

DELIVERING THE

PLAN



**BUILDING A STRONGER
SOUTH AUSTRALIA**



SUCCESSFUL DELIVERY WILL DEPEND ON ALL LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR WORKING TOGETHER

The successful delivery of The Plan requires a number of important elements to be in place:

- An understanding of the scale of funding required.
- Effective governance arrangements.
- The right regulatory framework.
- A schedule for monitoring, measuring and reporting progress along the way.

4.1 FUNDING THE PLAN

The ambitious range of initiatives that has been identified for delivery over the next 30 years will require significant funding. Initial estimates of initiatives included in The Plan indicate an overall capital funding requirement in the order of \$39 billion in 2013 dollars over this period. Of this total it is estimated that the capital projects for the State and/or Australian Governments to fund is in the order of \$29 billion (in 2013 dollars) over the next 30 years.

While these are undoubtedly very significant amounts, they must be seen in the context of what is already spent annually on transport, the fact that these costs will be spread over a 30-year period and the potential for investment in South Australia's transport network to be made by the Australian Government and the private sector.

Current funding arrangements

In South Australia, transport infrastructure and public transport services are delivered by the capital funds for designated capital programs.

Table 4-1 Delivery responsibilities and funding sources for transport services in South Australia

LEVEL OF GOVERNMENT	SERVICE DELIVERY RESPONSIBILITY	FUNDING SOURCES
Local Governments	Provision and maintenance of local roads, and local pedestrian and cycling facilities Maintenance of some jetties, wharves and regional airports Capital project delivery for these services Provision and maintenance of some bus stops Local community transport	Local rates State Government grants Australian Government funding grants
State Government	Adelaide Metro public transport services and train stations Provision and maintenance of arterial (non-local) roads, structures, ferries, marine, boating and non-commercial port facilities Provision of cycling and walking facilities associated with arterial roads, <i>Bikedirect</i> and Greenways networks and at public transport stations Capital project delivery for these services Regulation of parts of the transport system	Vehicle registration fees and vehicle licensing fees Public transport fares Australian Government capital programs General taxation revenue
Australian Government	Provision, operation and maintenance of interstate rail freight networks Capital funds for designated capital programs	
Private sector	Ownership and management of ports, rail and airports in South Australia Road and other infrastructure improvements associated with developments in accordance with the Development Act Provision, operation and maintenance of rail freight networks Capital funds for designated capital programs Provision of contract bus services to State Government	

DELIVERING THE PLAN

In 2014/15, the State Government will spend \$1,222 million on transport. Of this, \$687 million will be spent on maintenance and public transport service delivery and \$535 million on capital projects.

