

Infrastructure Leadership and Coordination in Queensland

Introduction

The recent establishment of an Infrastructure Portfolio Office (IPO) within the Queensland Department of Infrastructure, Local Government and Planning (DILGP) is a welcome introduction of a program approach to the delivery and planning of the state's key infrastructure projects.

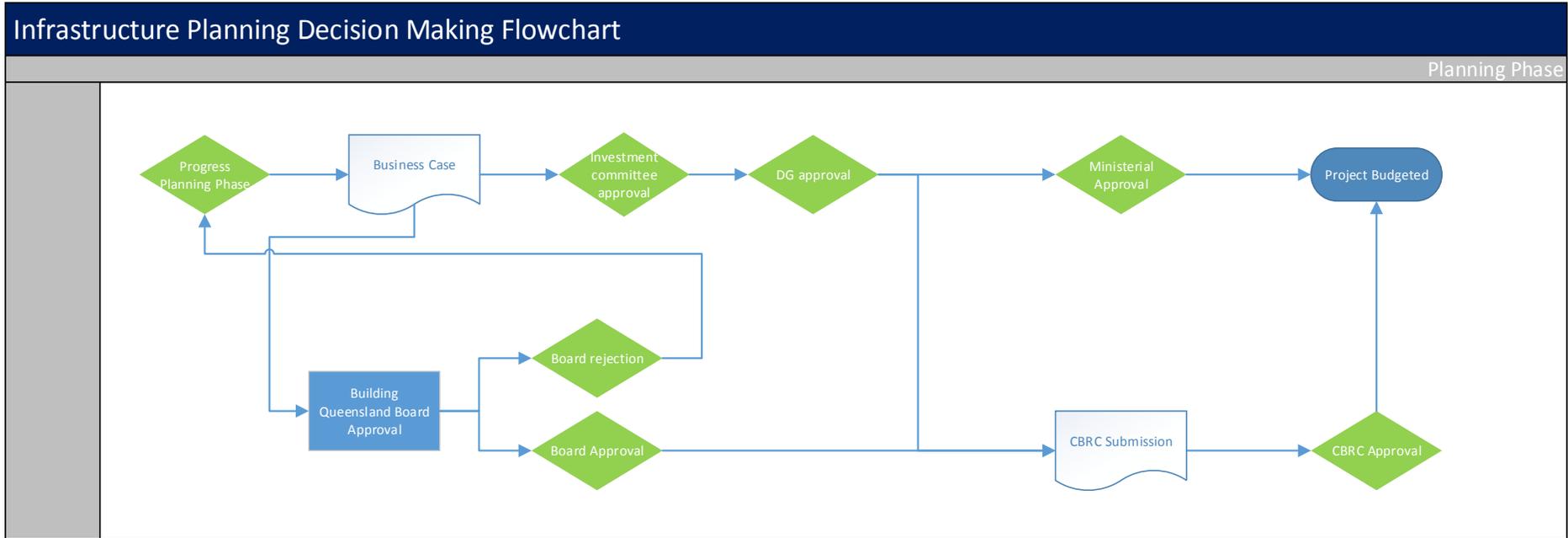
Combined with the establishment of Building Queensland (BQ) in 2015, industry is now seeking to better understand the effects of how these new entities fit in with existing project decision-making and prioritisation responsibilities across government agencies and statutory bodies. Does additional governance actually improve infrastructure leadership, inter-agency cooperation, coordination and responsible decision-making?

Effective economic and social infrastructure development is essential to the long term growth and prosperity of Queensland. Infrastructure is a crucial part of Government's policy agenda to build a strong economy, improve the well-being of Queenslanders and create jobs. The IAQ are a strong advocate for delivering greater value for money in infrastructure provision. As such, the purpose of this paper is to provide an overview of the current state government infrastructure governance structure and uncover any emerging or potential challenges.

An overview of infrastructure related governance in Queensland

Queensland, like all States and Territories across the country, has an 'agency led' infrastructure planning and delivery process. From time to time, this process has been coordinated by the Premiers' department or Treasury and has been subject to overarching urban and regional planning priorities led primarily by the agency with portfolio responsibility. Over time, the desire for improved decision-making has resulted in the introduction of new processes and frameworks, wider consultation and engagement across government, and more recently the establishment of various entities. Each new measure has added to improved decision making across government. The governance structure for a typical infrastructure initiative can best be described by the process diagram shown in Figure 1 overleaf.

