Year State Development Strategy	6
5. Incorporate placemaking principles into the Victorian Planning System	6
6. A strategy to encourage more talent and diversity into built environment careers.....	7
7. A strategy to encourage the rollout of 'digital engineering' in Victoria	8
CONTACT	9

ABOUT US



Consult Australia is the industry association representing consulting firms operating in the built and natural environment sectors. These services include design, engineering, architecture, technology, survey, legal and management solutions for individual consumers through to major companies in the private and public sector including local, state and federal governments. We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia's top 500 firms with combined revenue exceeding \$40 billion a year.

Every major built environment project in Victoria has involved Consult Australia member firms: from the pipes that provide us water, the roads, bridges and airports that connect us, through to the galleries, stadiums and precincts that inspire us. We represent professionals who make our built environment better.

Some of our member firms include:



SUMMARY

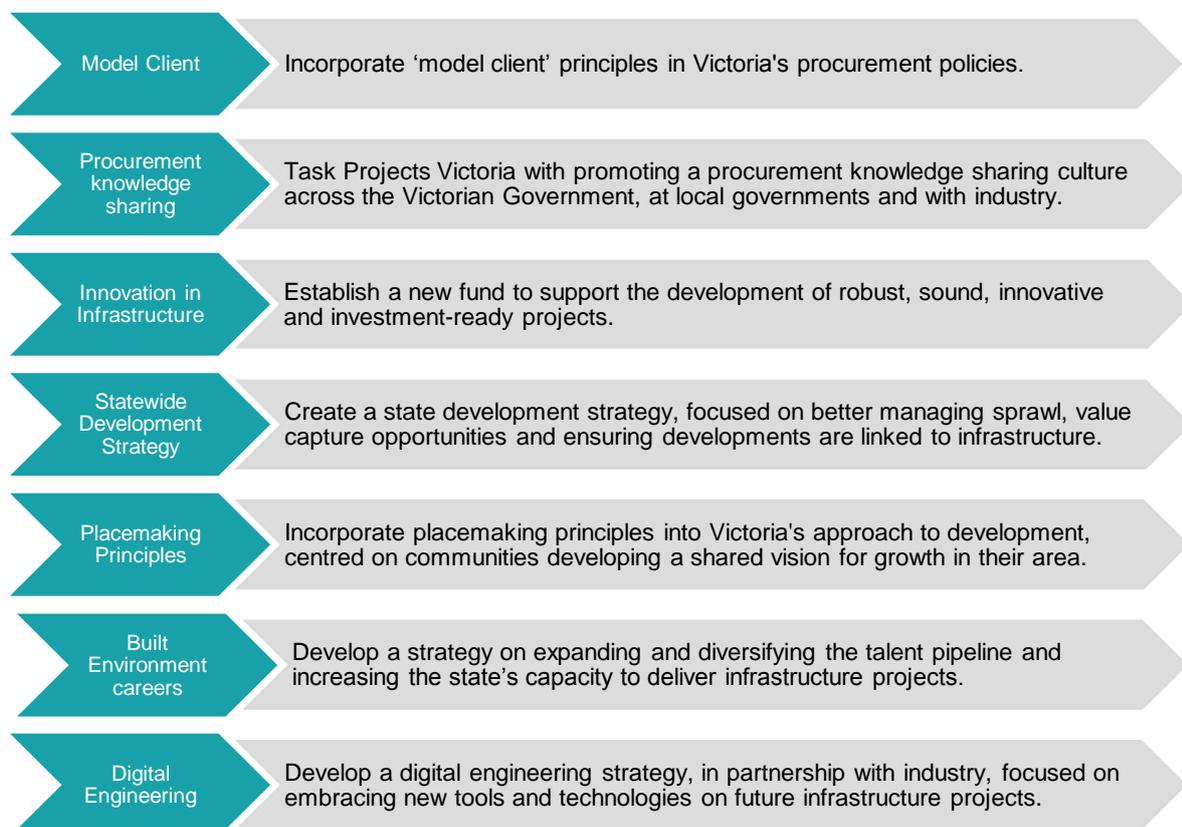
With more than \$100 billion in infrastructure investments being rolled out across Victoria, we are currently in the midst of an exciting and transformational change in how people are connected and how services are delivered. This level of investment from the public and private sectors has been described by many in Victoria as the 'new normal'; recognising how crucial it is to deliver the infrastructure task at hand over the coming decades, and to maintain Victoria's liveability reputation through good growth.

Infrastructure provides valuable links for society and the economy. It enables businesses to grow, provides better connections to services, and supports population growth. In short, continued investment in the right infrastructure will have a compounding effect on the current levels of economic growth across the state.