Figure 4-1 Use of funds for transport in State Government 2014/15

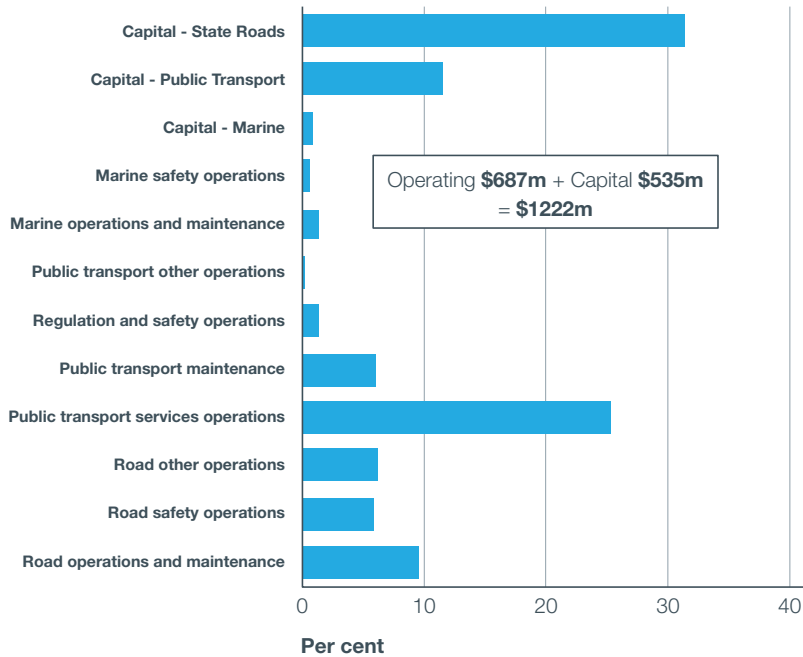
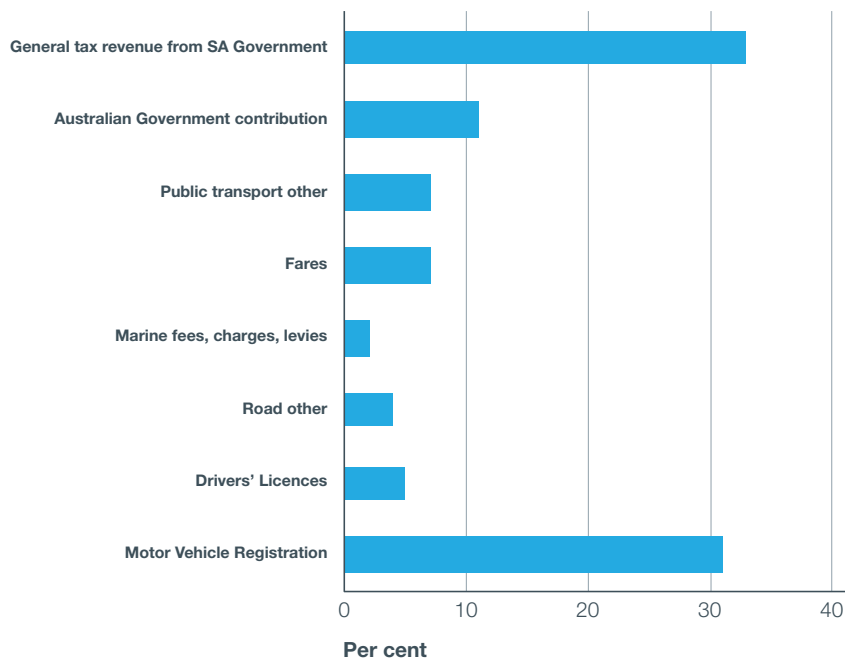


Figure 4-2 Source of funds for transport in State Government 2014/15



Since 2003 the State and Australian Governments have invested approximately \$6.6 billion into capital projects to improve the transport system across South Australia. There is a further \$2.2 billion already committed to transport projects within the Forward Estimates period from 2014/15 to 2017/18.

FUNDING VERSUS FINANCING

There is often confusion between the words 'funding' and 'financing'.

Funding refers to the **source of revenue** needed to underpin expenditure on a project or service. For transport, funding is provided either directly through the public transport fares or vehicle registration and driver licensing fees we pay as users, or indirectly through taxes.

Financing refers to the **mechanisms used to raise money in the capital markets** through, for example, borrowings that ultimately must be repaid to lenders. Such borrowings cannot be repaid without an underlying source of funding. When projects are delivered as Public-Private Partnerships (for example) they are usually privately financed and funded by the user or public sector. But the inclusion of private finance does not obviate the need for an underlying funding source.

Required funding

Recent years have seen record levels of transport expenditure. But even if our ability to invest in transport remained at these levels, we are likely to need increased funding in the years ahead to deliver all the initiatives nominated in The Plan.

Of the estimated \$39 billion of capital projects proposed for the next 30 years by The Plan, it is estimated that projects that may need to be funded by the State and Australian Governments are in the order of \$29 billion over the next 30 years in 2013 dollars. Based on the proportion of capital funding provided in recent years for transport projects from the overall capital budget for the state, with no allowance for future cost rises and indexation, we could expect available funding to be in the order of \$23 billion for transport capital projects over 30 years. This analysis assumes a consistent taxation revenue base, as well as an assumed ongoing contribution from the Australian Government.

However, this simple analysis almost certainly underestimates the funding challenge. Government funds will always be scarce. Rising service demands and costs in 'competing' areas such as health and education will place increasing pressure on governments to allocate funds. In addition, the initiatives in The Plan are not scheduled to be implemented evenly over the 30 year period. We need solutions to be implemented at the right time, when demand for projects requires us to make the investment.

Billions of dollars will nevertheless be committed to improving the transport system over the coming 30 years. This Plan provides us with a clear direction and a menu of transport projects to be delivered as funding becomes available and in accordance with priorities by the State and Australian Governments over those 30 years to achieve the outcomes for the land use and transport system across South Australia depicted in this Plan. And importantly this allocation of funding and the delivery of this Plan is based upon current funding arrangements.

