



INTERNATIONAL EXPERIENCE : AUSTRALIA

Experiences in other jurisdictions are increasingly relevant as Infrastructure Canada moves forward on establishing itself as a new federal government department and bringing more precision to the role it will play in ensuring that the infrastructure required for the well-functioning of the country's economy and society in the 21st century is in place. International experience can provide us with insight into innovative policies, programmes and management tools, as well as the different ways governments are organizing themselves to address infrastructure issues and the results being achieved. While lesson-learned in other countries must always be transferred to the Canadian context with caution, the benefits of being familiar with experiences beyond our borders are well-recognized.

As in Canada, infrastructure issues have become top-of-mind for policy-makers in Australia. Australia is often seen as a key comparator for Canadian public policy and administration given its Parliamentary and federal system of government and other important parallels with Canada. This note reports on several especially interesting developments in Australia's most populous states, New South Wales (NSW) and Victoria. These developments have taken place against the backdrop of economic, social and environmental change, as well as a more general shift in the philosophy of public administration in the country.

NEW SOUTH WALES

The year 2000-01 marked a significant restructuring and refocusing of infrastructure activities in NSW. While a number of new measures were introduced by the state government in Sydney, all are grounded in a belief in the importance of a forward-looking, *whole-of-government* approach to infrastructure projects and issues. All also see a central role for the private sector in ensuring infrastructure is up to date, efficient and in the right place and contributes to the government's goal of a competitive economy and socially cohesive society for NSW.

The state government presently spends approximately \$4B on infrastructure each year.¹ This is an increase of \$3.1B compared to the four years up to and including 2002, when the Olympic Games were held in Sydney. The state's total commitment to asset acquisition over the next four years is \$22.2B.

The pillars in the NSW infrastructure reforms are:

- a government Task Force on Working With Government;
- establishment of an Infrastructure Coordination Unit in the Premier's Department;
- introduction of an annual State Infrastructure Strategic Plan; and
- the establishment of a multi-stakeholder Infrastructure Council.

¹ Figures throughout are in Australian dollars. \$1AUD is currently worth just under \$1CAD.

Task Force on Working with Government

The immediate driver behind the infrastructure reforms in NSW was the government's Working With Government Task Force, set up by the Premier in early 2000 with representatives from the Premier's Office, the Cabinet Office, Treasury and the Department of Public Works. There is a long tradition in NSW of involving the private sector in the provision of infrastructure. The goal of the Task Force was to examine the private sector's role in detail, to explore possible new roles, along with constraints and opportunities associated with pursuing them (e.g. business environment for investment and government decision-making processes), and to develop options for encouraging better interaction between the public and private sectors on infrastructure issues.

In the fall of 2000, the government released its *Green Paper on Working with Government: Private Financing of Infrastructure and Certain Government Services in New South Wales*. The Premier noted in the introductory pages that:

Infrastructure makes the economy work – roads, rails, ports, power, gas. Other infrastructure, like schools and hospitals, holds our community together. NSW will remain economically competitive and socially cohesive only as long as our infrastructure is up to date, efficient and well sited.”

Following several months of consultation with industry experts, scholars and citizens, the government announced its intention to move forward with a number of new measures, including an updated Working With Government Policy, an Infrastructure Coordination Unit, a State Strategic Infrastructure Plan and an Infrastructure Council.

Infrastructure Coordination Unit

The Infrastructure Coordination Unit (ICU), established in 2001, reports directly to the Premier and the Director General of the Premier's Department. The Unit is responsible for supporting the government's strategic directions through the facilitation of infrastructure coordination across the state and for providing advice to the government on infrastructure projects and issues, especially those requiring cross-department and cross-agency coordination. The Unit plays an active role in whole-of-government infrastructure policy development and strategic planning, for instance through its participation in the government's inter-departmental Construction Policy Steering Committee and the Government Asset Management Committee. It is also the point of contact for unsolicited infrastructure proposals from the private sector.

The ICU has been instrumental in ensuring infrastructure has a broad definition in state policies and programmes. Infrastructure is defined to cover both *economic* facilities and networks (e.g. transport, energy, water and sewerage) and *social* facilities (e.g. schools, hospitals, public housing, law and order facilities, state parks and recreational areas). The Unit has also established itself as a key proponent of the whole-of-government approach.

The ICU considers that the creation of an Infrastructure Council and the preparation of the state's inaugural infrastructure strategic plan (see below) are amongst its leading successes in its first two years.

The Premier's Department is presently being reorganized. While there are likely to be impacts on the ICU, it is anticipated that the Unit will further cement its roles and responsibilities and general strategic directions.

State Infrastructure Strategic Plan

The NSW government released the first State Infrastructure Strategic Plan in December 2002. The Plan sets out the government's priorities for major infrastructure (i.e. projects valued at more than \$20M, which is considered the threshold to attract private financing) over the next ten years. The Plan is prepared by the ICU, based on input from all departments and agencies regarding their delivery strategies and capital investment plans and in close consultation with Treasury. Yearly updates will ensure unpredictable developments and new projects are reflected in the Plan.

One of the principal objectives behind the Plan is to enable the private sector to gauge the opportunities for future investment and to position itself to assist the government with the provision of services and infrastructure by providing private financing, expertise and appropriate risk-sharing. The Plan will be used by government departments and agencies as a tool for considering unsolicited proposals from the private sector. It is also intended to assist the government as a whole in communicating its infrastructure objectives to citizens and encouraging total asset management policies and processes in all sectors.

