

**CONSULTATION DRAFT**

# **DOWN TO THE WIRE - OUTCOMES REVIEW**

A review of the outcomes following the report on the upcoming infrastructure workforce crunch in Riverina Murray, New South Wales.

**AUGUST 2023**



## The Business NSW report Down to the Wire examined the infrastructure crunch in the Riverina-Murray region and the anticipated \$20 Billion investment in the region.

The report looked at the challenges and opportunities posed by the extensive pipeline of infrastructure projects due to be built there over the next several years. The report made recommendations in a number of areas of policy, including: the evaluation and prioritisation of infrastructure projects; policy addressing workforce skills and training; planning and other aspects of housing policy. The report was released in July and received extensive coverage.

In the time since the report was released, we have seen some progress made towards addressing some of the problems it identified. However, escalating costs, delays to project timetables and the growing prominence of social license concerns for major infrastructure projects leaves the region still facing significant challenges.

It is early days in the development of many of these initiatives and therefore outcomes cannot yet be evaluated. There has been some welcome progress against many of the key areas of concern. However, work still remains to be done. Whilst a new role and group has been created for project coordination, the group lacks high-level government involvement and is unclear what real impact this is yet having on coordination of delivery and workforce across the region. Similarly, while some new training has been made available and numerous new initiatives have commenced with schools, TAFEs and universities, an overarching place-based approach to training delivery in the region may have achieved more success.

### Other developments since Down to the Wire

Clough, the builder of Snowy 2.0 as well as other major infrastructure projects around Australia, collapsed into administration in December 2022. Parts of Clough were subsequently acquired by its partner in the Snowy 2.0 joint venture webuild.<sup>1</sup> The turmoil has affected subcontractors with creditors left to recover just 13 per cent of what they were owed.<sup>2</sup>

Inland Rail was the subject of a review chaired by Dr Kerry Schott, which identified major challenges to delivery and cost overruns.<sup>3</sup>

Development of electricity transmission infrastructure in the region has been challenged by growing concerns about community impacts and the need to secure agreements with landowners. Snowy Connect, HumeLink and the VNI West project have all faced significant challenges in developing and retaining community acceptance<sup>4</sup> These projects have seen timetables delayed and costs escalating.

<sup>1</sup> [webuildgroup.com/en/media/press-releases/webuild-signed-the-contract-to-acquire-clough-assets](https://webuildgroup.com/en/media/press-releases/webuild-signed-the-contract-to-acquire-clough-assets)

<sup>2</sup> [news.com.au/finance/business/other-industries/clough-collapse-construction-companys-costs-blew-out-to-18b/news-story/f9f9a6cf86421c3ff7aee7a14aa79372](https://news.com.au/finance/business/other-industries/clough-collapse-construction-companys-costs-blew-out-to-18b/news-story/f9f9a6cf86421c3ff7aee7a14aa79372)

<sup>3</sup> Independent Review of Inland Rail; [inlandrail.gov.au/understanding-inland-rail/independent-review](https://inlandrail.gov.au/understanding-inland-rail/independent-review)

<sup>4</sup> [reneweconomy.com.au/social-licence-transmission-projects-push-community-complaints-to-record-high](https://reneweconomy.com.au/social-licence-transmission-projects-push-community-complaints-to-record-high)

## Our recommendations and their impacts

Our primary concern in *Down to the Wire* was the lack of coordination between major infrastructure projects in the Riverina-Murray.

If left unmanaged, this is likely to cause significant challenges for local communities' liveability and infrastructure. The lack of coordination also risks cost escalation and delays, particularly when considering how an already-stretched labour pool will be accessed and may not create the long-term permanent employment opportunities needed to sustain and grow regional communities.

Further major energy infrastructure development is anticipated through the buildout of the South West Renewable Energy Zone, which is expected to draw \$2.8 billion in private investment by 2030 and require over 2,000 construction jobs in the region. It is vital that the lessons of the current cycle of infrastructure development are learned to ensure cost-effective delivery of future projects, which maximise benefits and minimise negative impacts for the region.

To address these issues, we recommended the creation of a regional Infrastructure Coordinator General, capable of managing the demands from different government departments and non-government infrastructure providers, to avoid overloading the infrastructure pipeline. We also recommend an enhancement of information sharing by major projects about their labour market impacts and better management of the cumulative impacts of multiple concurrent projects.

We were also concerned about potential engagement failures between the education sector (school, VET and university) and industry. We recommended deeper industry involvement in determining educational offerings in the region, the establishment of a university-level civil, mechanical and electrical engineering course in Riverina Murray, and the (re) introduction of other courses critical to supplying the skills required for this significant infrastructure investment.

As a result of these recommendations, the report has influenced change in the region.