Figure 1: Planning Phase Decision-making Flowchart



The importance of effective governance

Good governance is an essential and critical link in the effective and efficient delivery of future infrastructure investment. Effective governance means sufficient oversight is provided to manage key risks without compromising the timeframes for decision-making through the addition of unnecessary 'red tape'. Public sector infrastructure delivery governance models should be designed in the best interests of the community, maximising the strategic coordination of the public and private sectors, to support long-term decision-making across electoral cycles. The Queensland Government's most recent announcement of a delivery authority to manage the implementation of the Cross River Rail Project is a good example of a governance model which is aimed at de-politicising infrastructure delivery.

Central to effective governance are the principles of accountability, transparency, and independence. These principles support the state in serving the public interest and achieving better delivery outcomes. Accountability requires parties involved in infrastructure delivery to appropriately contract and monitor outputs to meet the State's expectations. Transparency is the commitment to communicate with stakeholders, and demonstrate that the delivery process is guided by the best interests of the State. Independence ensures opportunities and proposals are discussed and assessed based on their merits. Incorporating these principals into the infrastructure planning and delivery process, the State can actively strive to achieve successful infrastructure decision-making and delivery. Undertaking effective governance will assist to mitigate the following risks:

- Sub-optimal decision-making and poor planning outcomes;
- Development of projects which are not in the best interest of the community;
- Poor planning outcomes;
- Missed opportunities to unlock innovative value-add solutions; and
- Neglecting to capitalise on whole-of-life delivery solutions that improve the economic benefit of the project.

Infrastructure roles and leadership in Queensland

With a range of government agencies involved in the development, prioritisation and funding of infrastructure projects, it is difficult to consistently identify the agency or body ultimately responsible for the State's capital program. Appendix 1 provides a summary of the key responsibilities of agencies and other government bodies involved in infrastructure governance. As shown in Figure 2, the agencies and bodies are effectively categorised as:

- Line agencies
- Central agencies
- Statutory Bodies
- Federal Government Body

- Local Government Body

Figure 2: Public sector infrastructure related agency/body

Federal Government Body	Central Agencies	Statutory Body	Line Agencies	Local Government Body
Department of Infrastructure and Regional Development (DIRD)	Department of Premier and Cabinet (DPC)	Building Queensland (BQ)	Department of Infrastructure Local Government and Planning (DILGP)	Local Government Association of Queensland (LGAQ)
Infrastructure Australia (IA)	Queensland Treasury (QT)	Economic Development Queensland (EDQ)	Department of Transport and Main Roads (TMR)	
		Queensland Rail (QR)	Department of Energy and Water Supply (DEWS)	
		Queensland Bulk Water Supply Authority (Seqwater)	Department of Housing and Public Works (DHPW)	
			Department of State Development (DSD)	
			Department of Education and Training (DET)	
			Department of Environment and Heritage Protection (DEHP)	
			Department of Health (DOH)	
			Department of Justice (DOJ)	
			Department of National Parks, Sport and Recreation (NPSR)	
			Queensland Police, Fire and Emergency Services (QFES)	
			Department of Science, Information Technology and Innovation (DSITI)	
			Department of Tourism, Major Events, Small Business and the Commonwealth Games (DTMESBCG)	

Emerging Challenges

The provision of infrastructure across Australia, and more specifically Queensland, is changing rapidly. Constrained funding across all levels of government is increasing requirements for rigorous and transparent decision-making. Similarly, the search for new and innovative methods to fund and finance infrastructure is bringing together the public and private sectors in new ways. Subsequently, the governance of infrastructure planning, development, funding and financing is taking on greater significance.

The changing role of the public sector is transforming the responsibility and ownership of infrastructure project delivery. No longer do line agencies maintain ownership of a project from planning through delivery, decision-making now sits across multiple agencies, bodies and industry intermediaries – private sector market leadership is building.

The efficient provision of infrastructure has been a topic of national significance over recent years. The Productivity Commission (PC) issued a report in May 2014 highlighting the critical need for institutional reform across government to improve infrastructure outcomes. Specifically, the report highlighted a lack of communication and coordination between (and within) government, a lack of

transparency and accountability, and a bias towards large projects as key issues leading to suboptimal infrastructure decision-making in Australia. The PC called for an overhaul of institutional governance, to increase the rigour of project evaluation and decision making, through more transparent and accountable processes and a more efficient regulatory environment.

