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# Terms of Reference

## Strategic Infrastructure Review

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5 May 2023

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### Background

The State's infrastructure program has increased significantly in recent years, with the 2022-23 Half-Yearly Review reporting \$116.9 billion over the four years to 2025-26.

A sustainable infrastructure investment program supports population growth, housing supply and affordability, sustainability, and public services. Sustainable infrastructure investment strengthens the competitiveness of NSW industries, capitalises on new economic opportunities and supports the Government's social and environmental policy goals.

However, delivery of infrastructure is constrained by market capacity pressures and a challenging fiscal outlook. The construction industry's capacity to deliver is challenged by the scale of investment in NSW, across Australia and globally. Supply chains and availability of skills have been stretched by COVID-19 and other global events.

The Strategic Infrastructure Review will re-balance the infrastructure needs of NSW with these fiscal and market pressures. It will better align the program to Government priorities, value for money principles, and deliverability.

This review is consistent with the independent expert advice of Infrastructure Australia in its Market Capacity Report and Infrastructure NSW in the 2022 State Infrastructure Strategy.

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### Independent Review

The review will focus on the successful delivery of the current pipeline and consider projects and programs in the forward capital program with an Estimated Total Cost of over \$50 million to ensure maximum benefits to the state and balance fiscal, service delivery, and market capacity pressures.

The Review will be informed by the overall priorities of the Government, particularly as they relate to economic development, areas for prioritisation, and housing supply.

The review will identify projects and programs that can proceed to investment and delivery and those that can be delayed, re-sequenced, re-scoped or re-prioritised against the following criteria:

1. Alignment to Government strategic priorities:
  - a) Election commitments
  - b) Housing supply and complementary local amenity and services
  - c) Short and medium-term place-based priorities
  - d) Local job creation and productivity enhancements for economic growth
  - e) Climate, biodiversity, natural heritage and disaster risk mitigation

2. Project readiness and confidence, considering:
  - a) Value for money
  - b) Stage of decision making and delivery
  - c) Confidence and maturity of solution, scope and design , including whether alternative non-build solutions are available to meet required service provision
  - d) Difficulty of execution (procurement, delivery, contractual risks)
  
3. Alignment to fundamental benefit drivers, including:
  - a) Diversified and sustainable investment (type of infrastructure, sector and size mix)
  - b) Service reliability and resilience of existing assets
  - c) Growth in commercial and industrial land use, including emergent industries and supply chains
  - d) Leveraging private sector investment - favour projects that catalyse further private investment

The review will consider the historic performance of the infrastructure program, including budget outcomes against planned expenditure and benefit realisation. Recommendations will be submitted to Government on the best way to use this program to support delivery of its strategic objectives.

The review will be done in conjunction with other reviews that are currently underway, such as the Sydney Metro Review and the Comprehensive Expenditure Review.

The review will also consider measures for better and more coordinated decision making for future infrastructure investment.

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## Timetable

The review will prepare reports for Government to support decision making leading up to and through the 2023-24 Budget process. Key outputs from the review will include:

- ▶ A Draft Review Report for consideration by the A/Secretary Treasury, Premier and Treasurer by 23 June 2023.
- ▶ Final Review Report to support the 2023-24 NSW State Budget process by 30 June 2023 will be presented to Cabinet.