

Michael Deegan

Investing in Infrastructure

Investing in infrastructure is not a question. It is, for any nation, not only inevitable and vital, but also essential.

Without infrastructure, nations, economies, individuals and communities have no future. It is as simple as that. Energy, water, transport, telecommunications: without any or all a nation cannot operate, much less prosper and grow. People's lives could not be lived. Business could not operate. City planning, growth and just getting around would become chaotic.

Since humanity began its path to civilisation, infrastructure has been inextricably linked with the development and futures of societies and cultures – and individuals. Throughout history civilisations developed and grew as their infrastructure developed and grew. Human endeavour was often portrayed and manifested in infrastructure.

The clear message we have in Australia is that, without meeting current and future infrastructure needs, we won't survive, we won't prosper and we won't grow. But to achieve the required delivery of infrastructure, and to ensure that the

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infrastructure delivered meets the needs as well as the aims and aspirations of both the government and communities, there has to be a plan, a strategy.

The strategy adopted by Infrastructure Australia is built on seven themes, namely:

- a national broadband network;
- creation of a true national energy market;
- competitive international gateways;
- a national freight network;
- adaptable and secure water supplies;
- transformation of the cities; and
- provision of essential indigenous services.

While delivering on infrastructure is integral to our role, Infrastructure Australia works with the Australian government and the Council of Australian Governments (COAG) in developing

policy for cities, for ports and for freight in line with our defined strategy. Through this strategic approach we can create a multiplier effect of action, with positive impacts not only for business but for everyone in the community. The approach creates confidence across the board and underpins a positive business environment. We are looking not just at one area of policy or infrastructure, but right across the nation and the economy.

Involving and engaging the private sector, via public–private partnerships, in the delivery of infrastructure is vital. The feedback we have had so far is promising as the two sides learn more about each other. In my years in the bureaucracy I have been fortunate to have been able to spend time in the private sector and I have been able to gain an understanding of that sector. The same is not always the case with my fellow bureaucrats, and this is equally evident in the private sector. In engaging with the private sector, one of the most immediate and lasting outcomes has been an increased level of understanding about one another.

Putting aside what might be thought of as an almost ethereal outcome (which would be incorrect in the long term), what has been made clear is the need for:

- observable government procurement processes;
- national consistency;
- understanding of bid costs;
- understanding of bid times;

- real risk transfer;
- governance structures and expertise;
- creating a true partnership rather than a cosmetic one; and
- the necessity of public evaluation audits.

The last is of integral importance, as the private sector needs to understand that any injection of public funds – taxpayers’ funds – must be associated with full transparency.

The private sector also realises that the policies the government is following are approached on a national basis rather than state by state or intra-state across regions. For example, linking a national freight policy with a national ports policy or a cities policy with a national water policy can drive down costs and lead to better and more cost-effective services for the community.

Concomitant with the development of these national policies are initiatives on governance, although for the most effective delivery of the policies the issue of governance must be addressed. It is almost a chicken-and-egg situation of which one comes first.

Unlike the United Kingdom and New Zealand, Australia has three tiers of government: national, state and territory, and local. From before Australia became a nation through the federation of the states, conflict between the colonial governments and what was seen by them as the lesser tier – local government – was endemic. Post-federation, another layer was added to the mix.

Infrastructure Australia approaches the need for initiative in governance via the contention that the three tiers of Australian government have to engage and work together for the nation. National interests, a focus on outcomes for the Australian people, must supersede parochial issues, rivalries and one-upmanship. There is also the need, and the recognition, that government at every level must ensure that the views of the people they seek to represent are taken into account in all decisions and strategies. Without listening to the people and incorporating their views in the decision-making processes, infrastructure will not meet the aims and aspirations of the people. A government out of step

with the people it represents will neither deliver for the people nor maintain the will of the people. This is the approach Infrastructure Australia takes in providing advice to all governments and in developing major policy initiatives.

We seek to identify regulatory reforms necessary to enable efficient and co-ordinated delivery of national infrastructure investment. Streamlining governance means addressing issues like

When it comes to major infrastructure within those cities – and beyond those cities – local, state and territory governments increasingly look to the Australian government for the capital to build the infrastructure. In meeting those demands, the Australian government must ensure that taxpayers’ funds – and that is what builds infrastructure – are allocated to deliver improved living standards and a better quality of life for all

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planning, especially in the cities.