Any discussion of funding transport improvements must be seen in the context of the role played by the private sector and local government. Many infrastructure investments in South Australia are made through private initiative and private ownership, not by the State Government. For example, ports in South Australia are privately owned so projects to develop additional port capacity have been and will continue to be privately initiated, not by the Government. Indeed, much of the expanded capacity needed in our ports, roads and rail links to service the expected increase in mining output will be through private investment.

Ultimately, The Plan will not be delivered by any one person or organisation. It will be implemented in the years ahead through the combination of thousands of decisions made by the community, commuters, homeowners, developers, local governments and State Government agencies every day about where we live, the buildings we design and the way we travel from place to place. Ultimately, The Plan will be delivered by all of us together.

Improving our processes

The effective planning, design and implementation processes that are already used to ensure value for money and timely delivery of projects need to continue.

Making better use of our existing transport assets

By making better use of the transport system we have, we can defer or avoid the need for new projects, thus easing the funding requirement year after year. The Plan identifies a number of initiatives that will increase the efficiency of our existing assets including:

- using intelligent transport systems to increase the traffic capacity of our roads
- focusing on moving people and goods rather than simply moving vehicles
- prioritising road space to ensure it is used most appropriately at any given location and time of day, including being clear about the relative priority of public transport, cyclists, walkers, cars and freight vehicles
- introducing community information programs to encourage different travel behaviour.

Increasing private sector participation

The private sector already plays a significant role in the provision of transport infrastructure and services. The State Government will create more opportunities for the private sector increasing this involvement by:

- considering whether there are any other opportunities for private sector participation that would produce a net gain for the state
- making greater use of outcome-based tendering (instead of using highly specified supply contracts) to find new approaches to service delivery and widen the potential bidder market
- identifying opportunities to attract private sector funding through the leveraging of budget funds – for example, catalysing private sector projects through targeted budget-funded seed funding, or sell government-funded stages of rail projects to the private sector to fund subsequent stages of infrastructure
- prioritising the provision of services where there would be a net gain to the state.

Improving the planning for delivery of the capital program

It is vital that large, complex capital projects are delivered on time and budget and in concert with the community to achieve maximum value for money. This can be done by:

- forward planning and funding to smooth out the project peaks and troughs to minimise costs and delivery inefficiencies
- adopting a whole-of-life approach to the procurement of assets in which their design, construction, commissioning and operation are embedded in the procurement process. This will shift the focus from the up-front construction of assets to their long-term service, reducing their whole-of-life costs and improving service delivery
- ensuring the best procurement strategy is adopted for each project. A range of approaches are available, including early contractor involvement, alliances, 'design and construct' contracts or public private partnerships
- building to fit-for-purpose standards and to promoting innovation in construction and efficiency improvement in the construction sector.

Improving strategic asset management practices

The sustainable long term management of our transport assets is an essential component of delivering the objectives of this Plan. This can be done by:

- producing strategic asset management plans that complement this Plan
- committing to service standards that meet the needs of the community
- increasing maintenance funding to meet growth in the asset base and increasing demand
- minimising the lifecycle cost of providing assets for the community
- ensuring efficient delivery of maintenance activities
- introducing asset sustainability indicators.

Working closely with the Australian Government

The Australian Government will continue to play a vital role in the funding of major transport initiatives in South Australia through national programs such as the Infrastructure Investment Programme. This makes it critical for South Australia to continue to work closely with the Australian Government on matters of transport funding.

This will require South Australia to continue to prepare high quality business cases to support state-based projects that impact on national productivity and to work with Infrastructure Australia and other key agencies to advance the case for strong investment in South Australia. We will continue to explore options to increase Australian Government funding of South Australian projects where the value uplift to the Australian Government can clearly be established.

GREEN TRIANGLE REGION FREIGHT ACTION PLAN – TRANSPORT PLANNING BEYOND STATE BORDERS

In April 2009, the South Australian and Victorian Governments jointly released the *Green Triangle Region Freight Action Plan*.

The Green Triangle Region has a diverse economic base with strong growth across a number of sectors, including timber, woodchip, mineral sands, dairy, meat processing, and electricity and gas production. The purpose of the *Green Triangle Region Freight Action Plan* is to ensure appropriate land transport infrastructure and an aligned regulatory environment is provided to cater for the forecast increase in the freight task associated with these industries.

