MINISTERIAL FOREWORD

INTRODUCTION

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Ministerial foreword

The Palaszczuk Government is committed to delivering a State Infrastructure Plan that improves the liveability and productivity of our state.

We understand that infrastructure investment underpins economic growth and generates jobs.

Infrastructure projects also create a lasting legacy for Queenslanders – connecting our businesses, services and people.

This directions paper outlines our broad approach to delivering our commitment to develop the State Infrastructure Plan, and provides an opportunity for you to give feedback to government on your expectations for this important pipeline of projects.

But while we undertake the important work of developing a State Infrastructure Plan – we will not stand still. Our government continues to advance important capital works projects that drive our state’s economy.

I look forward to working with all stakeholders throughout this process to create a State Infrastructure Plan that secures a prosperous future for all Queenslanders.

JACKIE TRAD MP
Deputy Premier

Minister for Transport,
Minister for Infrastructure,
Local Government and Planning
and Minister for Trade
Infrastructure underpins a prosperous economy and modern society. The challenge for governments is planning, funding and delivering infrastructure for growth and change in a future that isn’t certain.

With greater demand on their revenue, governments are exploring innovative funding approaches, optimising their capital and forging strategic partnerships.

Infrastructure can increase productivity through the efficient delivery of services like supplying water or energy, or transporting people and products. Infrastructure can also improve community outcomes through the delivery of better hospitals, schools and community safety facilities.

When planning for our future it’s important our focus is on these services and the needs and expectations of Queenslanders.

For three years, Queensland has been without an integrated state-wide infrastructure plan to help industry plan for skills and workforce needs and to guide infrastructure investment.
The government is committed to building confidence in Queensland, creating jobs, growing our economy, improving liveability, and providing certainty to industry.

The purpose of our State Infrastructure Plan is to:

- Set strategic direction and foster innovation in government’s planning, investment and delivery of infrastructure
- Identify the anticipated service needs and infrastructure investment opportunities for a prosperous Queensland
- Develop a sustainable and credible pipeline of investment for industry, drawing on the independent advice of Building Queensland and input from government agencies
- Provide context to enable greater coordination between public and private.
The State Infrastructure Plan will provide a coordinated and integrated approach to infrastructure planning, prioritisation, funding and delivery. This will be achieved by engaging with key stakeholders across government, industry and the community, and prioritising Queensland’s infrastructure needs from a whole-of-government perspective. While the pipeline will focus on public infrastructure and provide guidance about the government’s infrastructure needs, it is also expected that it will highlight opportunities for the private sector to engage with government on finding creative solutions for infrastructure delivery and in doing so, help generate confidence.

Based on robust planning and value for money, the plan will ensure better use of existing assets and better allocation of new investment.
It is proposed that the State Infrastructure Plan cover three key elements:

1. **INFRASTRUCTURE OBJECTIVES:**
   - Outlines why infrastructure is important to our values and improving our way of life.

2. **FUTURE INFRASTRUCTURE DIRECTIONS:**
   - Conveys how Queensland’s infrastructure challenges can be addressed and how infrastructure is planned and delivered.

3. **AN INFRASTRUCTURE PIPELINE:**
   - Highlights what infrastructure is planned over the next four years, but also the future infrastructure opportunities and challenges over the next 15 years and beyond.
Infrastructure planning and provision in Queensland is becoming more complex. In this environment the need for optimisation and prioritisation of infrastructure is increasingly important. We have seen sustained population growth, uneven growth in the resources sector, and the impacts of the global financial crisis. We’ve also seen policies of fiscal restraint across jurisdictions. In Queensland we’ve had to deal with responses to significant natural disasters such as droughts and flood events. All of this has brought the importance of sustainable infrastructure provision into stark relief.

In 2001, the Queensland Government released its State Infrastructure Plan: Strategic Directions report to improve the way government planned and provided infrastructure. This was followed by annual implementation plans which were aligned with the State Budget.

At a regional level, the South East Queensland Infrastructure Plan and Program was introduced in 2005, with subsequent yearly updates until 2010, with a view to better aligning land-use planning and infrastructure planning activities. Infrastructure challenges in regions outside of the south east were incrementally acknowledged through infrastructure components of the relevant regional plans.
In 2011, a Queensland Infrastructure Plan was prepared, replacing the infrastructure sections of regional plans. An important step in returning to a state wide focus, although delivered at a time when markets were still recovering from the Global Financial Crisis and as Queensland was focused on rebuilding after the flood events of early 2011.