Nowhere is there more need to address governance than in the planning and delivery of infrastructure in Australian cities. Australia is a highly urbanised society; indeed, one of the most urbanised nations in the world. But while this may be the situation it also must be recognised that if there is an economic core in Australia, then it is found in the nation’s major cities, cities with more than 100,000 people. These Australian cities contribute nearly 80% of national gross domestic product and employ around 75% of the nation’s workforce. They are dominant in economic terms and equally dominant in employment. Governance of these major cities sees the hands of one national government, eight state or territory governments and 155 local governments.

On top of that, add the complexity of the bureaucracy, the departments, authorities, instrumentalities and the like. Within that myriad of governance, state and territory administrations lay down strategic planning frameworks and local government implements planning policies – although at times states take over planning decisions.

Australians, rather than merely satisfying particular local demands. The three tiers of Australian government, national, state and territory and local, have to engage and work together for the nation. This is the beginning of a new regime in governance in Australia. If projects are to be delivered then the national good and improved outcomes for all people must be the drivers.

The cities are growing, inexorably and inevitably, something that is not unique to Australia. You can take, for example, the city of Auckland, the new bigger Auckland that now exceeds Australia’s largest local government area, Brisbane. The new Auckland, the amalgamation of smaller local-government entities, has a larger infrastructure palate with which to work, along with increased demands, tight revenue streams and the myriad of problems replicated in Australia. This shows that infrastructure deficiencies, competition between communities or states, delivery timetables and national direction over localised and individual demands and perceived needs are features not unique to Australia. They are symptomatic of the industrialised world.

But while the national outcomes are obviously the focus of the Australian government, the reach of the national government is being expanded by it engaging directly with local government in the delivery of projects, bypassing the states and territories. Such steps are vital for the development of Australia, but they are not being taken without some

We don't have it in aviation, where the approach is national, but it is the case in rail. The need for a national rail safety regulatory regime is obvious and in the development of policy that is something we are working to put into place.

Planning is another area where the national approach is needed. Those who create and deliver major projects

They deserved to be listened to and that is what Infrastructure Australia did.

It did not come as any surprise to be told that problems with urban public transport and road infrastructure were the most common areas of dissatisfaction among people who live in Australia's major cities. Public transport was seen as overcrowded, unreliable, too infrequent, too slow and unsafe at night. Roads were seen as choked and congested and residential streets were seen as clogged with parked cars. There were also comments about limited or incomplete cycle paths. Walkers suffered from distances, dangerous intersections, too many vehicles, too much noise and the sense of being crowded out.

People, again not surprisingly, were also perceptive. They knew where the problems lay and, while they may not have the solutions, they look to government to find the solutions.

But government itself is not omnipresent; it needs information, analysis, debate and review in finding the path to the right solution. Our engagement with the private sector in public-private partnerships gives us one stream of outside advice. Other sources include industry organisations, along with the wide breadth of knowledge and experience held by the members of the board of Infrastructure Australia.

Across the nation we are told of the problems and shortfalls in one particular area or city or region. But what can be found in each of those areas, cities or regions can be replicated in almost any part of Australia. A new road, a new rail connection, upgraded and expanded ports, water and energy projects are not unique to particular locations and it seems that everyone has their own wish list. What communities are coming to understand is that every item on wish lists cannot be delivered. The ports, the roads, the rail lines, the water and energy grids and pipes, the broadband telecommunications, all are vital to meet Australia's infrastructure needs. But just as vital as the concrete and steel of infrastructure, things that people can see and touch, is the need to continue to promote reform in how we do things, how we price things, and, as discussed

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resistance. Again, in the industrialised and political world that is to be expected.

Steps are being taken, and will continue to be taken, as we examine and make recommendations on reforming and streamlining governance. Reform can be across many different and divergent activities of government. In our work, for example, on developing a national transport policy and a national ports policy you can see how things can be governed better. In the transport policy, the necessary networks, of rail, road and ports, have to be financed. They also have to be priced right. They have to have access regimes and regulation conducive to business and consumers. They have to be interstate and intra-state and plugged into international markets. Nothing is in isolation. Everything is connected.

Take rail as an example. The tracks spread across Australia, across state and territory borders. Everyone – government, those responsible for the tracks and those responsible for the trains that run on the tracks – have a basic and unrelenting commitment to safety. But from state to state we have different safety regulators and sometimes different regulations.

and those who service those projects are national in outlook, but state by state in application. In different jurisdictions there are different rules, regulations and requirements. This is another of the inconsistencies that Infrastructure Australia is examining for the Council of Australian Governments.

