



BUILDING SOUTH AUSTRALIA

RESPONSE TO THE STRATEGIC INFRASTRUCTURE PLAN FOR
SOUTH AUSTRALIA 2010 DISCUSSION PAPER

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ABOUT CONSULT AUSTRALIA

Consult Australia is the peak industry body representing consulting companies that provide professional services to the built and natural environment. These services include design, technology and management solutions for individual consumers through to major companies in the private and public sector including local, state and federal governments. Consult Australia represents over 270 companies, from large multidisciplinary corporations to small niche practices, collectively employing over 50,000 staff.

Consult Australia's vision is to drive business success for consulting companies in the built and natural environment through collaboration, education, support and advocacy. We are dedicated to providing support and advocacy to our members with integrity, commitment, evidence based positioning, responsible actions and respect.

Consult Australia achieves these goals through a range of top down (improving regulation and creating opportunities) and bottom up (building capacity and community to reduce risk) support and services to members.

EXECUTIVE SUMMARY

Consult Australia welcomes the opportunity to contribute to the review of the South Australian Government Strategic Infrastructure Plan. The integration of the Strategic Infrastructure Plan with the broader review of the South Australian Strategic Plan, and broader SA Planning Strategy including the 30-year Plan for Greater Adelaide is to be applauded. Integrated urban planning, as supported by this process, is vital to ensure effective infrastructure planning and delivery. Consult Australia supports this approach as essential to meet the significant challenges facing South Australia in the years ahead.

These challenges—as noted in the Discussion Paper—associated with higher than previously forecast population growth (particularly in urban areas), adaptation and the development of more sustainable communities, and capturing the opportunities offered by the resource boom are common to many of Australia’s cities and regions. In this context it is particularly important that South Australia’s infrastructure priorities are aligned with the broader state and national policy settings.

The current spend on infrastructure in South Australia is unprecedented and can in many respects be seen as playing catch-up on decades of under-investment. In the wake of the Global Financial Crisis, this investment has provided valuable support to the economy as a key driver of growth and productivity.

However as is clear from the Discussion Paper, much remains to be done. As the Federal Government continues to wind down the fiscal stimulus and redirects projects towards disaster recovery, the State Government faces major challenges in maintaining the necessary spend on infrastructure. Crucial decisions will be required prioritising the delivery of projects. These will need to take account of the whole-of-life costs of a piece of infrastructure and determine value for money, the balance between capital and maintenance expenditure and sustainability. To ensure an Infrastructure Plan capable of being delivered, alternative models are essential to finance project delivery and maintain investment over the whole life of the 30 year plan.

In this context, Consult Australia urges greater consideration in the Infrastructure Plan of opportunities to reform the policies that determine the funding available for infrastructure investment. While more direct funding is required by all governments for infrastructure, of greater importance is long-term reform to secure sustainable and adequate funding streams.

In November 2010, Consult Australia launched *Transporting Australia’s Future*, a call to action for governments to back new ways to secure infrastructure funding specifically for transport infrastructure as a core driver of productivity. This report recommends widespread tax reform and the establishment of new governance mechanisms to ensure sustainable long-term sources for infrastructure funding. Drawing substantially on this work, this submission recommends the revised Infrastructure Plan include a commitment by South Australia, to national reform of infrastructure funding and where possible review and expedite the delivery of state-based infrastructure funding mechanisms. With a growing infrastructure deficit across Australia, and with funding being redirected in response to some of the most costly natural disasters Australia has ever experienced, it is vital that longer term funding is released to build the economic infrastructure critical to South Australia’s continued productivity.

Alongside this core recommendation, Consult Australia is a strong advocate for those principles reflected in South Australia’s strategic planning that encourages more sustainable communities through better use of transit corridors, transit-oriented development, and land-use that facilitates better use of existing and planned infrastructure. A commitment to this type of planning and the prioritisation of infrastructure supporting this planning across South Australia and particularly in Greater Adelaide is essential. In this submission we provide recommendations to support this development, both through more explicit prioritisation in the Infrastructure Plan, but also through the consideration of new processes, best practice procurement and greater transparency.

We welcome the opportunity to discuss with you in more detail how we might be able to contribute to the realisation of these recommendations.

