

## ***Infrastructure Canberra Bill 2009***

The Canberra Liberals are calling for submissions on the exposure draft of the Infrastructure Canberra Bill 2009. The draft was tabled in the ACT Legislative Assembly on 9 December 2009 and is available at <http://www.legislation.act.gov.au/ed/annual/2009.asp>

The consultation period commences on 9 December 2009, with final submissions due by close of business on 16 February 2010.

### **How to make a submission:**

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(please include “Infrastructure Canberra” in the subject line)

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### **Tabling Speech – Zed Seselja**

The need for better infrastructure in Canberra is clear to anyone who struggles along the gridlocked GDE each morning, who limps along the airport roads, or who wonders how the cotter dam has blown out its cost by a quarter of a billion dollars.

The solution is far less obvious or easy, and requires a dispassionate look at the real cause of the problems.

One of the significant problems is the inherent conflict between the political cycle that rewards short term thinking, and infrastructure development that requires long term planning.

Let me be clear - This does not mean that governments should not have the ability to make decisions about infrastructure, but I strongly believe they should do so within a strategic, long term framework. A framework prepared with the assistance of independent and highly qualified experts. A framework backed by legislative authority.

In his report to COAG in December 2008, the chair of Infrastructure Australia, Sir Rod Eddington stated:

*‘Efficient infrastructure is essential to driving sustainable economic development and growth, lifting levels of productivity and boosting employment...It provides the foundation for vital community services such as schools, hospitals and housing. It is the key to managing population growth and meeting current and future environmental challenges. It is how high standards of living can be achieved.’*

The report also highlights that the current system is riddled by:

*‘lack of accountability and transparency; inadequate evidence to support decisions; cost-shifting between entities; inappropriate infrastructure pricing; and mixed messages to industry and communities about infrastructure investment.’*

Locally, there has been a call for co-ordinated, strategic planning for infrastructure delivery for many years. The Property Council, builders and developers, businesses and investors have all identified the need for change in this area and all have been ignored.

The question then becomes; is legislation required to be imposed to guarantee infrastructure has the long term direction it needs?

The federal government came to an unequivocal conclusion when it introduced the *Infrastructure Australia Act*, which came into effect on 9 April 2008.

In a joint statement on January 21, The Prime Minister Kevin Rudd and the Minister for Infrastructure, Transport, Regional Development and Local Government explained that a legislative approach was essential to:

*“develop a strategic blueprint for Australia's infrastructure needs and ensure future projects are determined by economic, social, and environmental needs - not short-term political interests.”*

The Federal government absolutely support the need for regulatory reform to ensure the policy goals are met and are not diluted to a mere mirage of politically motivated headlines.

Based on our local experience with ACT Labor, the Canberra Liberals believe the need for legislative authority is even more compelling.

For too long, we have seen the government promise massive capital expenditure but fail to deliver, by between and a half and third of their promised amount; as the Capital Works Reports show.

For too long, we have seen the government promise to deliver projects by a certain date, but miss those delivery deadlines by years; as the GDE demonstrates nearly ten years after it was first discussed.

Not many years ago, journeys over 40 minutes to work were unthinkable. These days they are daily occurrences.

In 2001, a four lane GDE was estimated as costing \$53 million and could be completed by 2004. It was not until late 2005 that a contract was signed to even begin on the project.

It took until 2008, by which time the road for just two lanes now cost \$120 million. If the price tag is adjusted in real terms, we are looking crudely at an approximate doubling of price. But road construction and maintenance costs increased only 28% over this period, as measured by the Federal Bureau of Infrastructure, Transport and Regional Economics.

The reason is a failure of foresight and the dominance of political expediency over a strategic plan.

Government studies published in 2002 warned that

*“the GDE will be busy upon opening, and that widening to four lanes will need to be considered relatively soon after the opening of the initial construction”.*

And in 2004 the CEO of the Department of Urban Services made the remarkable admission to a parliamentary committee that

*“a two-lane road would provide an extraordinarily good service to people in that part of Canberra for something like 22 hours a day.”*

In other words, Stanhope Labor’s plans for a two lane road would guarantee that the GDE was dysfunctional in peak periods, as we now see.

For too long, we have seen cost projections over run by ever increasing margins, as the Cotter dam blow out, the biggest in Territory history, shows all too clearly.

For years, the Stanhope Government fought tooth and nail against building any dam: On 28 March 2006 Mr Stanhope told the Assembly that:

*“it may be that we do not need to think again about whether or not we will ever need a dam. Perhaps we will in 30 years time, perhaps longer and perhaps never.”*

It took until late 2007 before Labor finally conceded that Canberra needs more water storage capacity. The unfolding saga of the costing of this project is now before the ICRC to try and sort out the drama, but a précis of events shows:

In April 2005, ACTEW Corporation’s Future Water Options Report estimated that the cost to enlarge Cotter reservoir to 78GL would be \$120 million. (pg 23)

By October 2007 Stanhope announced that Cotter reservoir would be enlarged at a cost of \$145m.

In April 2008 – Halcrow Pacific report (commissioned by the ICRC) notes that ACTEW believes “the final target out-turn cost may be up to 30% higher”, or \$188.5m.

On 18 May 2009, CEO Mark Sullivan told the Estimates Committee: “In early 2008, the ICRC accepted an estimated cost of \$145m. We are working on an estimate of costs that we warned in that report could be 30 per cent higher than that again.” (ie \$188.5m)

On the 30th May 2009, The Canberra Times reported Sullivan as suggesting that the cost could now be up to \$246m. (pg 5)

And on 3 September 2009, Sullivan announced that the total out-turn cost would now be \$363m.