The introduction of BQ and the IPO goes some way in addressing these concerns at a state level, however it is still yet to be proven that these additional layers of oversight actually increase the efficiency and effectiveness of infrastructure decision-making. Historically, all infrastructure planning and delivery functions sat within the line agencies, with the investment decision coordinated between the responsible agency, the Department of Premier and Cabinet and Queensland Treasury. As illustrated above (Figure 1), within the current structure, numerous agencies and bodies must be coordinated and managed during the planning, development and delivery of infrastructure projects.

Through the introduction of these additional entities, a number of the traditional roles and responsibilities of line agencies are now obsolete. One of the key challenges identified in removing these planning and delivery functions from line agencies is ensuring the specialised skill set and niche network/industry understanding once held within the agencies is transferred to BQ and the IPO as required. To efficiently deliver infrastructure for Queensland, these newer entities must ensure that the mobility of resourcing is effective and capable of maintaining public service utilisation whilst still maintaining the technical understanding necessary to adequately advise the government on infrastructure needs and delivery solutions.

Building Queensland

As the primary body responsible for providing independent advice to the Queensland Government on long-term infrastructure priorities, BQ's increased involvement in leading business case development is a transition away from traditional agency led development. The overarching ability for BQ to remain independent in its development of major business cases (project \$100m+) whilst also being responsible for the development of the State's priority project pipeline is yet to be seen. To manage industry's concerns around this independence, the government has stated that the priority pipeline developed by BQ will act as a guide for government discussion on funding only, and is not a sanctioned list of the order projects will move through the funding and approvals process within government.

Through the independent prioritisation of infrastructure proposals, BQ's Infrastructure Pipeline Report will play an ongoing role in guiding government through the planning, prioritisation and funding of Projects for inclusion in the SIP. However, despite the successful release of the first BQ pipeline report, BQ is yet to fully articulate their relationship with DILGP, and the subsequent alignment of the BQ pipeline and the SIP. While this relationship is still to deliver tangible outcomes, providing industry with greater clarity over this relationship is paramount. BQ has an awareness of these requirements, and it is anticipated that this will be addressed in the December update of the BQ Infrastructure Pipeline Report.

As an independent statutory body, BQ requires ongoing bipartisan support to ensure its long term sustainability, and to preserve its ongoing role in the delivery of 'true' independent, expert and transparent advice which minimises duplication with the pre-existing roles of line and central agencies.

Infrastructure Portfolio Office

Sitting within DILGP, the IPO's key function is to coordinate infrastructure projects across government by integrating state government infrastructure, land-use and economic planning. From the development of the SIP, the BQ Infrastructure Pipeline Report and a series of Major Project Pipelines within the private sector – where can the IPO add value to industry and act on its coordinating functions? While industry continue to work with DIGLP to inform the development of the IPO, many industry participants see the IPO as an opportunity to provide frontline monitoring and reporting on the health of Queensland's infrastructure projects and act as a nexus across the government as the single point of truth. Importantly, government must be careful not to duplicate pre-existing functions or develop conflicting roles for the IPO within the state government's infrastructure landscape.

With both BQ and the IPO still early in their inception, it is expected that their specific roles, responsibilities and capabilities will evolve over the coming period. If these governance structures can clearly demonstrate their ability to increase efficiency – in decision-making and public sector workforce utilisation – whilst providing whole of government visibility, then industry must embrace their introduction as a sign of an exciting future for infrastructure delivery in Queensland.

An Alternative Approach

It is widely acknowledged that the quality of public governance correlates with public investment and growth outcomes. Accordingly, identifying the key elements and requirements of an efficient and effective governance framework for infrastructure provision is a priority for governments globally.

Earlier this year the United Kingdom took a significant step towards integrating and streamlining the assessment and management of public infrastructure through the establishment of the Infrastructure and Project Authority (IPA) and the National Infrastructure Commission (NIC). The IPA was founded through the merging of Infrastructure UK (IUK) and the Major Projects Authority (MPA), with IUK's strategy functions passed on to the NIC.