SUMMARY OF RECOMMENDATIONS

1. Securing long-term sustainable sources of infrastructure funding through the review and reform of existing policy settings must be prioritised as part of the Strategic Infrastructure Plan.
2. Commission a review of opportunities for pilot studies of new road pricing mechanisms in South Australia
3. Explicitly align the priorities identified in the Strategic Infrastructure Plan with the broader South Australian Planning Strategy to ensure an integrated strategic approach across the State and a pipeline of infrastructure projects that can be planned for the long-term.
4. Prioritise and plan for the delivery of sustainable, liveable, higher density residential development, particularly in Greater Adelaide, alongside the delivery of essential economic infrastructure.
5. Implement a robust, independent and transparent process for the evaluation, prioritisation and decision-making supporting infrastructure delivery.
6. Provide for a more effective independently governed process to forecast the scope, timing and budgets required for infrastructure delivery.
7. Incorporate best practice procurement as a key objective of the South Australian Infrastructure Plan, and in consultation with industry, identify and implement new more efficient and effective procurement models.

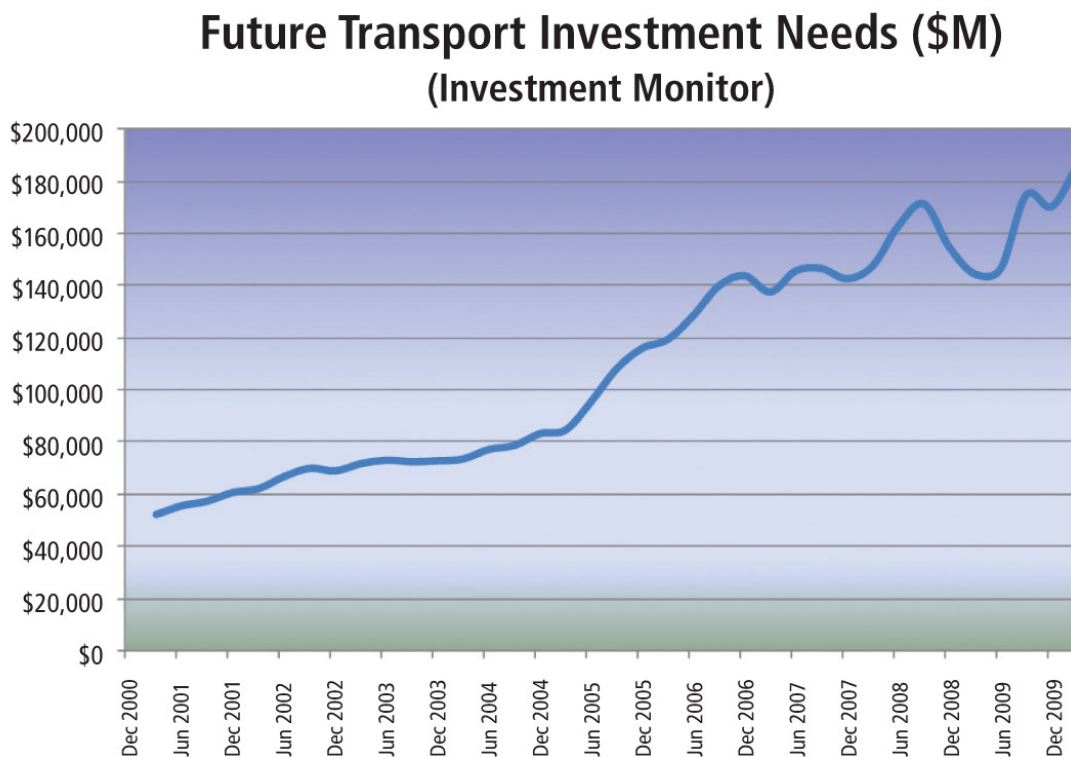
1. INVESTING IN TRANSPORT INFRASTRUCTURE

Transport, population and the economy

Australia’s economy is more dependent on transport than most other Organisation for Economic Co-operation and Development (OECD) countries. We owe Australia’s economic and social development and well-being in large part to past investment decisions in transport infrastructure. Transport and logistics represent some 14 per cent of Australia’s GDP and account for some 330 million kilometres of travel made every day in capital cities. Our transport infrastructure provides access to employment, facilitates social inclusion, and allows our cities to grow. It moves 520 billion tonne kms of freight each year, supplying Australia’s industry, enabling export revenues, and supporting our economy. Transport represents up to 8 per cent of industry output.¹

While public investment in transport infrastructure has followed population growth, it has failed to keep pace with our economy (GDP), this being partly offset by private investment. Recently, AusLink investment and stimulus response to the Global Financial Crisis (GFC) have increased public investment, but private investment has declined. Of significant concern, infrastructure maintenance has not kept pace with new investment.