The *Green Triangle Region Freight Action Plan* drew on extensive regional transport planning work completed in both states and, since its release, the South Australian and Victorian Governments have worked with local government and industry to implement this plan's recommendations. This cross-border co-operation culminated in a joint funding submission to the Australian Government through Infrastructure Australia.

Infrastructure Australia acknowledged the importance of unlocking the economic potential of this region through targeted transport investment by including the *Green Triangle Freight Transport Program* on its Infrastructure Priority List as a project with 'Real Potential'. The program remains on Infrastructure Australia's 2013 Infrastructure Priority List.

The South Australian and Victorian Governments remain committed to the delivery of infrastructure improvements identified in the *Green Triangle Region Freight Action Plan* and continue to seek Australian Government funding for its initiatives.

SOLUTIONS – FUNDING STRATEGY

<p>Make better use of existing assets and making financially sustainable investment choices</p>	<ul style="list-style-type: none"> • Use intelligent transport systems to increase the traffic capacity and reliability of travel along our roads. • Focus on moving people and goods rather than simply moving vehicles. • Prioritise road space based upon <i>A Functional Hierarchy for South Australia's Land Transport Network</i>. • Introduce initiatives to influence travel behaviour. • Include a whole-of-life cost assessment of all major infrastructure proposals.
<p>Maximise private sector investment</p>	<ul style="list-style-type: none"> • Increase use of outcome based tendering. • Identify where private sector participation (including ownership) can generate a net gain to South Australia. • Identify opportunities to use seed funding to leverage private sector investment. • Target prioritisation of services to where there is a net gain to South Australia.
<p>Improve the planning for delivery of the capital program</p>	<ul style="list-style-type: none"> • Adopt procurement strategies with a whole-of-life approach to assets. • Target selection of the optimum procurement strategy for each project.

4.2 THE RIGHT REGULATORY FRAMEWORK

Achieving alignment between our spatial visions for land use and our transport planning has been a major impetus for developing The Plan. The need to strengthen the alignment of government plans to address overlaps, conflict and ambiguity was identified during investigations by the Expert Panel on Planning Reform. This Plan exemplifies how planning and transport, as key enablers of growth and investment, may be brought together for more assured decision-making within both the public and private sectors.

The Expert Panel on Planning Reform

In February 2013, the Government initiated a major review of South Australia's planning system. Led by an independent expert panel, the review process involved some 2500 participants across the State consulting with key sectors, community groups and professional institutions in a wide variety of settings.

What We Have Heard, released in December 2013, reviewed issues and ideas about the planning system that the Panel had heard during its extensive round of consultations. In August 2014 the Panel provided its second progress report *Our Ideas for Reform* that highlighted reform ideas considered to hold most significance for the future of the planning system. Fresh consideration of the roles and responsibilities of decision-makers, and how to marshal and coordinate infrastructure were prominent amongst the Panel's ideas. The Expert Panel's review of the planning system culminated in its final report *The Planning System We Want* (December 2014).

Several recommendations resonate with the approach to preparing this report, including the integration and coordination of strategies and plans. Others include:

- a new legislative framework to govern the planning, integration, funding and delivery of infrastructure for urban development
- new mechanisms to schedule infrastructure needs and how they are triggered
- strong government oversight and coordination.

These are supported by several governance-related recommendations including:

- a single framework of 'state planning directions' to coordinate whole-of-government focus
- a network of regional boards to coordinate planning and drive policy integration
- harmonised regulatory context through a 'state planning and design code'
- fresh leadership in the form of a 'State Planning Commission'.

These recommendations have been considered by the State Government response delivered in March 2015 and the majority of reforms will be delivered through the enactment of new planning legislation. A number of the reforms are complex and a staged approach will be required with sustained effort necessary in implementation. Others need further consideration and will be considered in the context of the numerous initiatives detailed in this plan. The legislation is proposed to be considered by the South Australian Parliament in the third quarter of 2015.

SOLUTIONS – REGULATORY FRAMEWORK

Strengthen the land use and transport regulatory framework

- As part of the Planning Reform project, consider introducing legislation linking The Plan to strategic land use plans.
- Review transport and infrastructure legislation to provide the fit-for-purpose tools necessary to deliver The Plan.
- Align land use policies with *A Functional Hierarchy for South Australia's Land Transport Network*.
- Address any inconsistencies in the assessment process for transport projects.
- Identify opportunities for refining and better targeting referrals to the Commissioner of Highways under planning legislation to support delivery of The Plan.
- Ensure regulatory mechanisms provide the necessary protection for the operation of existing and future transport corridors (including for pipelines) and sites (e.g. ports, airports) of national, state and regional strategic importance as identified in The Plan, *A Functional Hierarchy for South Australia's Land Transport Network*, the *Regional Mining and Infrastructure Plan* and the forthcoming ports strategy and freight strategy.

