

NSW Private Sector Infrastructure Provision Guidelines

- Review by John Tyrtil

The New South Wales Government recently published a glossy A4 document entitled "Guidelines For Private Sector Participation In Infrastructure Provision in the 'State of Business'".

This publication is an update of the Government's 1989 publication "New South Wales State Development: Private Sector Participation In The Provision Of Infrastructure" (reported on in Issue #10 at page 7). The 1989 document resulted in limited private sector response to the Government for novel infrastructure projects. Consequently, the Government considered there was a need for greater communication and greater flexibility.

Review

The Government review of the 1989 guidelines was initiated to increase the level of interest by business in investing in infrastructure and to refine the mechanism for developing private infrastructure. The aim of the revised Guidelines is to encourage the private sector to become involved in infrastructure provision, whilst ensuring that the Government is fully accountable to the community. All NSW Government agencies are required to adhere to these Guidelines in undertaking private infrastructure projects. The Guidelines do not apply to purchase of goods and services from the public sector or contracting for capital works funded by the public sector.

Objectives

The objectives of the Government's infrastructure policy are to:

- enhance and modernise the State's public infrastructure for the benefit of the people of NSW;
- safeguard the public interest in these projects;
- reduce the Government's financial burden;
- increase operational efficiency; and
- to provide opportunities for private sector investment.

Examples

Examples of potential private sector infrastructure investment, traditionally the province of Government, include:

- transport links;
- energy and water systems;
- hospitals; and
- environmental protection projects.

Strategic Capital Works Plans

Government agencies are required to develop Strategic Capital Works Plans by 1991-92. Once endorsed by the Capital Works Committee of Cabinet, these Strategic Plans will be publically available and should assist the private sector in developing specific proposals. The private sector is free to identify additional needs and to make proposals, at any time.

Government contact

The initial contact point for proposals will be the relevant Government agency, State Development, or the

relevant local government council. The Guidelines include a list of Government contact officers. Examples of Government infrastructure responsibilities are:

- Water Board - urban water supply, sewerage and drainage;
- Roads and Traffic Authority - roads, bridges, tollways, traffic management;
- Electricity Commission - electricity supply, power stations;
- Department of Health - hospitals, health care services.

Conditions

The following conditions shall apply to infrastructure proposals:

- expressions of interest will be called for all projects - this means that there will be competition for all projects;
- the project must be able to meet the same standards of economic evaluation set for publically funded projects - Guidelines for Economic Appraisal are available from the NSW Treasury;
- the facility must be built and operated in accordance with relevant Australian and International Standards and the private sector must obtain and conform with the relevant development approvals and regulations.

Briefs will be properly developed by Government agencies before expressions of interest are called. The Capital Works Committee of Cabinet will approve arrangements for calling for expressions of interest for projects over \$5m. The responsible Minister or delegated manager will approve arrangements for smaller projects.

Assessment criteria

The criteria for assessment of proposals include:

- satisfaction of specifications advertised;
- technical achievability and quality;
- business achievability and quality;
- financial benefits to the Government;
- corporate credibility of the proposer;
- benefit to the NSW economy;
- benefit to the community.

Intellectual property

The Guidelines state that the Government is conscious of the need to protect the intellectual property of proponents. Details of technical and financial packages will be treated in confidence and expressions of interest called on a 'broad needs' basis. Intellectual property will be protected by the use of confidentiality/non-disclosure agreements where relevant.

Government agencies may offer to buy the intellectual property of unsuccessful proponents, where the information can be utilised by Government.

Assessment

The Guidelines set out details of the assessment process, including the management procedures to be applied.