An integrated whole of government infrastructure plan has not been released by the Queensland Government since that time, raising concerns across industry over the direction of infrastructure in Queensland.

An important function of infrastructure planning is to build confidence and provide clear direction for industry to support effectively and efficiently delivered infrastructure through appropriate workforce planning.

Infrastructure planning should also provide certainty to industry while encouraging innovation in addressing the infrastructure challenges facing Queensland.

Some of the challenges for future infrastructure plans could include:

- Use of alternative funding approaches
- Attracting and building confidence for private investors
- Adoption of modern and efficient approaches to procurement, with considered apportioning and sharing of risk
- Identification of better ways to preserve and maximise the benefits of our existing infrastructure portfolio
- Integration with land-use planning to improve use while reducing the investment needed for new infrastructure.

And just as importantly, infrastructure planning should provide the flexibility for government to respond to those challenges in a way that achieves value for money and directs investment to where it is most needed.
In addition to developing the State Infrastructure Plan, the government has already delivered on one of its key election commitments - to establish Building Queensland.

Building Queensland’s role is to:

- **Provide independent, expert advice on infrastructure related matters**

- **Develop a robust and transparent project assessment framework taking into account the costs and benefits of proposals**

- **Evaluate proposals for new and existing infrastructure**

- **Assist departments to develop business cases for infrastructure projects with an estimated capital cost between $50 million and $100 million**

- **Lead the preparation of business cases for infrastructure projects with an estimated capital cost of $100 million or above**

- **Develop a pipeline of priority projects for the government to consider**

- **Where directed lead the procurement and delivery of projects.**
Building Queensland’s role is to provide independent, expert advice on infrastructure matters including leading the preparation of rigorous business cases, which take into account cost-benefit analysis and community benefits.
Queensland is not alone in facing many of today’s infrastructure challenges. In preparing the State Infrastructure Plan, we will draw on the work of other key players to understand and respond to emerging drivers of change. A snapshot of some of this commentary is provided below.

The BCA has called for:

- The development of national markets for transport, water, electricity and communications based on private investment and user charging
- Long-term strategic planning of cities and regions that identifies future land use and infrastructure needs
- Prioritisation of public infrastructure investments that are linked to strategic plans and subject to independent and transparent cost-benefit analysis
- A rolling pipeline of public infrastructure investments
- Appropriate sharing of costs and risks between government and the private sector
- The elimination of regulatory impediments to the efficient use of existing infrastructure
- Regular and transparent audits and measurement of service performance
- Reducing the costs of infrastructure provision through improving project design and management, more efficient processes for development assessment and approval and lifting workplace productivity.

Public Infrastructure - Productivity Commission

Suggested reforms include:

- More thorough consideration of alternatives to infrastructure provision
- Improved project selection
- Pricing reform for those areas of infrastructure that are already amenable to it
- A clearer idea about the pitfalls and lessons of different funding and financing models
- Privatisation, where it improves investment and operational efficiency
- The development of greater procurement competencies, and introduction of cost reducing tender process improvements
- The adoption of procurement guidelines to provide incentives for better industrial relations arrangements.


Australian Infrastructure Audit - Infrastructure Australia

Selected findings of the Audit:

- Rigorous project selection to boost economic activity and support productivity growth
- Australia needs integrated infrastructure and land-use planning, across all levels of government
- Ongoing commitment to engage communities is important
- Improved corridor protection for transport and other linear infrastructure (to minimise construction costs)
- Ineffective and inconsistent regulation has had adverse outcomes for infrastructure users
- Current arrangements for the funding of land transport represent the most significant opportunity for public policy reform in Australia’s infrastructure sectors


• Government funding alone is unlikely to be sufficient to provide the infrastructure that Australia requires. Maintaining or strengthening conditions to facilitate private sector investment in and operation of Australia’s infrastructure networks is fundamentally important

• Australia would benefit from a strong and consistent pipeline of future infrastructure projects. Without this, there is uncertainty and less likelihood of a well-resourced environment for project procurement.
Northern Australia Infrastructure Audit - Infrastructure Australia

Key findings include:

• Transport infrastructure for resource development hinges on major customer demand

• Roads servicing the dispersed cattle industry can benefit from better flooding resilience

• Road maintenance is critical to facilitate heavier vehicles and renew ageing pavements. Maintenance backlogs are a feature of the northern road system

• Major northern centres can benefit from both road upgrades and public transport planning

• Northern Queensland power prices for industry use are comparatively high

• Many northern centres will need water supply upgrades or operational improvement

• Irrigated agricultural development will call for additional water supplied, as well as supporting power and transport infrastructure.