Figure 1: Future Transport Infrastructure Investment Needs



¹ Consult Australia, *Transporting Australia’s Future*, November 2010, www.consultaustralia.com.au

Future infrastructure investment in Australia that is planned, committed or under-construction stands at \$717 billion (March 2010). Over \$186 billion (26 per cent) is identified as essential transport infrastructure. More than half of this (over \$100 billion) is for government funded transport projects, including backlog projects. In the last nine years, forecast transport investment needs have increased over 300 per cent. However, Government expenditure on transport remains about 4 per cent of budget.

However, while more direct funding is required by all governments for infrastructure, of even greater importance is longer-term reform to secure sustainable and adequate funding streams from a range of sources.

Current sources of transport revenue

Currently government funding for transport infrastructure is mainly sourced through consolidated revenue, reflecting a political balancing between competing demands. Given other pressures on government investment, this is unlikely to change over the short term. Many "user charges" are woven into the current consolidated taxation system. Current revenue streams are mainly limited to:

- Fuel Excise
- Vehicle registration
- Parking fees
- Tolls and Ticket fares
- GST

Reliance on traditional fuel excise as the key revenue tool is internationally recognised as having limited longevity, with diminishing reserves and increased fuel efficiency curtailing revenues. An infrastructure funding regime based on fuel taxes has no sustainable future.

While revenues from transport users cover the aggregated costs of transport, they are largely treated as taxes and a net contribution to general revenue, with no accountability to transport users who are frustrated by inadequate reinvestment in transport. There is no accounting for intangible costs of transport (e.g. congestion, greenhouse emissions, community service obligations, social equity).

Recommendation 1:

- *Securing long-term sustainable sources of infrastructure funding through the review and reform of existing policy setting must be prioritised as part of the Strategic Infrastructure Plan.*

New revenue sources

Transporting Australia's Future (www.consultaustralia.com.au) canvases a range of funding mechanisms emerging around the world that can provide sound and proven revenue streams. New ideas need to be integrated with existing policy to deliver the necessary change. Implementing just one of these reform areas would result in a noticeable difference in our ability to fund transport. It is when they are implemented together as part of an overall reform package, we as a nation could fully develop a national transport system.

Better Use of Existing Assets

Infrastructure assets that are included on government balance sheets can be better used, or provide leverage to stimulate new funding:

- **Lazy Assets:** identify balance sheet assets that are underutilised, and realise their value by sale or alternate government use;
- **Privatise infrastructure:** sell existing infrastructure to private sector to finance new investment (e.g. Telstra, QLD ports & rail; M4);
- **Transit Oriented Development (TODs):** recognise the need for higher density development, and focus on transport nodes to reinforce transport efficiency while achieving viable patronage (e.g. airspace development at rail nodes);
- **Urban Sprawl:** retain existing urban footprints and increase urban densities to reduce urban sprawl in a model of multi-centred cities with reduced trip lengths;
- **Change Mode and Time of Travel:** shift the transport focus from individual private travel to public travel in more efficient vehicles; allowing greater throughput on existing infrastructure and greater use of non-peak periods.

Taxation Reform

The Australian Government Treasury through the Henry Review has opened the door to widespread tax reform. Opportunities to restructure consolidated revenue to fund infrastructure are critical:

- **Hypothecation:** new user based revenues committed to service provision e.g. modelled on national health funding;
- **Full Cost Recovery:** ensure that users contribute the full costs of their travel choices;
- **External Costs:** include social and environmental consequences of travel in user charges, just as road safety is charged through insurance (e.g. economic delay charged through congestion charges, emission impact charged through carbon pricing);
- **Corporate Taxation:** rebalance taxation treatment of capital investment (CGT and depreciation) against recurrent expenditure (operational costs) to encourage long-term infrastructure investment;
- **Transport Pricing:** adopt appropriate technology for all transport modes to provide network-wide demand sensitive pricing to manage congestion and provide revenues for public transport.

