

January 2015

## IAQ Economic Development Taskforce

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Queensland's economy is forecast to be the fastest growing economy in Australia over the next decade. Infrastructure is a key enabler of economic growth and productivity and is critical to Queensland's future prosperity. The people and Government of Queensland are striving to achieve growth and economic prosperity through improvements in infrastructure - both soft infrastructure such as schools and hospitals and economic (or hard) infrastructure such as roads, rail, tunnels and ports and this requires improvements in the way this infrastructure is funded and delivered. In order to be effective, these improvements must include significant changes that support productivity and the efficiency of infrastructure delivery, both during the planning and procurement phase and the on-the-ground design, construction and operational phases.

There has been much discussion nationally, and several significant reports produced, over the past year setting out the need for action on the infrastructure backlog and offering perspectives on approaches that should be taken in the current economic and political circumstances. An excerpt from the "Vision" of the Queensland 30 year plan released in 2014 states the following as infrastructure's role as a key element of the vision;

The IAQ Economic Development Taskforce is adding to the discussion and looking to work with Government on behalf of our members and all other interested parties. IAQ is looking to support the Queensland Government in improving efficiency and productivity in the delivery of infrastructure and therefore also improving the effectiveness of tax payer dollars spent on infrastructure. As a major driver of economic growth and prosperity, improvements in infrastructure planning and delivery will help improve the lives of all Queenslanders.

Over the next twelve months, the IAQ plans on releasing a series of thought leadership papers on critical infrastructure issues. These papers will focus on issues relevant to Queensland and reflecting the views of our industry and the impact that "doing nothing" will have on the broader Queensland economy. The papers will outline private sector expectations and needs to facilitate the efficient use of taxpayer dollars and will consider the opportunities for joint funding, private funding and long term funding partnerships for infrastructure delivery to help inform industry as to what Government requirements are to facilitate the same end goal.

This paper provides an introduction to, and overview of, the issues and a specific context in which IAQ can work with the Queensland Government to educate the broader population and continue to generate an important debate about how to facilitate real change and real improvement in the planning and delivery of infrastructure.

By using relevant case study experience from overseas and interstate, IAQ will be able to share world's best practice and define a set of principles the IAQ thinks should be prominent in the debate. Through this process IAQ also hopes to help inform Government policy and decision making now and into the future.

Our series of thought leadership papers will cover a number of themes:

- 1. Infrastructure in the National Context**

- The need for a national conversation about infrastructure priorities, holistic planning and national stakeholder alignment and how infrastructure drives total economic growth

- 2. The Need for Integrated Planning**

January 2015

- The need for three levels of government to work together for continuity in planning and the development of holistic, national solutions that will generate a clear plan for funded infrastructure. This approach will allow the private sector to plan ahead and more efficiently allocate resources, reducing overall project costs and delivering better value for governments and taxpayers.
- 3. Procurement Efficiencies**
    - The need for more efficient procurement. Cost is a major factor in procurement and current practises are highly inefficient – government and industry need to examine what can be done to drive those costs down and encourage private sector involvement to provide infrastructure through asset recycling
  - 4. Effects of the Skills Gap – Industry & Government**
    - The need for a consistent pipeline of infrastructure projects. Without a consistent pipeline of projects, industry tends to move resources interstate and offshore and skills are not being retained. As infrastructure project requirements peak, supply and demand drives unit costs up. Coordinated planning can minimise this problem for both the Government and private sector and ensure Qld tax payers get value for money and access to the best resources for their projects.
  - 5. The 100 Year Dilemma**
    - The need to build to requirements. Tension between the infrastructure required to support the economy over the next 100 years versus what can be funded now and is economically viable during its life. We must consider whether or not we should build far ahead of demand.
    - Earlier involvement of the private sector assists better sharing of cost and risk and allows use of a “whole of life” financial model not just a delivery model. This also promotes the use of staged development to cover both scenarios i.e. to deliver what is possible now and build the 100 year solution as it can be funded.
  - 6. Smarter Working Infrastructure**
    - The need to get the optimum use of existing infrastructure. Sweating assets is now a well-established approach, but it can only really be achieved by doing things smarter than before. There is a need to drive innovation and work assets smarter and harder to deliver better asset returns in existing and future assets, and a need to encourage Government help facilitate this innovation.
  - 7. Increasing productivity and global trading position**
    - The need to recognise the macro role of infrastructure. Government and the private sector should work together to improve Queensland’s infrastructure productivity and Queensland’s position as a global infrastructure & economic leader.
  - 8. Social licence to operate**
    - The need for a social licence and getting the balance right between the need for development and community expectations. The Government and the private sector should work together to ensure the best community outcomes during and after infrastructure is delivered.

The IAQ seeks to work closely with all levels of Government to achieve these objectives and looks forward to contributing to the debate in 2015.

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