Recommendations:

• Public sector infrastructure investment plans are supported by proper and transparent cost-benefit analyses

• Governments should not rule out privatising assets (as part of a suite of funding solutions for new infrastructure)

• That the public sector fundamentally reforms funding arrangements for the roads sector

• That governments continue to encourage greater private sector investment in infrastructure through streamlined administrative and approval processes

• That state and federal governments reform the procurement process to help reduce bid costs

• That industry and government continue to tackle risks to productivity and competitiveness

• That industry and governments support research to identify potential skill mismatches and gaps

• That improvements are made by governments and statistical agencies to improve the depth and quality of data pertaining to the construction industry.

Infrastructure objectives

The Queensland Government will deliver a better way for Queensland, creating jobs and a diverse economy, delivering quality frontline services, protecting our environment, and building safe, caring and connected communities. Accepting that infrastructure is a fundamental building block for our society, we need to agree on what we want out of our infrastructure investment if we are to put ourselves on the right course.

The following infrastructure objectives strive to articulate why infrastructure is important to our values and improving our way of life. These objectives will be aligned with community expectations through consultation and will then guide the Queensland Government’s infrastructure priorities over the coming decades.

Delivering prosperity and liveability

We would like to see our infrastructure spend achieve maximum economic and social return on investment.

Infrastructure investment drives competitiveness through increasing the productivity of both the public and private sectors, reducing the costs of doing business, diversifying the means of production as well as creating jobs. Investment in critical community infrastructure, like health and education assets, improves overall community well-being. Infrastructure investment needs to recognise and keep pace with change and recognise that some communities require specific investment to address social, economic, cultural and locational disadvantages.

With limited available capital it is imperative that every investment made maximises economic and social return. To do this, we need to see

new infrastructure and ongoing maintenance funding being extremely well targeted on the right projects, and leverage the benefits of the digital age. We need to see capital optimised and we need to see innovative funding approaches.

Our challenge is to spend public money wisely and to better work with the private sector through strategic partnerships to deliver those targeted projects where we get the maximum benefit.
Infrastructure that supports growth

Our growth-supporting infrastructure should be integrated with land-use planning and provided in a timely manner.

Around two million extra people are projected to be living in Queensland by 2031, with most of the growth in South East Queensland.

To support the current and future prosperity of Queensland’s population, the State requires infrastructure that supports population growth, improves communities and contributes to efficient supply chains – supporting productivity and creating jobs.

Queensland needs to be carefully planning for the infrastructure needs of our growing population. The best way of doing this is with careful integration with our land-use planning approaches, so that the infrastructure is provided when the growing population needs it. The key to this is to get the timing and sequencing of infrastructure provision right.

Infrastructure must also be responsive to digital disruption which can radically increase productivity and social wellbeing in ways we might have only imagined.

Infrastructure that connects our communities

It is important that our communities are well connected by having the internal and linking infrastructure they need to function efficiently.

The Queensland Government is committed to building safe, caring and connected communities.

To make this happen, Queensland’s communities also need access to a broad range of private and public services including secure and reliable access to affordable energy and water, good schools and health infrastructure. We also need an integrated transport network that efficiently moves freight and people within and between communities. Understanding supply chains will be critical to our future growth. For example, connections between mines and ports must be optimised with energy, water and transport correctly sequenced.

Lives and lifestyles of Queenslanders can be improved through increasing options and capacity to use the internet, digital technologies and community services.

We need to address the barriers that stop our communities from being better connected.

Providing sustainability and resilience

Our infrastructure demand should not outstrip our capacity to deliver, is built to be fit for purpose and can withstand shocks.

Economic development and community wellbeing is underpinned by efficient and reliable infrastructure networks and assets. A pipeline of infrastructure projects and major maintenance schedules (at the procurement stage or planned in the short-term), supports efficient workforce planning and the deployment of the right skills at the right time.

Resilience is built into infrastructure networks which lessen the social and economic costs associated with loss of critical infrastructure during and after extreme events including natural disasters.

The challenge is to even out the peaks and troughs associated with cyclical investment and ensure that fit for purpose infrastructure is built.

We also need to ensure the infrastructure we are providing is designed and built to an appropriate service level standard and in a way that the whole of life costs of the asset are fully understood.

1 Infrastructure Australia, Australian Infrastructure Audit, May 2015
In recent times increasing demands on government revenue within Australia and internationally has seen greater scrutiny over the efficient provision of public infrastructure. For example, the Productivity Commission’s report on public infrastructure called for an “urgent need to comprehensively overhaul processes for assessing and developing public infrastructure projects”.