Public Finance

Develop financial instruments to provide government with expanded sources of funds for infrastructure investment:

- **Tax Incremental Financing:** This allows a government entity to generate tax revenues based on increases in property values within a prescribed development area and use those revenues to fund the infrastructure and renewal projects that contributed to the property appreciation;
- **Developer Infrastructure Charges:** As companies develop green- and brown-field sites, the inherent values of the land increase. Transport provision for the new land-use and maintenance of transport amenity for others must be accommodated, with the developer being levied accordingly;
- **Employer Transport Levies:** Employers contribute to cost of transport in business location, based on the benefit to the employer of ready access for its employees to work e.g. levies in Ile de France;
- **Green Banking:** Establish a banking structure that allows contribution towards environmentally sensitive infrastructure investments from community and developments, including "compensatory" investments;
- **Carbon Pricing:** Embrace fully-fledged world-best carbon pricing protocols, including carbon price in all transport pricing initiatives, with increased transport revenues being invested in Green Banking;
- **Infrastructure Bonds:** Continued development of specific Infrastructure Bonds to help private infrastructure investors access large pools of retail investment funds, such as from superannuation funds. This will extend current government support of simplified bond issuance and discounts on bond interest income.

Private Finance

Develop new sources for transport financing, including new Public Private Partnerships (PPPs) and superannuation fund investment:

- **Direct Tolling:** Of new and enhanced existing infrastructure, this model continues the current theme of private debt/equity financed infrastructure retaining a period concession to directly charge users;
- **PPP Funding:** Revitalise Private Public Partnerships reflecting the success of alliance infrastructure contracting, and providing rebalanced risk sharing.
- **Land Value Capture:** As with developer infrastructure charges; with the developer financing local improvements from the increase in values.

Australia's Future Tax System: User charging

Australia's future tax system: Report to the Treasurer (Henry Review), in considering a move towards greater use of user charging as part of its tax reform agenda notes that:

[P]ublic goods should be generally funded from broad-based taxes. However, user charging can be an efficient means of financing some government-provided goods and services and of rationing individual access to community resources.

Reviewing current road transport tax arrangements, the Henry Review observes:

Current road tax arrangements will not meet Australia's future transport challenges. [...] Moving from indiscriminate taxes to efficient prices would allow Australia to leverage the value of its existing transport infrastructure.

With respect to road pricing, the Henry Review makes a key recommendation wholly supported by Consult Australia:

Governments should analyse the potential network-wide benefits and costs of introducing variable congestion pricing on existing tolled roads (or lanes), and consider extending existing technology across heavily congested parts of the road network.

In consultation with the Australian Government, there is a significant opportunity for South Australia to lead Australia in the development of road pricing as a mechanism to source additional funding for infrastructure investment. At a minimum the Strategic Infrastructure Plan should commit to a review of opportunities for South Australia to undertake pilot studies of new road pricing mechanisms. Such mechanisms will demand extensive community consultation and should draw on overseas experience to identify an approach that maximises the likelihood of public acceptance and success.

Recommendation 2:

- *Commission a review of opportunities for pilot studies of new road pricing mechanisms in South Australia*

Washington State Road Pricing Pilot

The Puget Sound Regional Council Traffic Choices Study recruited a statistically significant sample of volunteers and, after establishing their baseline "before-tolling" driving routine, began charging them for access to selected roadway facilities during particular time periods in the day. In other words, they had to pay road tolls. The study monitored driving behavior of participants for an average of approximately 18 months per household.

Participants did not lose money. They were given a travel budget (or endowment account) from which tolls were deducted. If their driving patterns remained unchanged over the study, they would "spend" their account balance by the time the experiment concluded. If they changed their driving patterns to reduce the amount of driving on toll roads, they would keep the difference. This method held participants financially harmless, yet offered them the incentive of keeping their leftover budget if they changed their driving patterns. In this way, the study introduced real price incentives of a toll system, and measured whether and how much participants responded to those incentives.

The Study found that participants made small-scale adjustments in travel that, in aggregate, would have a major effect on transportation system performance. Done right, network tolling could provide broad benefit, including lower vehicle emissions, fewer accidents, travel time savings, improved roadway performance reliability, and lower vehicle operating costs. For motorists to be better off, however, the revenues from road tolling must be used to provide additional benefits to users of the transportation system.

Puget Sound Regional Council (<http://www.psrc.org/transportation/traffic/faq/>)

The Henry Review also supported the aims of the COAG Road Reform Plan and recommended an acceleration of its timetable towards mass-distance-location-based charging. The Henry Review suggests that, where tolls are levied by private infrastructure operators, state governments should negotiate to compensate operators if the switch to variable tolls involves a loss of revenue (and conversely to pass the gain to road users or government if there were gains in revenue). The Review notes that introduction of congestion pricing on existing roads would place stress on existing public transport services and draw attention to inadequacies. Introduction of user charging should be coordinated with—and help finance—additional investment in public transport.

