



New South Wales
TREASURY

**Submission
No 78**

Mr Kevin Greene MP
Chair
Standing Committee on Public Works
Parliament House
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Contact: Phil Connolly
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Our Reference: D40627
Your Reference:

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Dear Mr Greene

INFRASTRUCTURE PROVISION IN COASTAL AREAS

I refer to your letter seeking a submission from Treasury to the Inquiry into Infrastructure Provision in Coastal Growth Areas.

Treasury's main aim in relation to infrastructure provision, regardless of location, is the efficient allocation of finite public resources. The NSW Government has put in place a number of key policies to assist in achieving this aim.

In combination, these policies provide a sound assessment, implementation and management framework for infrastructure projects. Within this framework, relevant service provision agencies identify and address the infrastructure needs of specific regions. The Department of Infrastructure, Planning and Natural Resources (DIPNR) leads whole of government initiatives in relation to coastal land use issues such as the Comprehensive Coastal Assessment.

In addition, DIPNR is the lead agency responsible for advising Government on the strategic directions for urban and regional development and associated infrastructure priorities. This work is designed to ensure that future capital expenditure by agencies is in line with these strategic priorities.

To assist agencies, DIPNR provides guidance on matters including:

- Population projections at the State, Regional and local levels;
- Current and predicted transportation patterns based on demand forecasting models; and
- Strategies involving future plans and decisions, to manage future growth and change in the next 30 years.

This guidance enables agencies and the private sector to make more informed decisions and more generally develop medium and long term plans for growth in both greenfields and established areas. New capital expenditure can then be directed to locations that optimise infrastructure investment and the use of existing physical assets over the long term.

Complementing these arrangements the Cabinet Standing Committee on Infrastructure and Planning is a new committee which has a central role in reviewing and endorsing major infrastructure proposals and asset strategies for roads, transport, energy and utilities, education, health and housing.

Consideration and approval of proposals by the Infrastructure and Planning Committee is required before they can be considered by Budget Committee and included in agency Capital Investment Plans.

The primary government policies governing infrastructure provision and management are summarised below.

Total Asset Management

Total Asset Management (TAM) Policy was introduced to achieve better planning and management of the State's assets, both existing and newly acquired. TAM is a strategic approach to physical asset planning and management, including major infrastructure. It provides a structured and systematic approach by which an agency can align its asset planning and management practices with its service delivery priorities and strategies, within the limits of resources available. This is essential if services are to be delivered efficiently and effectively over the long term.

The asset management policy is an integral part of the State Budget process, which focuses on agencies' results and service delivery performance. An agency's asset response to its service delivery needs, as reflected in its Results and Services Plan, Statement of Corporate Intent and Statement of Business Intent, is defined in its Asset Strategy. Also, an agency's TAM plans (specifically the Asset Strategy and supporting Capital Investment Strategic Plan) are used by the Department of Infrastructure, Planning and Natural Resources to inform the development of the State Infrastructure Strategic Plan (SISP).

TAM Policy applies to all government departments, statutory authorities, trusts and other government entities. State Owned Corporations under the State Owned Corporations Act are exempt although they are encouraged to adopt aspects of the policy that are consistent with their corporate intent.

Economic Appraisal

Economic appraisals must be completed for proposed capital projects and submitted in advance of agencies' annual Budget submissions, in accordance with the "NSW Government Guidelines for Economic Appraisal" (TPP 97-2).

An economic appraisal assists efficient public sector resource allocation decisions, by systematically analysing all the costs and benefits associated with the various ways of meeting a service objective.

Privately Financed Projects

The NSW Government's *Working with Government* policy aims to improve the value-for-money, timeliness and quality of services it provides to the community by engaging the private sector to provide, where appropriate, supporting infrastructure and non-core services. The policy incorporates rigorous public interest and value-for-money tests.

The Treasury acts as the Government's centre of commercial, financial and legal expertise to assist agencies with privately financed proposals and to provide Government advice to the private sector.

More information on Privately Financed Projects can be assessed through the dedicated Working with Government web site (<http://www.treasury.nsw.gov.au/wwg/>).

Procurement Policy

The NSW Government's Procurement Policy is to ensure that government procurement activities achieve best value for money in supporting the delivery of government services. The Policy emphasises agency accountability for outcomes, and greater upfront planning and stronger linkage with the State Budget process prior to allocation of capital funding.

The Gateway review process is a key component of the procurement policy that uses independent experts to assess whether an appropriate level of discipline is being applied at key stages of the procurement cycle, without diminishing agency accountability. Reviews typically take three days or less to complete. The degree of reviewer independence can range from intra agency to fully external to the agency, depending on the potential risk and value of the procurement. Risk is assessed using a risk profile assessment tool, which is part of the Gateway process.

Treasury Policy and Guidelines Paper TPP04-1 contains the Government's Procurement Policy Statement and a more detailed explanation of its key elements and implementation.

Yours faithfully

A handwritten signature in dark ink, appearing to be 'L. D. Dan' or similar, written in a cursive style.

Secretary