The outcomes Infrastructure Australia and COAG seek reflect the views of the most important group of stakeholders, the Australian people. In developing our cities policy we listened to the people who live in the cities. Those we listened to came from every city in every state and territory. They were the people who sat in trains, on buses and on ferries; the people who sat in motor vehicles, idling in congestion, waiting, frustrated, for traffic to move; the people who walk or ride bicycles. The people consulted may not be intimately involved in the development and design of new infrastructure, but they are the ones who eventually pay for government projects. They are also the people who will use the projects on a daily basis. As both end-users and project financiers, they have expectations, aspirations and demands.

earlier, what forms of governance are in place to work to and with.

We also need to accept that, when it comes to delivering infrastructure, Australia is not, and cannot be, confined by borders. No one could seriously consider, for example, that the New South Wales economy stops at the New South Wales border. Nor does the economy of Victoria stop at the border with New South Wales or South Australia. Ports, transport (road and rail) energy, water and telecommunications are, in economic terms, national. A national approach to infrastructure delivery is not only vital to the national economy, and to the lives of all Australians, but it is common sense. The borders drawn on maps in the 19th century exist, and will continue to exist, but those colonial lines on a map no longer inhibit the Australian economy. If some states want to resist the national approach, then they are flying in the face of reality.

This is even more of a denial of reality when you realise that it is to the Australian government that the states look for the majority of funding for major infrastructure projects.

Across the national government there are clear indications and evidence that things are being done. In financial and economic parlance, Australia is a 'player' in the most dynamic and growing region in the world: the Asia-Pacific region. And infrastructure will not only keep Australia in the game, it will enhance its place.

If rail and road connect the ports that link Australia to the world, then the national broadband network (NBN) is the link to every corner of the nation. The NBN is infrastructure vital for the future economy, and perhaps epitomises a change of approach for Australia. Like transport, communications are a vital part of everyday life, commercial and personal. The NBN will keep all Australians in instantaneous contact with economies and people around the region and the world, as well as in the next Australian street.

Underlying all aspects of what Infrastructure Australia does is the theme of building and rebuilding Australia's infrastructure. It is being done so there is growth and prosperity for the Australian nation and the Australian people. Infrastructure underlies product-

ivity gains by helping Australia do what it does best even better, and more competitively. In many respects, the task has only just begun. The infrastructure deficiencies have been identified and Infrastructure Australia has appraised and recommended projects across the nation that are now being rolled out or are ready to begin. Strategies and policies are being developed for the future of Australia's ports, freight networks and cities.

Simultaneously, Infrastructure Australia is working across government on redefining governance through co-operation and reform, both statutory and economic. Through this there is a combination of:

- forces and factors;
- people and experiences;
- a desire to grow and share prosperity;
- acknowledging problems and resolving them; and
- building for the future with governance that works for the future.

This combination is now showing the potential of Australia and that potential is unlimited.

THE IRON CAGE RECREATED

The Performance Management of State Organisations in New Zealand

Edited by Derek Gill

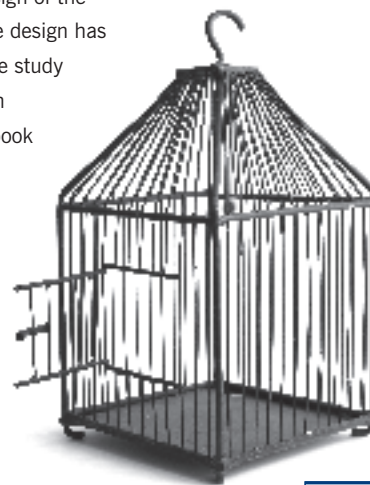
New Zealand's public sector pioneered the development of comprehensive and rigorous systems for planning, managing and reporting government performance in the 1990s. Among the major innovations was bringing together financial and non-financial performance information. While effective financial reporting was established by the early 1990s, after twenty years, non-financial performance information was assessed by a former Controller and Auditor General to be uneven at best and 'crap' at worst.

The system for managing public organisations is widely seen as a relic from the 1990s that is past its 'use by' date. In recent years – like the proverbial New Zealand bach – there have been a number of features 'tacked on' while little has been removed.

This book reports on the results of a three-year research project on the use of performance information in

the state sector. It examines the formal design of the performance management system, how the design has evolved over time and uses survey and case study evidence to show how the system has been applied in state sector organisations. The book concludes with proposals for achieving a step change in public management in New Zealand. This will require building more shared understanding about performance improvement among citizens and civil society groups as well as Ministers, managers and staff in public agencies.

The book will be available in February 2010. More details on the project are available on http://ips.ac.nz/events/Ongoing_research/M4P/index.html



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