The Henry Review notes that the implementation of user charging would lead to less congested roads, shorter travel times and investment in road infrastructure that addresses user demand and provides a foundation for further productivity growth, improved living standards and more sustainable cities. In exchange for targeted charges, road users benefit. They would pay less fuel tax, motor vehicle stamp duties could be abolished, and compulsory third party insurance would be fairly priced. The revenue from efficient user charges could help finance new urban transport infrastructure, and cover the cost of heavy vehicle damage.²

However, these charges would not pay for the full cost of providing and operating the road network. The remaining costs could be funded from general tax revenue, or by retaining a network access charge (such as annual vehicle registration) or a variable charge (such as fuel tax) set to recover the efficient costs of road provision. Important non-economic community objectives would still be funded from general revenue through well-defined community service obligations. New investment based on economic criteria, and accountability for investment decisions would help ensure that roads are in place to address future needs.

Existing institutions have not led to the most efficient use and supply of our transport infrastructure—particularly roads. User charging is essential to making the best use of roads, but they must be coupled with improved governance that better serves the needs of road users, now and in the future.

The Henry Review concludes:

The challenge is formidable. It requires coordination across all levels of government. But reform would promote the best investment in and use of our roads, lift national productivity, and improve the lives of millions of Australians.

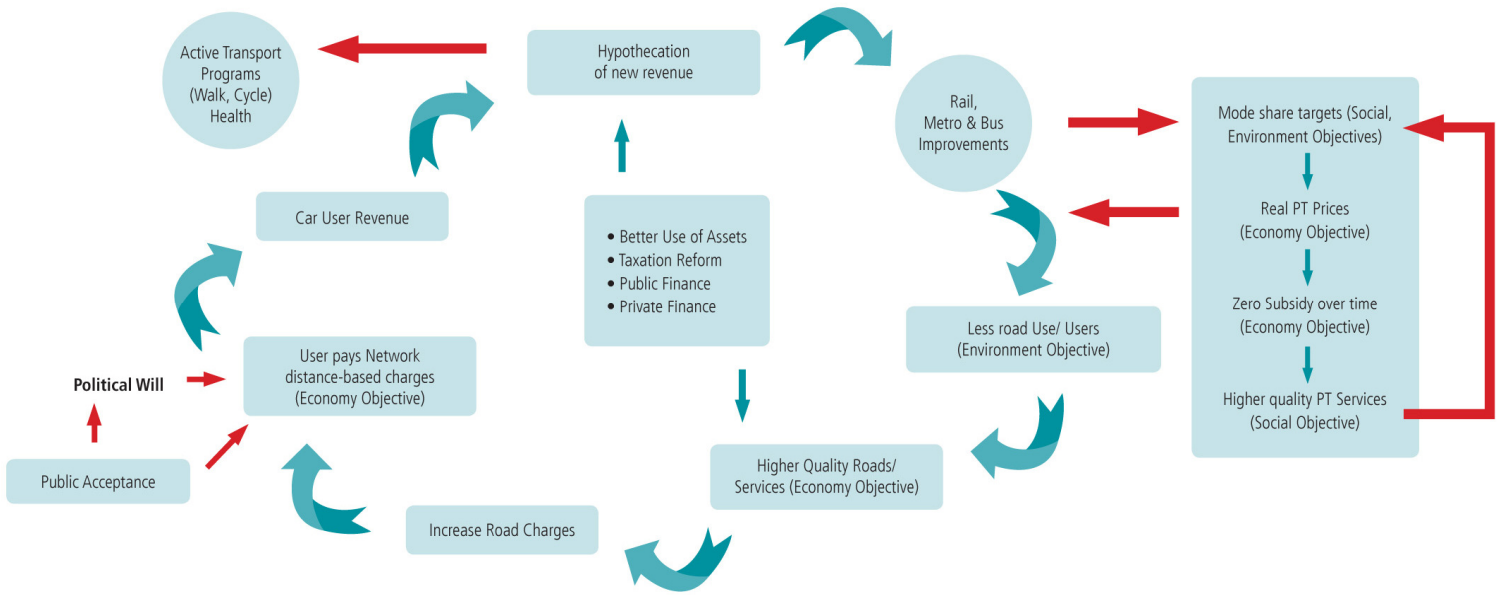
Governance

The reform advocated by Consult Australia through *Transporting Australia's Future* requires both vision and commitment at State and Federal levels. An implementation plan must recognise economic, political and community issues. Implementation needs to be gradual, and ensure that individual funding initiatives do not disenfranchise existing users. Increased charges for private transport must be matched by the provision of public transport alternatives and improved infrastructure. Lessons can be learned from the agreed COAG endorsed restructuring of heavy vehicle pricing, with funding of pilot projects being championed by individual States, such as Tax Incremental Finance by NSW, congestion pricing by Victoria, and managed motorways by South Australia.