The Queensland Government is committed to building confidence and delivering better infrastructure outcomes in Queensland. It has been listening to calls for a better way forward. We have met our commitment to establish Building Queensland, which will undertake robust assessments of infrastructure proposals and provide their independent advice to the government. The opportunities and aspirations for better infrastructure outcomes will continue in the State Infrastructure Plan.

The State Infrastructure Plan will set a strategic direction that fosters innovation in planning, investment, delivery and use of infrastructure. The plan will challenge traditional and decades old approaches and assumptions with the aim of revitalising Queensland infrastructure direction in the following areas:

1. **Planning and assessment**  
   - *doing the right projects*

2. **Funding and financing**  
   - *with effective funding*

3. **Procurement and delivery**  
   - *in an efficient way*

4. **Efficient use and management**  
   - *then making the most of them.*

The plan will be aspirational, providing a vision for the State Government’s infrastructure direction. In achieving this, the government will also need to consider the best governance arrangements through the infrastructure planning and delivery cycle. The Queensland Government will also pragmatically explore how we can begin realising the benefits of greater innovation.
1. Planning and assessment

Selecting the right projects for Queensland is one of the most critical phases in the infrastructure lifecycle. Regardless of how well a project is designed and delivered, the wrong project will always deliver sub-optimal outcomes. Once selected, the right projects need to be correctly timed and sequenced to optimise investment.

“There are numerous examples of poor value for money arising from inadequate project selection, potentially costing Australia billions of dollars.” (Productivity Commission Inquiry Report – Public infrastructure, May 2014)

The government will strive to promote innovation and better informed decision making through the planning, design and selection of projects, including non-build solutions (e.g. technology). The Queensland Government would like to consider:

- Ways to attract innovative solutions for delivering public services (i.e. real options analysis) that might reduce the need for costly investment in physical infrastructure (e.g. asset utilisation, price signalling, digital technology)
- How to better prioritise what sequence infrastructure should be delivered in, so we do the right projects in the right order at the right time
- How to reinstate a strong nexus between land use planning and infrastructure planning to improve asset utilisation, infrastructure alignment and delivering other objectives (e.g. healthier lifestyles)
- How to better use data gathering/analytics for improved demand forecasting, network optimisation and identification of network inefficiencies (e.g. bottle necks/pinch points).

2. Funding and financing

After selecting the right projects it is important the government consider the most effective funding and financing method. In broad terms infrastructure can be financed by either government or the private sector although generally these are ultimately funded through taxes or user charges.

With appropriate arrangements and risk sharing the private sector is capable of more efficiently delivering and managing certain public services. However, private sector funding is done on commercial terms, so government must consider the ultimate costs to users/taxpayers. Notwithstanding this, public private partnerships are attractive for defraying large investments.

The use of public private partnerships will be important where there are demonstrable whole of life benefits. The key is to work in a way that maximises private sector contributions and co-investments from other levels of government.

The State Infrastructure Plan will advocate and encourage the most effective funding and financing arrangements to deliver and maintain infrastructure. The Queensland Government would like to consider:

- Ways to attract and build confidence for private investors and encourage unsolicited proposals to leverage private sector innovation in achieving government service objectives
- Options for funding approaches (e.g. debt, portfolio optimisation) and investigating the merits of funding mechanisms that better align infrastructure funding with revenue from its beneficiaries (e.g. value-capture measures, user charging)
- Innovative ways to incentivise the private sector and correctly align incentives with user expectations (e.g. service performance), but importantly assessing the true costs of any government guarantees and concessions
- Ways to advocate appropriate risk apportionment and cost analysis (to users
and taxpayers) in determining the most effective method of financing

- Options to use in-kind government contributions (e.g. surplus land) to facilitate government objectives through public private partnerships.

3. Procurement and delivery

Procuring and delivering projects in the most efficient and cost effective way has the potential to significantly reduce the cost to end users and taxpayers.

“There is significant scope to improve public sector procurement practices and lower bid costs to tenderers, with potentially large benefits for project costs and timing” (Productivity Commission Inquiry Report – Public infrastructure, May 2014)

Industry has long raised concerns about the inefficiency of public sector procurement and delivery practices. The Queensland Government would like to consider:

- How to adopt modern and efficient approaches to procurement, which aim to reduce the cost to tenderers, and deliver better outcomes for Queensland
- Ways to apportion and share risk to parties best capable to manage the risks
- How to manage larger contracts to provide more opportunities for smaller providers and greater market competition for government projects
- How to ensure greater coordination in the program sequencing to avoid damaging phases of under investment (e.g. skills loss) and over investment (i.e. inflated prices)
- Ways to involve industry early with up-front market engagement to enable greater innovation in the final solution, delivering cost savings and better outcomes through innovative designs (e.g. competitive dialogue)
- How to better understand the impact of delivery requirements and standards on project costs for government.