For this year, the Plan identifies 300 projects worth an estimated total capital value of over \$29B over the next ten years. Projects are presented according to three broad theme areas (i.e. economic, environment and social). For each project, a detailed project description is provided, as is information regarding possible methods for delivering on the project, such as public-private partnerships.

Infrastructure Council

In November 2001, the Premier announced the establishment of a high-level multi-stakeholder Infrastructure Council to advise the government on policy and development priorities in the delivery of infrastructure and related public services. More particularly, the Charter creating the Council mandates it to:

- identify the strategic infrastructure issues facing New South Wales;
- receive feedback and advice on infrastructure issues, policies and development priorities, including privately financed projects;
- facilitate shared learning and promote best practices in the delivery of infrastructure and related services; and
- provide a collaborative forum in which the government and private sector can improve their mutual understanding and address common strategic infrastructure issues.

The Council is multi-stakeholder, consisting of senior government Ministers (5), senior executives from the construction, engineering, banking and related private sector industries (12) and union officials (2). The plan is for it to meet twice a year. The ICU serves as the Council's secretariat.

VICTORIA

As in NSW, a long-term, holistic approach to infrastructure planning, implementation, evaluation and accountability is being implemented in Victoria. What is distinctive about this approach is that it is anchored in a broad vision for Victoria in 2020.

Infrastructure Planning Council

In May 2000, the Victorian government appointed a multi-stakeholder Infrastructure Planning Council (IPC) to provide independent advice on the state's infrastructure requirements for water, energy, transport and communications over the medium-term (5 to 20 years). Following extensive research and consultation, the IPC submitted an interim report to the government in the fall of 2001 and a final report in August 2002.

The Council's final report constitutes a comprehensive evaluation of the state's current and future infrastructure needs and a blueprint for reform. Several features stand out.

A. Overall Philosophy

The report is grounded in a well-developed, coherent philosophy. The point of departure for the Council's analysis is that a basic measure of any society is the extent to which it is prepared to invest in its infrastructure in order to achieve and maintain an acceptable standard and quality of life in the medium and longer terms. It is considered essential that all the various elements of Victorian infrastructure be adaptable to new challenges, be accessible equitably, and be environmentally, socially and economically sustainable.

In addition, the report puts an emphasis throughout on two needs: for ongoing, integrated long-term planning of infrastructure; and for accessible and transparent arrangements to facilitate the coordination of government activities in the provision of infrastructure. Relatedly, community education and information programmes are seen to be essential components of an integrated and strategic infrastructure policy because they help to ensure users have the capacity to make informed decisions.

B. Identification of Infrastructure Requirements

The Council began its work by articulating a vision for Victoria as it could be in 2020, taking into account the drivers and trends that are shaping the state. From this big picture, the Council then developed sector visions in each of the four areas within the mandate, i.e. water, energy, transport and communications.

The sector visions were the foundation for the Council's consideration of infrastructure requirements and gaps. Significantly, the Council looked beyond only physical infrastructure in this regard. Requirements and gaps were assessed in terms of institutional and regulatory arrangements, future demands for different types of infrastructure and varying degrees of infrastructure quality.

In addition, the Council's final report is grounded in a framework of principles for assessing the state's future infrastructure requirements. The framework highlights the importance of three fundamental facets of strategic infrastructure policy:

- Planning – determining the *what* based on gaps analysis and developing appropriate performance indicators;

- Delivery – determining the *how* and building, developing, operating and maintaining the required infrastructure; and
- Accountability – monitoring and evaluating and reporting to Parliament

As the Council's final report notes, there are roles and responsibilities for government, the private sector, citizens and others in operationalizing this framework.

Victorian Government Response

The state government released its response to the Council's recommendation in December 2002. The response embraces the future-oriented approach adopted by the Council, especially the concept of using a long-term vision for the state to both anchor and guide long-term policies and planning for infrastructure. Furthermore, the government indicates its agreement with the Council that "a more comprehensive approach is required to infrastructure development in which the economic, environmental and social impacts of projects are considered".

The Victorian government has already issued several strategic policy documents that it indicates will play a critical role in moving forward along the lines recommended by the Council, including its *Growing Victoria Together* vision, a multi-year infrastructure investment strategy, a ports agenda and a state of water report. Additional relevant policies, such as metropolitan strategy and transport plans for rail and bus and a 2020 public transport vision statement, are expected to be released in the months ahead. As the government notes in its response to the Council report, the big picture must be woven into the government's future approach on infrastructure.

REFERENCES

Government of New South Wales. State Infrastructure Strategic Plan, 2002. (www.premiers.nsw.gov.au/wwg/sisp.asp)

Government of New South Wales. Working With Government. 2000. (www.premiers.nsw.gov.au/wwg/publications/index.asp)

Government of New South Wales. Premier's Department. Infrastructure Coordination Unit. Strategic Plan, 2001-2002.

Government of New South Wales. Premier's Department. Annual Report. 2001-02 and 2002-03 (draft).

Government of Victoria. Investing For Our Future: Growing Victoria Together. December 2002. (www.dpc.vic.goc.au/ipc).

Government of Victoria. Infrastructure Planning Council. Final Report. August 2002. (www.dpc.vic.goc.au/ipc).