Transport is a government responsibility, and integrated transport planning and governance remain critical objectives, linking funding to its management. Introducing user pays, road pricing and hypothecation into mainstream thinking may require rebalancing between Federal and state governments, and between state transport agencies. Reduced reliance of diminishing national fuel revenues may need to be offset by city transport policies with localised planning and revenue collection. Siloed transport agencies must give way to consolidated integrated departments of transport focused on the delivery of effective movement of people and goods.

² The Productivity Commission has also reported favorably towards user pays and distance based charges for heavy vehicles, informing COAG's decision to proceed with mass distance charges for heavy vehicles; see *Road and Rail Freight Infrastructure Pricing: Inquiry Report* (April 2007).

An Integrated Funding Framework for Transport Infrastructure



Transporting Australia’s Future sets out an integrated funding framework for transport infrastructure:

Multiple objectives with Win-Win outcomes: An integrated funding framework would provide confidence to implement national, city and regional transport plans, including metropolitan and inter-urban transit systems, reducing car and air travel and our carbon footprint.

Hypothecate new revenues to transport investment: Community support for funding reform will be vital. Hypothecating all revenues from new sources to transport investment in a transparent integrated framework has been shown to ensure that support.

Cost recovery: All transport users should cover the costs that they impose, with any subsidies and cross-subsidies being the transparent result of overt policy decisions.

Road pricing and real public transport fares: These will provide additional revenues, to improve existing and support new Public Transport (PT) services, reduce hidden Customer Service Obligations (CSOs) and PT subsidies, and provide efficiency gains across all modes.

Phase out of indirect charges: Integrated funding across all new sources would include reduced reliance on indirect taxes, improving funding transparency.

2. SUPPORTING INTEGRATED PLANNING

There is an intimate relationship between planning and funding. Funding the vision, value capture and financing of infrastructure and development is as much a planning issue as it is a finance issue. Too often, strategic planning is undertaken without sufficient consideration of the overall economic implications and financing mechanisms. The concept of achieving best value for money should not be the only driver of strategic planning, but it should be a key consideration.

Consult Australia supports strategic, integrated urban planning as demonstrated through the continued alignment between the Strategic Infrastructure Plan, the broader review of the South Australian Strategic Plan, and broader SA Planning Strategy including the 30-year Plan for Greater Adelaide.

Consult Australia believes good planning provides the potential to achieve integrated, sustainable outcomes more efficiently and provides a robust framework to guide funding, project development and delivery over a long period. Spatial planning provides a powerful means of understanding and resolving the effective integration of social, economic and environmental functions within an urban system.

Strategic planning should be undertaken for a horizon appropriate to the rate of evolution of (and investment in) the urban system i.e. in the order of 20 to 50 years. While it would be developed with a long-term view, it would be reviewed (and potentially revised) regularly. It would always constitute the highest order of planning for the urban system.

It is essential that the South Australian Infrastructure Plan is closely aligned with long-term planning goals and provides a clear framework for the prioritisation of infrastructure delivery to achieve cost-effective and efficient results.

Recommendation 3:

- *Explicitly align the priorities identified in the Strategic Infrastructure Plan with the broader South Australian Planning Strategy to ensure an integrated strategic approach across the State and a pipeline of infrastructure projects that can be planned for the long-term.*

Establishing a Nexus between Strategic Planning and the Community

Strategic planning, whether of the urban structure or of the infrastructure that serves it, is rarely readily understood by the community – the value, the costs, the role it plays. The main exception to this assertion is in the face of implementation, where communities might rally to oppose a project due to its impacts on them. There is an acute need for the community to better understand the need for infrastructure and how to plan for it, as well as engage in the process that results in the plan that affects their community. This nexus between people, their level of service expectations, the associated infrastructure requirements and its costs needs to be better communicated and addressed in order to instil a clear understanding of the planning process required to best achieve optimal land use and infrastructure outcomes.