4.3 EFFECTIVE GOVERNANCE

As outlined above, the successful delivery of The Plan will be achieved through the combined efforts and decisions of multiple bodies across different jurisdictions, across the public and private sectors, as well as the everyday decisions we all make as business people, homeowners, commuters and members of the community.

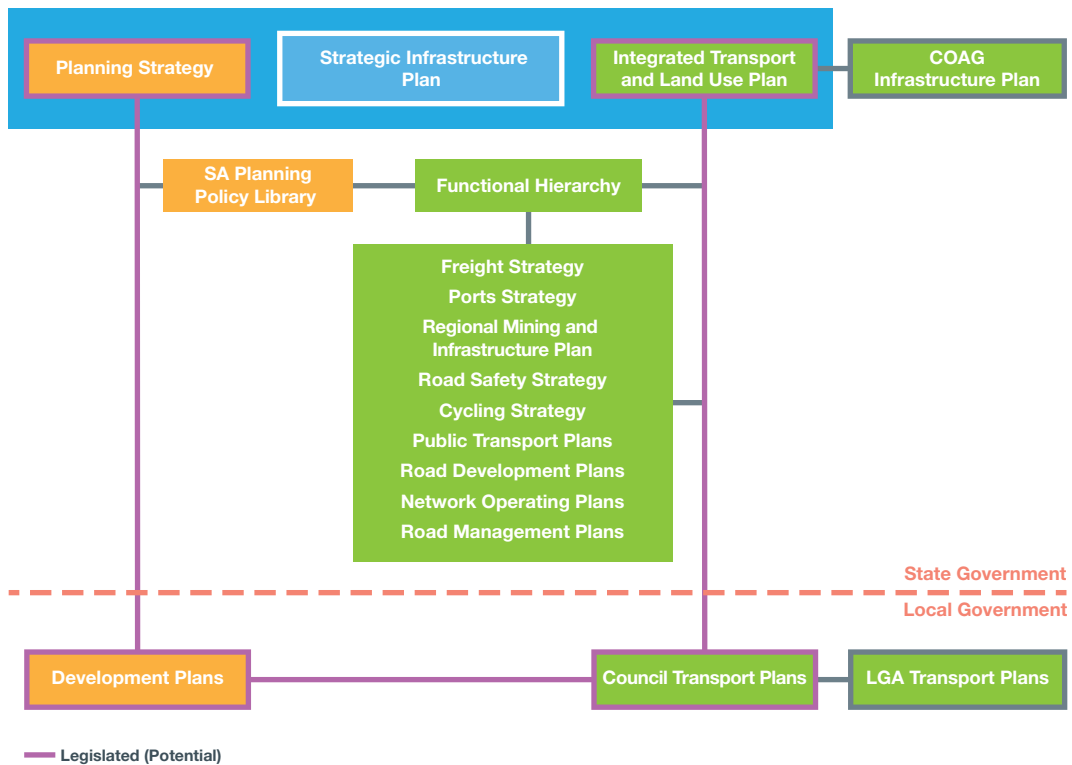
Land use and transport are overseen by numerous entities across South Australia. All three levels of government are directly involved, as are a number of bodies applying regulations and legislation governing land use and transport. This means that the key to effective governance is the alignment of each level of government, each regulatory or delivery agency, the private sector and community with the goals, objectives and initiatives outlined in The Plan.

Already, a number of government mechanisms have been altered to ensure better alignment, including the integration of transport and land use into a single agency (i.e. DPTI). Alignment across state borders and with the Australian Government is also vital, as South Australia's experience with the *Green Triangle Region Freight Action Plan* shows.

Private sector engagement is being enhanced through improved consultation on key challenges, such as meeting the challenge of the expansion of mining and the adoption of the South Australian Government case management framework involving the appointment of the Coordinator-General, which assists business to navigate project approval processes.

At the local government level, planning processes could be strengthened through the introduction of legislation requiring local councils to develop and/or review transport plans every five years that are aligned with The Plan and reflected in local Development Plans.