A continued focus on infrastructure is also critical for responding to current levels of population growth. With population growth forecasts consistently exceeded in recent years and Melbourne last year experiencing the largest annual increase in population of any city in Australia's history, Victoria has an opportunity to convert the many benefits that population growth can offer. While shorter-term benefits of a bigger economy are a certainty, longer-term benefits of a thriving economy, increased productivity and improving the day-to-day lives of Victorians can only be delivered by continuing to improve how we deliver infrastructure. Victoria's history demonstrates how significant the longer-term benefits of population growth can be, as highlighted in recent global liveability rankings.

However, improving how we deliver infrastructure is not as simple as the total spend on projects. Instead, we must continue to refine how infrastructure is delivered – we must embed the 'new normal' for infrastructure by getting the principles right around planning, funding, designing, delivering and managing Victoria's infrastructure. Consult Australia's policy platform for the 2018 Victorian State Election is centred around recommendations on practical refinements to the state's existing framework, and on improvements to delivering the best value from investments for Victorians.

Consult Australia's recommendations to all political parties in Victoria for the 2018 State Election:



Further details on Consult Australia's recommendations are outlined below.

POLICY PLATFORM

1. Embed the Model Client Policy into procurement practices

We recommend political parties in Victoria commit to reviewing the Victorian Government Purchasing Board's (VGPB) five procurement policies and embedding our 'model client' principles.

Consult Australia calls on all political parties to commit that a Victorian Government they lead, or support, will behave fairly and reasonably in their dealings with the private sector. That is for them to adopt the Model Client Policy in line with Victorian Government's Model Litigant Guidelines.

A 'model client' works collaboratively with industry to achieve mutually beneficial outcomes and does not use their market power to the disadvantage of local businesses and their employees.

Consult Australia has outlined twelve model client principles in a [policy report](#) released in June this year that governments in all jurisdictions, at the local, state and federal level, should embed into their procurement practices. These principles are:

1. Operate in good faith and act ethically, fairly and honestly in all dealings;
2. Never use status, power or authority to gain unfair benefit or advantage;
3. Undertake appropriate risk assessment, management, and allocation, which allows for innovation and collaboration;
4. Avoid undermining the stability of the professional indemnity insurance market, through inappropriate risk allocation;
5. Adopt fairness in contracting through proportionate liability and limits on liability;
6. Avoid the use of non-standard contracts, and variations to standard contracts without clear reasoning;
7. Be clear, consistent, transparent, and focused on the best for project outcomes in procurement and delivery methodology;
8. Engage early and maintain open and constructive communication between all parties, dealing with them equally;
9. Foster productive and healthy working relationships throughout the supply chain, recognising the roles of each party;
10. Plan and prioritise projects, avoid making assumptions about industry capacity or capability;
11. Settle invoice payments and payment claims on time; and
12. Foster a culture of continuous improvement and innovation, through the recognition of procurement skills and training.

Being a model client means working collaboratively with industry on projects and achieving mutually beneficial outcomes. In practice, it formalises a client's intent to do things better by putting clear obligations in place. This will help make the Victorian Government a more attractive client for industry to work with, will be a positive force on business confidence, and will in turn attract a greater number of and better quality tenders for work.

2. Promote procurement knowledge sharing between the public and private sector

We recommend political parties in Victoria commit to establishing a procurement knowledge sharing culture between across the Victorian Government, at local governments and with industry to improve skills and deliver value for money.

Building on the call to embed model client principles into procurement practices, Consult Australia encourages the development of a knowledge sharing culture between government and industry sectors focused on improving procurement skills and addressing deficiencies in current procurement practices.

With more than \$100 billion of infrastructure projects currently being built or in the pipeline of projects in Victoria, a one per cent efficiency in current procurement practises could equate to significant savings. The opportunity to translate these savings into new infrastructure and other government services are substantial.

Projects Victoria should be tasked with building a stronger relationship between government and industry and supporting best practice procurement across Victoria. This role for Projects Victoria should:

- Be independent;
- Build strong links between various industry sectors and the client (the procuring government departments and agencies, and others in the private sector);
- Provide transparent expert advice to local governments and the Victorian Government; and
- Develop guidelines, build capacity and improve standards.

3. A new fund to develop ideas and proposals for innovative infrastructure project

We recommend political parties in Victoria commit to establishing a new Infrastructure Innovation Fund to support the development of innovative, robust and investment-ready infrastructure projects.

Consult Australia is supportive of actions by recent Victorian governments to ensure infrastructure investment decisions reflect long-term and independent planning. The establishment of the independent Infrastructure Victoria and their role developing the 30-Year Infrastructure Strategy based on a needs assessment ensures the Victorian Government has a sound evidence base for investment decisions. Furthermore, the requirement for the Victorian Government to develop five-year infrastructure plans in response to Infrastructure Victoria's strategy provides the right process for the development and prioritisation of a pipeline of a steady flow of infrastructure projects.