3. ATTRACTIVE DENSITIES AND LAND USE MIXES

The mix and density of land uses are fundamental characteristics of different cities. Density in each different land use or mixture of land uses creates opportunities and limitations to the live/work/play choices available to citizens of that city. Those choices are currently under pressure from influences such as population growth which adds an estimated 1000 persons per week to some of Australia's major cities; housing shortage/affordability, rising fuel costs resulting in mortgage stress in car-dependent outer suburbs; a trend towards obesity in suburbs not conducive to healthy living; and a decline in the quality of the environment.

Density and mix can apply to a range of employment and workforce and residential uses. Density is usually referred to in terms of persons per square kilometre. Current Australian and global benchmarks for the bulk urban densities of major cities are summarised in Table 1: Major Cities – Population and Density. While Adelaide is Australia's third densest city, its density is well below that of comparable European capital cities or other major southern hemisphere cities.

Infrastructure and Urban Infill

Critical to the delivery of a more sustainable and liveable city is the concept of development within the existing developed footprint. Certainly green-fields development will continue, but the stated objective of reducing this to 30% or less, of new dwellings, will require a major rethink of how "infill" development proceeds.

Absolutely central to the concept of greater population density within the existing footprint, is the concept of greater demand on infrastructure of all forms. However, significant limitations exist in relation both to capacity of existing infrastructure to meet the demands of greater population, but also in relation to the ability to readily enhance capacity of existing assets.

Solutions to providing adequate service delivery will require innovation (delivery may be in demand reduction rather than supply increase) recognition of the linkages between services (water and wastewater, telecommunications and broadband connection etc) and sophistication in delivery models.

Increased density reduces the cost and increases the efficiency of most forms of infrastructure networks, including water, waste, telecommunications, electricity and gas, and transport. However, people do not make their lifestyle choices on the basis of cost and efficiency alone.

The current focus on high density, high rise housing for urban consolidation in major cities has been largely driven by the desire by government and others for a quick fix to achieve the maximum possible "density benefit" from the minimum available land area in the shortest time. In the longer term this ignores the clear potential adverse community and social implications of developing large concentrations of high rise, high density housing in inner urban areas.

The broad issue is to inform the choices of Government, developers and communities to:

- Establish acceptable densities and mixes for different urban localities.
- Assess suitability of existing infrastructure for an increase in densities.
- Research best practice in medium/high density planning and design.
- Ensure infrastructure precedes or coincides with higher-density development.
- Plan for nourishing quality denser suburbs, e.g. incorporate open spaces.
- Resolve conflicts between State and local governments on density planning.

Planning for Density

In many Australian cities the density of dwellings has been increasing but the number of persons per dwelling or per household has been decreasing. Consult Australia recognises this is an ongoing trend that needs to be taken into account in urban planning decision making. Specific challenges that arise include:

- The alignment of planned transport routes and the corridors of denser population, and how this will affect the success of transport infrastructure strategy.
- The community embracing a denser housing model and the effect that this will have on private car use, and how this will interface with moderation of traffic congestion.
- Gaining acceptance of appropriate and consistent international benchmarks to support community debate around good quality denser living.
- Quantifying and analysing efforts to date that have been made in denser population planning and design. Investigating what can be done to minimise the adverse environmental impacts and carbon footprint of the many Australians who make a deliberate choice to live and work in lower density areas.

There is a strong linkage between the urban density of a city and lower levels of car dependence for its population and higher levels of public transport use for commuting to work.

Urban form influences travel mode, and the more dense our cities are (in terms of dwellings per land area) then the more likely it is that we can afford to provide high quality, frequent passenger transport systems like light rail or heavy rail. Consideration of utility corridors or 'critical infrastructure corridors' (a term used in Queensland) where power, water and telecommunications assets are co-located in a single infrastructure corridor makes financial, environmental and sustainability sense, and facilitates density with quality open space. This can re-institute and preserve green belt land zones.

Consult Australia supports the emphasis in the South Australian Infrastructure Plan on Transit Oriented Development and ongoing work integrating land use and infrastructure planning. In this context there is an opportunity through the review of the South Australian Infrastructure Plan to prioritise and plan for the delivery of sustainable, liveable, higher density residential development, particularly in Greater Adelaide, alongside the delivery of essential economic infrastructure.