That's a \$243 million blow out. We still do not know what happened, why, or who was responsible, but this is the pattern we see time and time again.

A government that delays and neglects long term decisions, is finally forced to act, and leaves us with projects that are overtime, well over budget and often fail to meet the requirements of the day, let alone the needs of the future.

The plan I am putting forward would help avoid some of these failures.

I announced as part of our election platform, and again in the Assembly in my budget reply speech, that the time had come to take a holistic approach to infrastructure in Canberra and that the Canberra Liberals would take the steps to make that happen.

It's clear that urgent structural reform is needed to ensure that the litany of mistakes and neglect in infrastructure are not repeated in the future. That is why I am introducing the *Infrastructure Canberra Bill*.

The most important element of the Bill is the requirement to prepare and deliver an Infrastructure Plan. As stated in the purpose clause:

*The main objects of this Act are—*

*(a) to provide a long-term approach for identifying infrastructure priorities to meet the demands of future population growth in the ACT; and*

*(b) to establish a plan for that purpose; and*

*(c) to establish a commission and appoint a commissioner to monitor and report on the plan; and*

*(d) to establish an independent board with appropriate expertise to advise on the commission's functions.*

This is a vital, visionary plan that is missing from this government and has been for the entire time they have been in office.

This Bill goes further, it includes the areas that need to be addressed in the Plan. They include:

- (a) whole-of-life-cycle costs for constructing, maintaining and decommissioning public assets;
- (b) the scope for technological innovation in building and maintaining infrastructure;
- (c) environmental sustainability including recycling of materials, waste management and efficient consumption of resources;
- (d) the supply of labour and training requirements necessary to build and maintain infrastructure;
- (e) regulatory reform including simplification of government administrative procedures to encourage private investment;
- (f) availability of funding, including funding from the private sector and the Commonwealth;
- (g) the economic impact of infrastructure;
- (h) the national capital plan, the territory plan and other ACT government plans.

The areas that this body will examine is evident in the broad reaching, over-arching ambit outlined in the legislation. It includes:

- (i) health and community services;
- (ii) education and training;
- (iii) roads, car parking and cycle paths;
- (iv) public transport;
- (v) water supply and sustainability;

- (vi) electricity, gas and alternative energy;
- (vii) communications including broadband;
- (viii) interstate freight and import/export;
- (ix) sporting facilities;
- (x) cultural and tourism facilities;
- (xi) public places;
- (xii) waste management;
- (xiii) wastewater management, including stormwater and sewerage;
- (xiv) the city centre and town centres identified in the territory plan.

The other important element of the Bill is the establishment of an expert Commissioner, and an independent board to provide the expertise required to make the plan a reality.

The commission has the following functions:

- (a) to advise the Minister on the preparation of the infrastructure plan;
- (b) to consult the community about infrastructure priorities;
- (c) to monitor and report on the progress of the infrastructure plan;
- (d) to oversee the state of infrastructure in the ACT;
- (e) to refer appropriate infrastructure projects to the auditor-general for audit;
- (f) to report annually to the appropriate Legislative Assembly committee;
- (g) to publish data that helps to inform the debate on infrastructure;

As you can see, a comprehensive, strategic look at the Territory's needs.

Mr Speaker, the *Infrastructure Canberra Bill* is one part of a suite of solutions to provide precisely that.

Presently each ACT Government Department makes separate bids for infrastructure funding and the Labor Cabinet makes arbitrary decisions about which proposals have the strongest merit. Larger departments and agencies sometimes get greater say or influence than lower profile agencies. Under the Liberal Infrastructure Plan, the ACT Government will receive an independent and professional view from an Infrastructure Commissioner who is not beholden to the agenda of any single department or agency.

It is important to note that this is the ‘foundation’ element of building a better infrastructure system, and is the beginning of a range of issues that must be addressed and a range of solutions that must be provided.

The Canberra liberals have been in intense discussions with industry groups within the ACT, and peak bodies on a National level.

The *Infrastructure Canberra Bill* is the first part of comprehensive solution package we will develop and present to the public as this debate moves forward.

Other areas of reform in infrastructure include options to make procurement processes more efficient, without comprising integrity and reforms to the planning system to ensure that critical projects are not frustrated by unreasonable delays.

Treasury has costed the plan for an Infrastructure Commissioner before last years election. This modest cost should be compared to how much would be saved by having a long term, independent approach to infrastructure spending. If the Commissioner could identify and produce just a 10% efficiency in infrastructure spending that would mean \$36 million just on the Cotter dam alone.

It goes to show what could be achieved with only an incremental saving from the process. The benefits to the city and the territory are immeasurable.

Still the basic facts remain undeniable: infrastructure co-ordination in the Territory under the current system is not well co-ordinated and has failed

to deliver the infrastructure maintenance and accountability that the community deserves and demands.

I am presenting an exposure draft of the *Infrastructure Canberra Bill* for comment.

We have already received many supportive and constructive comments, and I hope to receive more as we plan for better infrastructure in the ACT.

Major reform is needed to address the problems of which the GDE gridlock, the Airport roads, the Dam blow out, the prison debacle and many more examples stand as daily frustrating reminders of the current failures of foresight in infrastructure. Our Bill is a key part of that reform.