Despite recent Victorian governments putting in place an appropriate framework to help make better infrastructure investment decisions, one of the major challenges in infrastructure delivery is a shortage of sound, robust and investment-ready projects. Too often projects or concepts are rushed for inclusion in the Victorian Government's infrastructure delivery plan and proposals are developed reactively against pre-made decisions when funds are available. This leads to compromises in design, information asymmetries in decisions to proceed, a failure to achieve a social licence to operate, and in some cases project cancellation or a perception of increased sovereign risk with potential investors.

Without adequate investment to support the existing framework for a long-term infrastructure pipeline, at the earliest stages of project conception and development, the ability for the Victorian Government to invest when funds are ready is significantly diminished. As we increasingly look to infrastructure investments as a counter-cyclical economic lever and a driver to increasing the state's productivity, it is critical that well-conceived projects can quickly move to the construction phase to deliver the best value for taxpayers.

An Infrastructure Innovation Fund, separate from pre-determined infrastructure projects, will address this gap. The fund should be used to support the development of new ideas and investment-ready projects through innovation competitions, feasibility studies, community engagement and participation, business case development, benefits analysis (including wider economic benefits) and environment impact analysis.

The fund should encourage innovative or 'blue sky' solutions to problems at the earliest stages of identification. Early engagement by experts can deliver more cost-effective solutions than those developed without an

appropriate analysis and evidence. Not every idea or solution investigated through the fund should result in an investment-ready project, but sometimes the decision not to proceed will deliver greater benefits than an ill-informed decision to build.

Lastly, the fund should also be used to support the development of market-led ideas and proposals for infrastructure projects. Upfront costs and uncertainty around the Victorian Government's appetite for different project types means the private sector may find it difficult to justify upfront costs. This fund could support market-led proposals that have passed the Victorian Government's preliminary assessment stage, or for similar initiatives to the 'Pick My Project' scheme focused on the infrastructure industry and innovation.

4. Create a 30-Year State Development Strategy

We recommend political parties in Victoria commit to creating a state development strategy. This strategy be linked to Infrastructure Victoria's 30-Years Strategy by focusing on managing sprawl, land value capture opportunities, and ensuring developments are not isolating people from essential services and infrastructure.

Planning for infrastructure and developments should go hand-in-hand. Both can support a smarter approach to managing growth across Victoria through a long-term assessment of needs, by taking an independent outlook and, when considered together, by understanding the impacts on each other. Given some of the growth challenges facing Victoria in the years ahead, Consult Australia believes the state would benefit by having a coordinated and integrated approach to infrastructure and development at the planning stage, supported by a strong evidence base. In short, a hand-in-hand approach will ensure new developments are integrating into surroundings areas and are not causing unnecessary bottlenecks on Victoria's infrastructure.

While Infrastructure Victoria's 30-Year Strategy provides a useful synopsis of infrastructure opportunities across the state, we believe the strategy could be complimented by a similar independent synopsis of state-wide development opportunities. Both strategies could be linked and developed in tandem, with the findings and recommendations in each informing Victoria's infrastructure plan and the state's planning approach. This approach could help better manage sprawl across metropolitan areas, consider land value capture opportunities and ensure developments are not isolating people from essential services and infrastructure.

The Victorian Government's Plan Melbourne and regional growth plans go some way to outlining spatial development opportunities across state. However, a lack of an overarching state-wide strategy limits the ability to integrate and complement growth between regions, particularly when Melbourne's reach and influence on regional Victoria is considered, and the ability for a long-term infrastructure strategy to proactively influence development across the state.

The 30-Year Development Strategy should be developed by Infrastructure Victoria, with additional resources and funding provided to the organisation to reflect a significant increase in workload.

5. Incorporate placemaking principles into the Victorian Planning System

We recommend political parties in Victoria commit to incorporating placemaking principles into the Victoria Planning System to ensure communities are driving the common shared vision for growth in their area.

Placemaking can be described as a process and a philosophy. It's the idea that local people who live, work and play in a community should have the greatest say on the needs and aspirations for their area. This involvement can create a shared vision for a community that can evolve into a development approach for the local area.

Not only can placemaking help shape the public realm and shared spaces in our communities, it can also increase the public's support for growth by ensuring new developments are contributing to the local character or 'look and feel' of an area, and the community's infrastructure and services needs are central to plans.