## Infrastructure strategy

The Commonwealth Government commissioned a major Independent Review of Infrastructure Australia.<sup>5</sup> That review “found a clear mandate... to strengthen Infrastructure Australia’s role... as the Australian Government’s national advisor on infrastructure investment planning and prioritisation,” echoing Business NSW’s recommendation that “the... review of infrastructure Australia should consider empowering IA to advise on the sequencing of infrastructure investments, both to ensure that the highest-value projects are prioritised, and to manage workloads within particular geographic areas or skill types.” With new leadership, and an evolving remit, the actual impact of the IA reforms on conditions and projects on the ground remains to be seen.



<sup>5</sup> [infrastructure.gov.au/have-your-say/independent-review-infrastructure-australia](https://infrastructure.gov.au/have-your-say/independent-review-infrastructure-australia)

## Regional project coordination

In the months immediately following the report's publication, the Department of Regional NSW commenced a coordination process with the major projects in the Riverina-Murray region. The Department created a new Regional Coordination Officer role for the Riverina Murray in June 2022 to assist to coordinate the major projects in the region. This is the only position of its type in NSW.

The coordination group contains members representing Humelink, Energy Connect, RRJV, Snowy Hydro and Inland Rail and meets on a monthly basis. The focus of the group to date has been on housing, skills and labour, procurement and Aboriginal engagement including procurement and employment.

The creation of the group has been welcome and has the potential to address several of the operational and logistical challenges posed by having so many significant infrastructure projects under construction in the same geographic location and labour market. It does not, however, ensure that these challenges are given the necessary focus at the stage when major projects are under consideration by state and federal governments. This input into megaproject commissioning should be part of the enhanced roles envisaged for Infrastructure Australia and Infrastructure NSW following the changes in Commonwealth and state Governments.

## Skills and training

Our initial report identified concerns about engagement failures between the education sector (school, VET and university) and industry, both for existing businesses and new projects. We recommended deeper industry involvement in determining educational offerings in the region, the establishment of a university-level civil, mechanical and electrical engineering course in Riverina Murray, and the (re)introduction of other courses critical to supplying the skills required for this significant infrastructure investment.

Another key recommendation was to establish an Institute of Applied technology focused on infrastructure-oriented education in the region, bringing together government, the Vocational Education and Training sector, universities and businesses all on one campus, to identify and deliver the skills required by various projects and existing businesses in the region.

Since that time, there has been significant partnerships developed by major projects and various education providers throughout the region.

### **CHARLES STURT UNIVERSITY (CSU) AND TRANSGRID**

A Memorandum of Understanding between Charles Sturt University (CSU) and Transgrid has been implemented to address education and training gaps in the region. Charles Sturt University has partnered with transmission network leader Transgrid to develop the new Transgrid Civil Engineering Scholarship Fund. The new Transgrid Scholarship fund will support 100 Charles Sturt engineering students over a four-year period and will supply them with \$20,000 each to put towards the cost of their study. The \$2 million-dollar multi-focused scholarship is open to all first-year students undertaking a Bachelor of Engineering (Civil) (Honours) or a Bachelor of Technology (Civil) / Master of Engineering (Civil) at Charles Sturt.

## CSU AND RIVERINA REDEVELOPMENT JOINT VENTURE (RRJV)

CSU and the RRJV have agreed a MoU to address regional workforce shortages and training requirements for the defence estates project. CSU is offering a range of professional and business development opportunities in order to increase business capability. The MoU also covers employment, placement and cadetship opportunities.

## TRANSGRID AND REGIONAL DEVELOPMENT AUSTRALIA

Following the Down to the Wire, Transgrid and RDA Riverina's established a \$1.5 million Workforce Development Strategic Partnership to deliver a major jobs and skills boost as the region becomes a hub for the country's renewable energy transition. As part of this partnership, the RDA launched Jobs Riverina Murray in April 2023. This new employment website connects job seekers with local businesses in the Riverina Murray region and aims to boost the local jobs market and support economic growth.

## INLAND RAIL AND TAFE NSW

Inland Rail signed a Memorandum of Understanding with TAFE NSW in late 2022 which has led to the creation of a number of individual training agreements relating to the delivery of the Certificate II in Civil Construction and the Certificate II in Rail Infrastructure. These qualifications provide a base level of skills and awareness in these areas and are aligned to further qualifications and competencies in both these areas. This initiative also provides wraparound supports for work readiness and other foundational skills.

Inland Rail is also partnering with the University of Newcastle to deliver STEM engagement with school students which is being rolled out in southern NSW.

## REGIONAL INDUSTRY EDUCATION PARTNERSHIPS (RIEP) PROGRAM RIVERINA

Down to the Wire identified the RIEP program as an important link between schools and industry. Since the publication of the report, the RIEP program has connected 52 schools with 357 Industry partners resulting in:

- 5,326 opportunities for students to connect with employers
- 298 opportunities for Aboriginal students
- 226 opportunities for CALD students
- 612 opportunities for women in non-traditional trades

## TRAINING AVAILABILITY IN THE RIVERINA-MURRAY

Feedback during development of the first report identified that relevant tertiary courses were not being offered within the Riverina Murray region despite a clear (existing and future) business need. One example was that Certificate IV in Engineering (CNC Programming) was not being offered in the region.