Recommendation 4:

- *Prioritise and plan for the delivery of sustainable, liveable, higher density residential development, particularly in Greater Adelaide, alongside the delivery of essential economic infrastructure.*

Table 1: Major Cities - Population and Density

Grouping of Cities	City (Year of Data)	Density (persons per square km)	Population
Australian State Capital Cities	Brisbane 2006	900	1,676,000
	Hobart 2001	1000	126,000
	Canberra 2006	1100	356,000
	Perth 2006	1200	1,256,000
	Adelaide 2006	1400	1,040,000
	Melbourne 2006	1550	3,372,000
	Sydney 2006	2050	3,641,000
Major Southern Hemisphere Cities	Johannesburg 2001	2500	6,000,000
	Durban 2003	3500	2,900,000
	Cape Town 2001	3950	2,700,000
	Buenos Aires 2001	4650	12,000,000
	Santiago 2002	6800	5,390,000
Major European Cities	Milan 2001	1750	4,200,000
	Rome 2001	3200	2,750,000
	Paris 2005	3400	10,400,000
	Berlin 2001	3750	3,675,000
	Manchester 2001	4000	2,245,000
	Barcelona 2001	4850	3,900,000
	London 2001	5100	8,278,000
	Madrid 2001	5200	4,900,000
	Athens 2001	5400	3,685,000

Source www.demographia.com World Urban Areas Population and Density 2008

4. INFRASTRUCTURE PRIORITISATION AND DELIVERY

A clear and transparent, long term approach to the prioritisation of infrastructure delivery is essential. Many projects are prioritised through clear and rational assessment, but in some cases decision making risks being misconstrued and may appear to be driven by political exigency (the Port River Expressway (PRExy) 2 and 3 for instance). When communities are going to be competing for dollars spent, clear processes are essential to assess, rank and prioritise infrastructure delivery. These must be robust and stand the test of changing political and economic changes. To date, the State Infrastructure Plan, while a commendable step toward identifying needs, does not, in our view, go far enough to provide secure funding for a 5-year period, nor adequately prioritise delivery and decision making through robust and consistent framework.

Recommendation 5:

- *Implement a robust, independent and transparent process for the evaluation, prioritisation and decision-making supporting infrastructure delivery.*

Realistic Project Scope, Timing and Budgets

It has been demonstrated many times over the recent past, that development of project scope, timing and budgets can be influenced by political processes. This results in delivery issues across all measures, but particularly in relation to budget blow-outs. While escalation is inevitable, it should be recognised and factored into the development of adequate budgets, that include not only the initial delivery phase, but the whole-of-life costs of infrastructure.

A more robust process is necessary to be developed to manage this, as poor estimates make forward forecasts, an essential part of adequate planning and delivery, difficult to accurately develop. Certainly adequate scrutiny is vital as part of our democratic system, but too often proper attention to these aspects of project delivery become hostage to political imperatives, rather than a critical and informed investigation of effectiveness and efficiency.

Recommendation 6:

- *Provide for a more effective independently governed process to forecast the scope, timing and budgets required for infrastructure delivery.*

Best Practice Procurement

Of great concern to the industry is the methodology of procurement of, particularly, major infrastructure projects. Typically the industry is put to great time and expense in the process of bidding for projects; a process which has a very significant opportunity cost in terms of foregone profit, ability to work on more productive projects and the like. While recognising the need to maintain a competitive tendering environment, Consult Australia questions whether value-for-money is being achieved through this process.

Research into alternative procurement models is urgently needed, particularly in the face of increasing demand for resources particularly as the mining boom accelerates. To be able to manage the tendering process effectively and efficiently, we believe the challenge for government is to find better procurement models, potentially involving alternative project delivery methodologies, which will reduce wastage and misdirection of resources that could be being more productively engaged. Consult Australia would be pleased to work with the Government in more detail to consider opportunities to streamline the procurement process and more efficiently deliver infrastructure projects to time and budget.

Recommendation 7:

- *Incorporate best practice procurement as a key objective of the South Australian Infrastructure Plan and in consultation with industry identify and implement new more efficient and effective procurement models.*

CONCLUSION

The South Australian Infrastructure Plan should reflect not just the immediate needs of our cities and regions as they are currently, but must accommodate the challenges and vision for our cities in the future. The decisions we make now for the infrastructure we need must be future-proofed as far as reasonably possible. This means we must continue to anticipate future demographic, economic and environmental changes. Priority must be given to economic infrastructure that will play a vital role in the provision of jobs and greater productivity. This means capturing the benefits of the resources boom, while simultaneously preparing for forecast changes to our environment and a post-resources economy. These are significant challenges, and we provide our recommendations for your consideration with a view to helping overcome them in the years ahead.