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- **PREMISE**

The Infrastructure Association of Queensland would make the following initial observations in relation to our national transport system and arrangements.

Historically, the entire system is a piecemeal example of compromised national and state desires. It is quite astounding that it has remained operational in the functioning alcoholic sense for so long. A confusion of funding sources, the relativities created between the key transport modes almost as competitors, a complicated raft of user charges and the actions of decision makers in exercising their responsibilities in a manner reflective of each one's own political imperative at the time has led to this almost combative tension and competition instead of cooperation and progress for the national good.

The consequences have been very serious in the manner in which they have impacted upon infrastructure planning, equity between stakeholders and obtaining optimum outcomes for the Australian taxpayer. The Australian federation is not dissimilar to a family in that "the ties that bind" are very complex by nature being a mixture of collective responsibility, national group interest and individual self interest, all of these being in dynamic competition. This has latterly been addressed to some degree by the efforts of COAG, the creation of Infrastructure Australia, the ATC and NTC and increasing cooperation by the three spheres of government.

- **THE ESSENTIAL REQUIREMENT FOR A LONG TERM FUNDING COMMITMENT**

The IAQ submits that this is an absolute necessity from our industry's perspective to maintain a pipeline of projects moving to realization in an established priority, with adequately robust budgets by way of a clear and certain process. Industry experience in Queensland shows that a "boom and bust" approach to infrastructure procurement is certain to create a reduction in the delivery of value for money to the customer namely, the government representing the taxpayer. A delivery plan with a clear set of priority projects for the private sector to bid via a set of different delivery models to suit the projects is perhaps the most ideal method of approaching world's best practice to gain value for money procurement. An excellent working example can be found in the South East Queensland Regional Infrastructure Plan and Program. This arrangement can also assist in the in the controlling of demand cost bubble pressures on projects. All Australian governments will need to look beyond the electoral cycle in which they sit to achieve these gains and it will require all to make that leap of faith away from fulfilling the short-term political imperative.

The national network needs to be clearly defined and continually audited for need. This is particularly relevant when looking at the necessity to upgrade capacity and to adopting a national highway maintenance program. It is not the issue that the national transport network, particularly the road network, doesn't create revenues, it is that those revenues are treated as consolidated revenue and are not reinvested in the system.

Addressing the issues will require a strong, cooperative and visionary approach to the matters by the three spheres of Australian government. Elementary considerations need to be addressed first such as the inter relationships of responsibility for decision making between the various jurisdictions and then internally between the portfolios within each of the states' jurisdictions and the federal government. In addition, the plethora of funding sources needs to be better understood, rationalized, co coordinated and re-dedicated to purpose. Funds raised from the network should be invested back into the network. The first principle of business needs to be understood and applied – "Before you take a profit keep building and re-investing in the enterprise". The coercive ability of government leads it to the temptation to take revenues raised from one particular source and then

apply them to politically expedient whimsical externalities when it should be reinvesting in the asset that raised them.

- **A NATIONAL INTEGRATED TRANSPORT PLAN COMPLIMENTARY TO THE STATES' URBAN AND REGIONAL PLANNING ARRANGEMENTS**

IAQ supports the principle that transport planning at a national level is in lockstep with urban and regional planning at state and local government levels. It is essential to help achieve a national integrated transport plan and significant effort and funding needs to be directed to this goal notwithstanding the efforts that have been made by COAG and the ATC.

Queensland has stepped up its planning framework by investing strongly in the development of the South East Queensland Regional Plan and the South East Queensland Regional Infrastructure Plan and Program to provide the complimentary infrastructure support for the Regional Plan. Queensland is also developing more regional plans for those areas of the state anticipated to experience major growth events outside of the South East. Plans such as this however, need to be recognized for the contribution they have made to the creation of opportunities to fit them into a national planning process embodying a national integrated transport plan.

The Federal Government has recently expressed a desire to have a more involved and influential role in the urban planning process. This is, of course, a welcome aspiration provided that the government is viewing its role as a facilitator and not a planning authority or delivery agency. IAQ would support this intention if it means that more federal funds will be spent on developing a national planning process that includes as part of its model an integrated national transport system linked to the urban and regional planning programs in each state. It is however, absolutely essential that the Federal Government defines clearly the role that it sees for itself in this expression of intent as there is no advantage in creating another layer of bureaucracy for the states and all other stakeholders to deal with. The system is ponderous as it is without further complication to compound the issues.