Figure 4-3 – Potential Governance structure



SOLUTIONS – EFFECTIVE GOVERNANCE	
Policy alignment with the transport plan	<ul style="list-style-type: none"> • Include The Plan as part of the suite of South Australian Government strategic plans so that each agency's planning and investment decisions related to land use and transport align with the Plan.
Alignment with local government plans and decisions	<ul style="list-style-type: none"> • Through the Planning Reform process, examine the potential for a requirement that local councils prepare and/or review transport plans that are aligned with The Plan and reflected in local Development Plans. • Work with local government to prepare and update transport plans for local road networks to enable strong integration of local road networks and the state and national strategic transport networks.
Alignment with the Australian Government and other state and territory governments	<ul style="list-style-type: none"> • Continue to work closely with the Australian Government, other states and territories, and other organisations involved in national transport to give effect to national policy and to support seamless connectivity between South Australia's transport system and the rest of Australia, as well as internationally. • Areas of cooperation include national land freight strategy, participation in the Transport and Infrastructure Council, cross-border solutions and the establishment of national regulatory bodies as part of the Council of Australian Governments' transport reforms. • Work with Infrastructure Australia and other government bodies to maintain and improve national guidelines for best practice in integrated transport and land use planning, and in project planning and evaluation.
Close engagement with local government, Regional Development Australia associations and the private sector	<ul style="list-style-type: none"> • Actively liaise with local government, Regional Development Australia associations and the private sector in: <ul style="list-style-type: none"> • Developing and finalising supporting action plans (particularly the ports strategy, the freight strategy and the <i>Cycling Strategy</i>). • Updating the Planning Strategy and Structure Plans. • Implementing The Plan. • Continue to use the SA Government Case Management framework to assist the private sector navigate government processes in obtaining project development approvals.

4.4 MONITORING, MEASURING, REPORTING AND REVIEW

Successful delivery of The Plan requires timely and transparent monitoring, measuring and reporting of progress as The Plan is rolled out. Transparent reporting keeps the community informed and inspires confidence and certainty that the strategy is being followed. Ongoing monitoring enables The Plan to be reviewed and adapted as conditions change.

As identified above, following the State Government's 2015 response to the Expert Panel final report on Planning Reform legislation is being prepared linking The Plan to strategic land use plans. This will address arrangements for the monitoring, measuring, reporting and future review of The Plan.

DPTI and private sector transport operators already carry out an established program of monitoring and public reporting on some aspects of transport system performance (as required under legislative and contractual arrangements). The program includes:

- DPTI Annual Report – public transport, aviation, disability and equal opportunity, reporting obligations under the *Highways Act*, *Public Transport Act* and *Air Transport Act*
- Bureau of Infrastructure Transport and Regional Economics Waterline indicators – stevedoring productivity, landside performance and other performance indicators
- Essential Services Commission of South Australia port and rail pricing and access monitoring

- *South Australia's Strategic Plan* targets
- targets in the South Australian Planning Strategy, including *The 30-Year Plan for Greater Adelaide* and Regional Plan targets
- quarterly public transport service reports on bus, train and tram operational performance
- Austroads National Performance Indicators (annually) – road safety, asset management, program/project assessment, travel speed, lane occupancy rate, congestion, user satisfaction.

These reports are expected to continue as part of normal business. To fully monitor The Plan, an expanded data collection and monitoring program may be required. Further consideration will be given to identifying any monitoring gaps that could prevent effective reporting and review of The Plan.

SOLUTIONS – MONITORING, MEASURING, REPORTING AND REVIEW

Transparent and timely reporting of progress by formalising reporting processes

- As part of the Planning Reform project, consider introducing legislation linking The Plan to strategic land use plans. These arrangements may include the same formal reporting requirements for The Plan as is required for volumes of the Planning Strategy.

Another key aspect of delivering The Plan will be the development of supporting action plans. Supporting action plans will provide the additional details required to deliver The Plan at project and program levels, and in specific locations.

Further detailed and shorter term action plans will be developed that align with the strategic directions and priorities of The Plan. Many of these have recently been prepared or are under development. Existing plans will be modified, and new plans prepared, to ensure they are fully aligned. This will be undertaken in consultation with key industry sectors, local government and local communities.

Supporting action plans include the *Regional Mining and Infrastructure Plan*, the freight and ports strategies, the *Cycling Strategy*, road development and network operating plans, asset management plans and regional passenger transport plans.

Well designed and integrated monitoring will enable The Plan to be reviewed and adapted as conditions change.