



## NSW Legislative Council Hansard (Proof)

### Infrastructure Implementation Corporation Bill

Extract from NSW Legislative Council Hansard and Papers Tuesday 15 November 2005 (Proof).

#### Second Reading

**The Hon. TONY KELLY** (Minister for Justice, Minister for Juvenile Justice, Minister for Emergency Services, Minister for Lands, and Minister for Rural Affairs) [9.59 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

#### Leave granted.

In the Premier's inaugural statement the Premier highlighted the importance of cost effective and timely infrastructure delivery to the economic and social prosperity of NSW.

It is this goal which underscores the Bill which I introduce today.

The Government takes as its benchmark for success the Olympic Coordination Authority's delivery of the 2000 Olympics.

The Games' facilities and infrastructure set a high standard for Government delivery and coordination of projects, and those are the standards required to help deliver essential infrastructure for Government services such as health, transport and water.

Accordingly, the Government has sought advice from Professor David Richmond AO—formerly Director General of the Olympic Coordination Authority—on ways to remove unnecessary bottle necks in infrastructure delivery, and ensure projects are completed according to milestones, benchmarks and targets.

To support these arrangements the Government has established the Office of Infrastructure Management within Treasury and the Infrastructure Implementation Group—led by Professor Richmond—within the Premier's Department.

By bringing infrastructure back to the core of Government, a renewed focus can now be applied to the issues of project monitoring and project delivery.

A key focus of the Infrastructure Implementation Group is project delivery.

The Group has a strong facilitation role.

..... to work closely with Planning and proponent agencies to assist projects through the planning approval process.

..... to assist on high priority projects during their pre-construction and construction phase to ensure timely and cost-effective delivery.

Many major infrastructure projects are highly complex, sometimes involving multiple State agencies or public authorities.

One the key roles of the Infrastructure Implementation Group is to seek solutions and overcome bottlenecks.

This "hand on the shoulder" role is already working, with the Group assisting with critical infrastructure projects like ... the Port Botany

Expansion and Metropolitan Freight Strategy and the Royal North Shore Hospital redevelopment.

It is anticipated that, in most cases, the Infrastructure Implementation Group's facilitation role will be satisfactorily fulfilled through its participation on CEO Groups, Steering Committees and Project Control

Groups and the like.

However, where a project is of high strategic importance and would benefit from the dedicated focus and

expertise of the Infrastructure Implementation Group, the Premier may direct the Group to "take over" either the entire project or a specified part of a project.

It is for these cases that this legislation is required.

The Bill will establish a new statutory corporation, the Infrastructure Implementation Corporation, which will be the vehicle through which the Infrastructure Implementation Group can become directly involved in the carrying out of major infrastructure projects.

In these cases, a dedicated project team led by a project director would be established to undertake the task.

In directly delivering projects, the most appropriate funding mechanism would be established in consultation with Treasury.

The role includes possible early transfer of a project to enable the Corporation to become the proponent for EP&A Act purposes.

Depending on the terms of the project authorisation order, the project might then be transferred back to the relevant agency for the construction phase of the project.

Let me stress that it is anticipated the power conferred by this Bill will be required only rarely.

However, it provides the community with confidence that key infrastructure projects can be delivered on time and within budget.

And it is also important to emphasise that environmental planning and assessment requirements are not altered or affected in any way at all by this Bill and that normal approval processes under the EP&A Act will apply.

I now turn to the key features of the Bill.

Part 1 of the Bill provides preliminary information including definitions.

I draw your attention to the definition of major infrastructure project which, for the purposes of the Bill, means a project to which Part 3A of the Environmental Planning and Assessment Act 1979 applies.

Part 2 of the Bill establishes the Infrastructure Implementation Corporation as a statutory corporation representing the Crown, managed by the Director-General of the Premier's Department and subject to the control and direction of the Minister.

As a statutory corporation, the Infrastructure Implementation Corporation will have all the inherent powers of a body corporate, including power to enter into contracts and to establish subsidiaries.

Clause 7 specifies the general functions of the Infrastructure Implementation Corporation.

These include, firstly, carrying out a major infrastructure project if authorised to do so by a project authorisation order and ...

..... secondly, becoming responsible for a project that is being carried out by, or involves, another public authority.

How these functions will be initiated and will operate are described in more detail in Part 3 of the Bill.

Part 3 of the Bill allows for the Premier, with the written concurrence of the Treasurer, to order—through a project authorisation order—the Infrastructure Implementation Corporation to become responsible for carrying out a major infrastructure project.

A project authorisation order may be made for either:

- New projects which are vested in the Infrastructure Implementation Corporation from day one; or
- Existing projects which the Infrastructure Implementation Corporation 'takes over' from another public authority.

In relation to the second scenario, the Premier has the option of transferring ownership of the project assets, rights and liabilities to the Infrastructure Implementation Corporation.

Otherwise, the project can continue to be 'owned' by the public authority, but the Infrastructure Implementation

Corporation will have power to exercise the functions of the authority and to direct the authority in relation to the carrying out of the project.

The authority itself will be unable to exercise its functions relating to the project without the consent of the Infrastructure Implementation Corporation.

Where the project is 'owned' by the Infrastructure Implementation Corporation it will become the proponent of the project. It will have powers to compulsorily acquire land.

Clause 14 of the Bill provides for a project which is 'owned' by the Infrastructure Implementation Corporation during implementation to be transferred back to the relevant public authority for operation.

I would now like to turn to the application of the Bill to State owned corporations.

This Bill—most appropriately—applies not only to Government agencies, but also to State Owned Corporations which are responsible for delivering much of the State's complex major infrastructure and should be subject to the same processes that apply to agencies.

There is a requirement in the Bill that, before making an order, the Premier must consult with the SOC's portfolio Minister, voting shareholders and board of directors.

In addition, there is also a requirement that, before giving directions to a public authority in relation to a project, the Infrastructure Implementation Corporation must obtain the concurrence of the Premier and consult with the public authority concerned.

If at either of these stages a board of a state owned corporation were to raise significant concerns that the proposed order or direction was not in its commercial interests, it would be open for the Premier to involve the shareholding ministers and the portfolio Minister and to give a direction under the existing provisions of the State Owned Corporations Act.

These are the key elements of the Bill.

It is clear that the Bill does not contain any provisions which override or bypass the normal planning processes and environmental checks and balances.

The Infrastructure Implementation Corporation would be subject to exactly the same requirements as any other proponent.

What the Bill does do is provide the Government and the community with confidence that for projects which may be getting delayed can be brought back on track.

As I have stated already, it is not anticipated that the power which this Bill confers will be regularly used.

The establishment of the Infrastructure Implementation Group will help to ensure project coordination and facilitate project progress.

This legislation, however, underscores the administrative mechanisms that have been put in place.

The power it confers clearly articulates the delivery-focus of the Government's new infrastructure arrangements generally and the role of the Infrastructure Implementation Group specifically.

It is about providing essential assistance to the delivery of key infrastructure, and making it happen smoothly and efficiently.

As with the Olympics, this does not involve cutting corners.

I emphasise again that projects will be subject to the same rigorous environmental assessment and public scrutiny as exists for all projects—including, I might add, critical infrastructure projects under Part 3A of the EP&A Act, projects like desalination.

But as with the Olympics it does involve a strong sense of purpose and a drive to deliver the infrastructure which the State needs.

I commend the Bill to the house.