If the desire is to use this opportunity to develop an holistic planning approach to both urban and regional development and transport then IAQ would support this concept as we would view it as an opportunity to fund and develop a properly integrated national transport system which could

help to neutralize the competition between the modes of transport such as public, motoring personal, road freight and rail and develop an holistic view of all comprising a national asset. This would be of enormous assistance in creating transparency of the system and thus reduce public suspicion and doubts about the fairness and efficiency of the arrangements. It would also have a beneficial effect on the development of market efficiencies.

If the opportunity is taken to really clean up the revenue side of the equation in this process, that will allow consumers better choices as a more level playing field is presented to make rational consumer decisions upon. If the Federal government is intent upon this desire it should apply the discipline to the full gamut of planning decisions which effect other sectors competing for funds and consumption decisions and which are still requiring close coordination from government with the transport sector for example. Lower socio economic groups tend to look for cheaper housing opportunities and these often exist outside of the major city footprints and thus absorb higher commuting costs into the reduced housing costs. If consumers are to therefore make rational choices between the housing options outlined they need to have both markets as efficient as they can be made. This requires transparency and cooperation at all levels of government.

- **EARLY CONSIDERATION OF THE PRIVATE SECTOR TO FUND, BUILD AND OPERATE TRANSPORT ASSETS**

The IAQ sees the bigger picture as not being a debate about which sphere of government should build and manage infrastructure. It should be a focus on founding a system that can create planned solutions that deliver world's best practice outcomes for the whole of the Australian community.

The most dangerous enemy of reform is the temptation to fall back upon a raft of taxation reviews and funds allocation re-jigs combined with government imposed road pricing regimes to fit in with the set government electoral cycles and political imperatives.

IAQ would suggest that in order to enhance the Federal financial input and receive better value for money outcomes for the taxpayer, large ticket items should be considered for early presentation to the private sector for potential financing, construction and operational arrangements on a long term basis. This would provide the proposed nation plan with the opportunity to spread

funds over a wider area of community service obligation areas, obtain a whole of life responsibility for new assets developed under the private sector model and provide assets earlier, on time and on budget to meet a burgeoning national infrastructure demand. The more enterprising Australian states and many overseas jurisdictions have employed this process for many years with great success. There is ample empirical evidence worldwide and here to support the success of the model. Irrespective of the GFC and its after effects there still exists contrary to some common beliefs, private sector appetite for involvement provided the private sector is permitted to operate as it needs in the bid processes without the impediment of government whimsy.

- **MAINTENANCE PROGRAMS AND WHOLE OF LIFE FUNDING ARRANGEMENTS FOR THE NATIONAL TRANSPORT SYSTEM**

Because it was ignored at the outset of those large ticket projects developed between the fifties and the eighties whole of life maintenance issues and the attendant potential expenses are now looming large. It is an issue that governments tend to ignore, like the elephant in the room, until it steps rather awkwardly onto them. To confront it at the beginning of the project is politically distasteful for the political process as in the politician's mind it "might scare the horses". Australia has a developing maintenance and upgrading issue developing rapidly and something needs to be done to confront it sooner rather than later. The IAQ recommends that it can be addressed in the new greenfield projects if a private sector procurement model is utilized and where existing assets are in point there are many examples to draw upon for maintenance programs to be outsourced to the private sector by way of competitive tender. The NSW department of Education has outsourced its schools maintenance program to the private sector with great benefit to both the asset base preservation and teaching budget impacts. The re-development of the South Brisbane Institute of TAFE was undertaken as a private sector arrangement and has proven successful on both an asset and instructional level. The West Australian government has likewise put out to private tender the rail system maintenance arrangement to the private sector.

- **SUGGESTIONS**

1. National policy requires a tectonic shift in the constitutional and administrative processes as to how planning, funding and delivery of transport infrastructure is facilitated
2. Constitutional responsibility for funding the transport plan should reflect that the requirement of planning, delivery and managing the transport system locks into the accountability to fund it
3. National transport infrastructure should be accorded the same priorities as other major national undertakings such as health, defence, education et al especially for funding and taxation purposes.
4. All new infrastructure projects should account for whole of life costing in the planning and funding regimes.
5. A true national system should fully integrate the various modes and charging regimes and relativities within and between modes should have a rational basis.
6. The government should give serious consideration to applying alternative procurement models beyond the standard design and construct model.
7. Be prepared to adopt general, wide ranging fundamental reform as taxation regime changes and road pricing mechanisms will not alone be substitutes for the necessary renaissance.