Examples of how the Victorian Planning System can incorporate placemaking principles are:

- Applying the International Association for Public Participation's (IAP2) *Core Values for the Practice of Public Participation* when developing and implementing engagement processes, which includes:
 - Clear, relevant and timely communication to ensure all participants have relevant information and are encouraged to participate in a productive manner,
 - Engagement should provide clear framework processes and reporting that clearly links the engagement with the decision-making process,
 - A cooperative approach should encourage participants to appreciate each other's perspectives and seek mutually beneficial outcomes, and
 - Integrity – the engagement approach should ultimately aim to add value and provide better outcomes throughout the project lifecycle;
- Requiring the 'agent of change' to be responsible for getting a sufficient level of engagement and buy-in from the community;
- Linking the planning process to the Victorian Government's 'precincts-based' development approach;
- Appointing a senior leader responsible for embedding placemaking policies across the planning framework at the Victorian Department of Environment, Land, Water and Planning; and
- New provisions requiring the planning process to consider key qualities of urban or regional stewardship and design – focused on protecting and promoting the 'look and feel' of an area.

Consult Australia does not believe communities are intrinsically against developments in their area. Communities see immense value in the new schools, hospitals, transport connections and public spaces that growth in an area can bring. Instead, we believe backlash occurs when there is not enough belief in or 'buy-in' to the value that the change will bring to an area.

Extra upfront effort following placemaking principles and truly giving local communities a say on growth in their area is critical for achieving a social licence for new developments and infrastructure. These steps will also deliver better results for the Victorian Government by ensuring communities are attractive and inviting places, and are delivering real social value to Victorians.

6. A strategy to encourage more talent and diversity into built environment careers

We recommend political parties in Victoria commit to developing a strategy to expand and diversify the pipeline of talent for built environment careers and increasing the state's capacity to deliver infrastructure projects.

An increase in infrastructure investment in Victoria is placing significant demands on the workforce delivering these projects. In Consult Australia's [2018 national skills survey report](#), 61% of respondents from consulting firms in the built and natural environment highlighted they are actively recruiting and experiencing a skills shortage. Furthermore, 84% of the respondents indicated these problems are experienced at the mid-level and 41% at the senior level.

By breaking down this skills shortage into disciplines, civil engineers, civil drafters, engineering managers and rail engineers are most in demand. Geographically, 47% of respondents agreed Melbourne has been a hard location to find and place staff over the past 12 months.

Attracting young people into careers in the built environment sector is fundamental to continuing to deliver infrastructure at scale. A shortage of key skills required to deliver projects, particularly in professional roles requiring extensive training and professional experience, will limit the sector's capacity to deliver current and future demands. We believe the Victorian Government must take a long-term and coordinated approach to ensure there is also a steady pipeline of talent on-hand to deliver the Victoria's pipeline of infrastructure projects. This approach should be informed by the development of a strategy, in collaboration with the education sector and supported by industry, to attract more students into STEM subjects at schools, to improve the quality of STEM education, to attract more talent to careers supporting the built environment and to retain more people in the sector. The strategy should also investigate a shift in demand and new skills requirements from the uptake of new technologies and the impact this will have on the built environment, such as a need to move away from binary skills and to strengthen creating thinking and problem-solving skills.

Some measures under the strategy could include:

- A public awareness campaign on STEM education and career opportunities;
- Improving the quality of STEM education and encouraging more STEM qualified teachers; and
- More scholarships to encourage talent to pursue STEM education at tertiary levels.

Consult Australia recommends this strategy is developed by the Victorian Office of the Chief Engineer, with support from Infrastructure Victoria and the Office of Projects Victoria. The Victorian Government should also endeavour to coordinating its approach to attracting more talent to built environment careers with the Australian Government and other states and territories.

Consult Australia is undertaking a number of its own initiatives to encourage more people to pursue and continue in careers in the built and natural environment. Consult Australia is happy to share lessons from these initiatives.

7. A strategy to encourage the rollout of 'digital engineering' in Victoria

We recommend political parties in Victoria commit to developing a digital engineering strategy focused on embracing new tools and technologies.

Significant inroads have been made over the past decade on the new tools and technologies available to improve the design, delivery and management of infrastructure. These new tools and technologies have the potential to deliver some significant efficiencies and productivity benefits to the Victorian Government, can improve the user experience of infrastructure assets, and will place new demands on the skillsets of built environment professionals.

A significant cultural change is required across the built environment sector to implement these new tools and technologies. We therefore recommend the Victorian Government investigate how new trends, software, technologies, systems and processes can be implemented across Victoria, the education and support required to embed these changes across the supply chain, and the potential benefits for all stakeholders (including the end user).

Consult Australia recommends this strategy is developed by the Victorian Office of the Chief Engineer, with support from Infrastructure Victoria and the Office of Projects Victoria. Again, the Victorian Government should also endeavour to coordinating its approach with the Australian Government and other states and territories.

CONTACT

We would welcome any opportunity to further discuss the issues raised in this policy platform. To do so, please contact:

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