Prior to the merge, the MPA and IUK had separate lines of reporting but overlapping functions in the planning, oversight and delivery of infrastructure in the UK. The merged entity, the IPA, has been structured to combine infrastructure project expertise with funding authority to improve the efficiency and ability for government to deliver sustainable infrastructure. Recognising the role of independence and transparency in institutional governance, the UK government established the NIC in late 2015 as the non-ministerial government department responsible for providing expert advice to the HM Government. The NIC is primarily responsible for identifying the UK's strategic

infrastructure priorities through the clear, transparent and independent analysis of current and future infrastructure needs.

Reflecting the dynamic nature of the infrastructure landscape, the UK Government have adapted a flexible approach to their governance structure, which through expert advice and community consultation is continually evolving. Later this year, legislation will be introduced which shifts the NIC to a statutory body and will be the final step in ensuring that the NIC has the necessary safeguards to secure its independence and to ensure that its core responsibilities remain.

In addition to the restructuring of institutional governance arrangements, the introduction of City Deals and the devolution of project and investment decision-making in many municipalities has shifted the ownership of strategic infrastructure investment decisions. The efficiency gains, and broader economic, social and democratic benefits of these arrangements are still to be realised. Early indicators are showing that these arrangements have been effective, however their true value cannot yet be seen.

Governance requirements for the provision of infrastructure differs across jurisdictions. So while the UK cannot be isolated as an example of best practice, the focus on efficiency should be highlighted as a core outcome of strong governance in infrastructure provision. The UK's key focus has been on building public and political consensus on infrastructure delivery by maintaining core government capabilities while incorporating the outcomes from public engagement and extensive consultation. As highlighted, the UK's rigorous governance of infrastructure decision-making has evolved significantly over recent years, and reflects the changing roles and responsibilities of government in providing sustainable, long-term public infrastructure.

Conclusion

As the infrastructure landscape continues to evolve, there is an increasing need for consistency and strength in governance in Queensland across projects, sectors and timeframes. Infrastructure provision should be aligned to long term economic and social objectives, separate from the short term political cycle. As the role of the private sector becomes increasingly important, industry and investors alike will be looking for clear governance structures which illustrate the dynamic between government departments and agencies (across jurisdictions) and the ability to make infrastructure project decisions in an informed and coordinated way. Does the current Queensland institutional governance structure provide the necessary levels of transparency, accountability and independence?

Appendix 1

Line Agencies

Line agencies across the Queensland public service are typically responsible for their individual capital delivery programs. DILGP however also act as the primary governing body across infrastructure planning and policy and economic and regional development. DILGP are also responsible for the State Infrastructure Plan (SIP) and the establishment of the Infrastructure Portfolio Office (IPO) to coordinate the delivery of infrastructure across the state.

Central Agencies

Central agencies provide formal, whole-of-government coordination responsibility.

As a central agency, the Department of Treasury (QT) is responsible for supporting economic growth, job creation and fiscal strength. Its primary responsibility is to maintain the financial operation of the state. QT is ultimately responsible for securing and budgeting for the states ongoing expenses and revenues including the government's capital program.

The Department of Premier and Cabinet's (DPC) role in infrastructure development and delivery is to act as gatekeepers across all agencies to gain ultimate approval for projects and proposed initiatives.

Statutory Bodies

Building Queensland (BQ) is the DILGP's independent statutory body. It provides objective and transparent advice to the Queensland Government to enable better infrastructure decisions. BQ ultimate role is to assist in the preparation of business cases and suggest priority projects to form part of the State project pipeline and also to inform the SIP.

Economic Development Queensland (EDQ) is a DILGP commercialised business unit. EDQ has a key role in streamlining, facilitating and delivering property project solutions for the benefit of Queensland communities. EDQ works to achieve this purpose by coordinating the provision of infrastructure and other services related to property development opportunities and also thought the identification, approval and management of Priority Development Areas (PDAs) across the state. When planning for, or developing land in PDAs, EDQ must consult with the relevant local government.

Queensland Rail (QR) is a statutory body that performs the role of rail transport operator across the state. Queensland Rail seeks to lobby for and deliver infrastructure that will ensure it achieves improved rail patronage and reliability across its passenger network. QR reports through TMR. TMR often acts as the project delivery agency on rail projects of a larger scale.

Queensland Bulk Water Supply Authority (Seqwater)

Seqwater is responsible for the long term planning of the region's future water needs, a function formerly undertaken by the Queensland Water Commission. Seqwater seeks to work collaboratively with industry partners to achieve the best whole-of-system solution across its network.