

Tasmanian Infrastructure Advisory Council

Minutes of Meeting No. 4
held 14 February 2012

Tuesday 14 February 2012

MINUTES

1. Welcome and Declarations of Conflicts of Interest

Attendees:

Mr Philip Clark, Chair
Mr Norm McIlfratrick, Secretary, Department of Infrastructure, Energy and Resources
Mr Kim Evans, Secretary, Department of Primary Industries, Parks, Water & Environment
Mr Mark Kelleher, Secretary, Department of Economic Development, Tourism & the Arts
Mr Damien White, CEO, Tasrail
Dr Peter Davis, CEO, Aurora Energy
Mr Peter Clark, CEO, Transend
Mr Robert Wallace, CEO Tasmanian Chamber of Commerce and Industry (TCCI)
Mr Greg Alomes, Executive Commissioner, Tasmanian Planning Commission (TPC)
Mr Allan Garcia, CEO, Local Government Association of Tasmania (LGAT)
Mr Miles Hampton, Chair, Tasmanian Water and Sewerage Corporations Board
Mr Matthew Phillips, Manager Commercial Network, NBNC Co
Mr Richie Sheather, General Manager, TasGas

Apologies:

Mr Paul Weedon, CEO, Tasports

Observers:

Mr David Spence, Department of Infrastructure, Energy and Resources
Ms Angela Conway, Department of Infrastructure, Energy and Resources
Ms Teresa Derrick, Department of Infrastructure, Energy and Resources

- The Chair welcomed all members and invited declarations of conflicts of interest from members.

Decision

The Chair advised that the Education Investment Fund of which he is chairman is looking at Tasmanian projects with the Federal Minister announcing a short list of stage 1 in February.

2. Acceptance of Minutes of the Meeting/Action Items – 16 November 2011

Decisions

The Chair moved that the Minutes of the Council's meeting held on 16 November 2011 be accepted as a true and accurate record. The motion was carried.

TIAC members noted the status of the action items arising from previous meetings.

3. Report from Chair on consultations

Discussion

(i) Infrastructure Australia

- The Chair reported on his meeting with Victoria White, General Manager Reform, Infrastructure Australia, held in Sydney on 25 January 2012. Positive feedback was received on the tour undertaken by Victoria and Michael Deegan (11-13 December 2011) of Tasmanian projects.
- IA is impressed with the way TIAC is using IA methodology in proceeding with its prioritisation of projects.
- It was noted that IA's agenda has shifted to pro "economic development" projects in preference to "lifestyle" projects.
- In terms of the Urban Renewal Program funding, the Chair advised that IA's focus is on freight projects rather than congestion-related projects.

(ii) Funding Reference Group

- The Funding Reference Group has now met twice.
- The first meeting was held on 1 December 2011 with Dr Mike Vertigan to talk about the potential for funding sources for Tasmanian infrastructure projects including private funding and government debt.
- Strongly advised to leave government debt to the central agency.
- The potential for innovative funding approaches was discussed for a range of infrastructure projects. In relation to the Hobart Waterfront, it was noted that around \$50 million expenditure was required for the site to be investor ready. Governance models were discussed. Key advantages of establishing an independent management authority with a reference group of senior public servants sitting between the authority and 'government' (model used in Victoria) were noted.
- Other topics covered at the initial meeting included PPPs and the capacity to consider a user pays approach for infrastructure developments.
- The second meeting was held on 14 February 2012 with Steve Brown of Access Capital Advisers.
- Access Capital Advisers have \$9 billion under management on behalf of investors. They are independent, and manage a good range of infrastructure investments such as airports, roads and social infrastructure projects.
- The meeting discussed the viability of establishing a Tasmanian Infrastructure Fund for private funding of infrastructure projects. Market conditions, sources of capital, investor risk appetite and structure models were discussed with a view to seed funding some of the State's individual projects (Hobart Waterfront, Midland Highway, Water and Sewerage, Food Bowl Concept and Gas Networks).

(iii) Other meetings

- Since the last TIAC meeting in November 2011, the Chair has met with:
 - John Tabart (CEO of the Barangaroo Development Authority in Sydney and former CEO of Docklands in Melbourne) who has good ideas on the Hobart Waterfront project;

- Tasmanian Polar Network;
- Elizabeth Jack and Peter Sheldon-Collins (Department of Economic Development, Tourism and the Arts) regarding the Hobart Waterfront project;
- Meander Irrigation; and
- Nyrstar.
- Noted that the Chair could not attend the scheduled Burnie City Council Workshop due to a conflict with the date of that event.