4. Efficient use and management

With such a large existing infrastructure portfolio we need to identify better ways of preserving and maximising its benefits. Governments across the world often focus their investment on new infrastructure, neglecting existing infrastructure with sometimes disastrous results.

In some cases, successfully maintaining our assets and maximising their benefits would provide a credible alternative to delivering billions of dollars worth of new infrastructure. In considering the importance of making the most of what we have, the government would like to consider:

- Options to better preserve our assets with optimal maintenance and provision of appropriate funding over the life of the asset
- Opportunities for asset renewal and repurposing to extend the life and maximise the benefits of existing investments (e.g. increasing utilisation)
- How to design infrastructure to provide the flexibility to accommodate future needs, to support or be adapted to changing community needs and minimising whole-of-life costs
- Whether there are regulatory or policy impediments to the efficient use of assets.
The Queensland Government has reviewed various approaches to infrastructure pipelines. It is clear that infrastructure pipelines with shorter time horizons and more detail suit some stakeholders such as those in the construction and engineering sectors. Other stakeholders are seeking an indication of activity in the medium to longer term horizons and an understanding that governments are actively seeking to address longer term infrastructure challenges.

To address these differing needs the government proposes Queensland’s State Infrastructure Plan use two distinct approaches to communicating its priorities.

For stakeholders interested in Queensland’s immediate priorities, like those looking to support infrastructure delivery, the government will provide a credible four year pipeline of projects that are approaching procurement and construction, along with a list of projects currently underway.

For stakeholders looking to understand where Queensland’s future challenges and opportunities are, the government will do more than simply provide a list of potential projects. We’d like to engage stakeholders in working with us to address these infrastructure challenges.

To achieve this, government proposes to highlight specific challenges and opportunities over the next 15 years and beyond. While many will already have proposed solutions, we’d also like to foster innovative thinking in building tomorrow’s Queensland.
What type of infrastructure will be in the pipeline?

The private sector and other levels of governments also make significant contributions to Queensland’s infrastructure. This will be recognised in the government’s infrastructure plan without duplicating these stakeholder’s infrastructure plans and proposals.

In some instances the plan may incorporate other infrastructure, particularly where this is beneficial in planning State Government infrastructure. For example, where there is a significant State contribution (for budgetary purposes) or it provides context to other State infrastructure (for planning purposes).

Infrastructure declared a ‘coordinated project’ by the Coordinator-General will form the basis of non-state government projects included in the plan, for the same reasons they were declared.

The State Infrastructure Plan will focus on regionally significant economic and social infrastructure led by the State Government (including Government Owned Corporations). This can include:

- ROAD
- RAIL
- PORT
- AIRPORTS
- ENERGY
- WATER
- HEALTH
- EDUCATION
- DIGITAL
- SAFETY
- ART & CULTURAL
- RECREATIONAL
Queensland’s first State Infrastructure Plan in over three years will be released in early 2016. This will follow targeted consultation in late 2015. The government will annually update this plan in line with the budget cycle and with the independent advice of Building Queensland.

The development of the State Infrastructure Plan will not delay the State Government’s investment in infrastructure. State government agencies are continuing to advance individual infrastructure projects and bring them to market.

State Infrastructure Plan - Timeline

- Directions paper release: NOW
- Comments close: 1 JUL 2015
- Draft plan release for consultation: LATE 2015
- Final plan release: EARLY 2016
- First annual update: MID 2017
Your feedback is invited on the directions in this paper

The Queensland Government would welcome feedback on its proposed direction for the State Infrastructure Plan. Whether you’re an organisation where our plans need alignment or a company looking to get involved or invest, we’d value your feedback!

• How has your organisation used previous government infrastructure plans?
• How does the proposed direction for the State Infrastructure Plan align with your expectations?
• How do the government’s infrastructure objectives align with your priorities?
• What are the top policy issues and opportunities the plan could respond to?
• How can the plan encourage innovation in planning and delivery of infrastructure?
• How can the plan attract greater private sector investment in Queensland’s infrastructure?

Comments would be appreciated before 1 July 2015 and can be emailed to infrastructurepolicy@dilgp.qld.gov.au