## Housing

The NSW Government accepted all 15 recommendations put forward by the Regional Housing Taskforce to help deliver improved housing supply and affordability in regional NSW in line with recommendations in the report. The new NSW and Commonwealth Governments have come to power promising to tackle housing affordability. However, it is too soon to say whether these commitments will lead to meaningful change to the dynamics of the housing market in the region.

## Summary of recommendations

The following table contains a summary list of recommendations contained within Down to the Wire. Each recommendation includes an assessment of whether it has been achieved since the report was released.

	<b>Recommendation</b>	<b>Assessment</b>	<b>Notes</b>
1	Establish a more robust method for appraisal of the impacts of changes in costs of major projects when they occur after initial approval has been granted. In the electricity transmission sector, this could be in line with the rule change proposal ERC0325 currently under evaluation by the AEMC.	Partially achieved	An amended rule change was passed by AEMC.
2	Infrastructure NSW and Infrastructure Australia should be empowered to reassess business cases for major infrastructure projects when there is a material change in estimated costs, and where there is no other body (such as the AER) with relevant oversight of the project.	In progress	Awaiting remits from new governments
3	The ongoing review of Infrastructure Australia should consider empowering IA to advise on the sequencing of infrastructure investments, both to ensure that the highest-value projects are prioritised, and to manage workloads within particular geographic areas or skill types.	Achieved	See Review of Infrastructure Australia
4	A regional infrastructure Coordinator General for the Riverina Murray region should be appointed with a scope of responsibility including pipeline scheduling, portfolio management, macro resource alignment and reporting to local governments. This service must be able to analyse the cumulative impacts of infrastructure projects whose geography and/or timing overlap.	Partially achieved	The position has been created, though without all the recommended powers
5	Projects reliant on public funding (through taxation or through mandatory charges such as energy network costs) should be required to publish information on their expected workforce requirements. Regional NSW may be able to play a constructive role in facilitating critical information sharing across projects in Riverina Murray.	Partly in progress	RDA is working on gathering some relevant information but it is not a requirement of projects receiving public money
6	Cumulative impacts of labour market impacts should be considered in EIS processes alongside cumulative environmental impacts of multiple projects in a location. where cumulative impacts are found, project proponents or developers should be encouraged to find solutions collaboratively with the other projects contributing to the impact, such as through combined training offerings or 'pooled' workforce arrangements to facilitate workers moving from one project to another to efficiently deliver multiple projects	Not enacted	Business NSW is unaware of any proposals to amend the EIS process in this manner.
7	That key bodies, agencies and projects in the region build on the 'Country Change' campaign to market the overall narrative and upcoming opportunities of the Riverina Murray region.	Partially achieved	Transgrid has partnered with RDA to undertake a similar campaign
8	The new Infrastructure Coordinator General should conduct an urgent review and timetabling of skills needs across existing and upcoming projects in the region.	Not enacted	Some relevant work being carried out by RDA, see also Rec #5

	<b>Recommendation</b>	<b>Assessment</b>	<b>Notes</b>
9	The new regional infrastructure Coordinator General should, in partnership with the regional education	Not enacted	Some relevant work being
10	That a co-creation workshop is held in the region to identify local engineering requirements and design suitable educational offerings to meet those needs, to be attended by tertiary education providers (CSU and TAFE), the regional education Commissioner, industry and governments.	Not achieved	Business NSW is not aware of any progress towards capturing education and training requirements in the region. There have however been separate initiatives between different projects and education providers.
11	On an ongoing basis, the NSW Government should pilot new engagement mechanisms between industry and all education sectors within the region and in Victoria (including Victorian and NSW universities, registered training organisations and schools), to ensure that appropriate courses are funded and available in suitable locations.	Partially in progress	Some relevant work being conducted by Department of Regional NSW
12	The NSW and Victorian Governments should, in consultation with industry, include additional traineeships in the cross-border VET funding agreement	Not achieved	Business NSW is unaware of additional traineeships included in the agreement
13	The NSW Government should establish an Institute of Applied technology focused on infrastructure oriented education in the Riverina Murray region.	Not achieved	The previous NSW Government provided little support but recognised that the region would
14	Infrastructure projects which are developing housing to meet their worker needs should consider how that housing can be made available as part of an enduring increase in housing supply in the region.	Achieved	While there is evidence that projects are considering better approaches, significant barriers to action remain.
15	The taskforce should study the impacts of the northern rivers reconstruction Corporation in speeding up the installation of additional temporary housing, which may be applicable to meeting demand in riverina Murray	Achieved	The experience in Northern Rivers informed the Regional Housing Taskforce
16	The NSW Government should monitor and expand, if necessary, measures introduced in the 2022 NSW Budget to prioritise housing enabling infrastructure.	Achieved	Some measures were introduced in the 2022 Budget to facilitate further housebuilding. More will be needed to reduce housing strain in the region.
17	The Regional Housing Taskforce should prioritise efforts to facilitate greater infill development and densification of regional growth centres.	Partially achieved	Much more scope for infill development remains. See forthcoming Business NSW research.



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