<i>Decisions</i>	<i>Responsibility</i>	<i>Due Date</i>
<ul style="list-style-type: none"> ● It was noted that the Funding Reference Group is examining funding alternatives. ● A similar meeting will be arranged with Macquarie Bank and will compare advice from Access Capital Advisers. ● The Chair to speak with Allan Garcia before meeting with Burnie City Council in the future. 	Chair	April 2012
	Chair	June 2012

4. Discussions

(i) Updated Project Schedules

- Council members noted the updated schedules for (a) Current and Proposed Projects - \$5-\$100 million and (b) Projects \$100 million and over.
- To maintain currency of content, Kim Evans noted the benefits of providing updated information on irrigation schemes to DIER on a quarterly basis.
- He also noted that Water and Sewerage projects were 'bundled' in the \$100 million and over schedule but were listed as individual projects in the \$5-\$100 million projects schedule. This was intended.
- Allan Garcia commented that councils would have a range of smaller local projects that add value to other regional projects but these were not captured in the existing schedules due to their low funding value.
- Mark Kelleher commented that regional projects that have potential to build economic development and create regional jobs need to be included in the schedule.
- He also noted that the Cattle Hill Wind Farm is at the 'Threshold' stage of development rather than 'Ready to Proceed'.
- Council members agreed to update the working draft document of Projects \$100 million and over with information on funding, strategic planning and land use planning issues.

<i>Decisions</i>	<i>Responsibility</i>	<i>Due Date</i>
<p>Project schedules (a) and (b) were approved for the Chair to present to the Minister for Infrastructure.</p> <p>DPIPWE to provide quarterly updates on irrigation schemes to Angela Conway at DIER.</p> <p>LGAT to coordinate any additional strategic projects for inclusion on schedules.</p> <p>The information on Cattle Hill Wind Farm to be updated including the power purchase agreement with Transend and renewable credits.</p>	<p>DIER</p> <p>LGAT</p> <p>DEDTA</p>	<p>quarterly</p> <p>March 2012</p> <p>March 2012</p>
<p>(ii) Workshop – Project Prioritisation</p> <ul style="list-style-type: none"> • Council members considered each of the infrastructure projects against the Goals established under the Tasmanian Economic Development Plan and gave each project a priority of low, medium or high. • The individual Council members abstained from voting on projects as follows: <ul style="list-style-type: none"> ○ Matthew Phillips – NBN Network ○ Richie Sheather – TasGas Network Rollout 		
<i>Decisions</i>	<i>Responsibility</i>	<i>Due Date</i>
<p>Project prioritisation matrix to be updated to reflect discussions on each project being assigned a priority of low, medium or high.</p> <p>Subject to incorporating Council members' comments, the list of Projects \$100 million and over, with information on funding, strategic planning, land use planning and priorities was approved for the Chairman to present to the Minister for Infrastructure as a working draft.</p>	<p>DIER</p>	<p>March 2012</p>
<p>(iii) TIAC Program for 2012</p> <ul style="list-style-type: none"> • Council members endorsed the work program for 2012, agreeing to discuss the following issues at meetings as outlined below: <ul style="list-style-type: none"> ○ May meeting <ul style="list-style-type: none"> ▪ Energy Supply Industry Expert Review ▪ Western Tasmania Industry Infrastructure Study ▪ Regional Economic Development Plans (progress report) ▪ Statewide Interim Planning Schemes (progress report) ▪ Regulatory Impact Statement / Australian Energy Regulator review outcomes ▪ Funding options ▪ NBN Working Group ▪ Midland Highway Plan 		

- August meeting
 - Infrastructure Australia submission
 - Nation Building Round 2 submission
- November meeting
 - Tasports Strategic Plan (to be confirmed)
- It was noted that Sir Rod Eddington, Chair of Infrastructure Australia, has been invited to attend the next Council meeting which will now be held on Wednesday 23 May 2012.

5. Other Business

Nil.

6. Next Meeting

- 10:00 am on Wednesday 23 May 2012, Premier's Reception Room, Level 11, 15 Murray Street Hobart. Sir Rod Eddington, Chair of Infrastructure Australia, in attendance.



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