



# Speech

## For Immediate Release

### Check against delivery

**Speaker** Tony Shepherd AO, President, Business Council of Australia  
**Venue** The John Grill Centre for Project Leadership, University of Sydney  
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## Speech to the John Grill Centre for Project Leadership

It is a great honour to be the keynote speaker for the inaugural roundtable dinner of the John Grill Centre for Project Leadership.

This is a topic which is very close to my heart. One which has been central to my career as a young public servant in defence procurement and research and development through to my time as an executive and later as a board director in infrastructure, engineering and construction.

The Business Council of Australia recently released its report on major project costs in Australia. Fundamentally we found resource projects in Australia cost from 40 per cent to 200 per cent more than equivalent projects in the Gulf area of the US.

The causes vary from project to project but there are three main causes:

- poor project management, planning and engineering
- costly workplaces and lack of skills
- complex, expensive and slow government approval processes and conditions.

All of these causes are exacerbated by remoteness and often poor supporting infrastructure.

Why is this so important to Australia? Our investment project pipeline is now 40 per cent lower than two years ago. Our GDP would be \$125 billion higher in 2023 under a high resource investment scenario. We are in a global competition and we must get our costs down and lift our productivity if we are to compete.

The Bureau of Resources Energy Economics estimates that \$150 billion of high value projects have been delayed or cancelled since April 2012.

Tonight we focus on the first cause of our high project cost environment: project management, or more properly in mega projects, project leadership.

John Grill's initiative in funding the John Grill Centre for Project Leadership is incredibly generous, but more importantly it is both timely and essential. We must develop in Australia a new coterie of project leaders.

The development of skills in project leadership is not confined to the resources sector. In today's complex and global world, these skills are required in diverse fields, such as: infrastructure, industrial capital projects, government programs, IT projects, organisational transformation, research and development and the launch of new businesses or products. The list goes on.

The skills to develop, execute and govern projects is not just restricted to the resources, construction and infrastructure sectors. Development of these skills is also not restricted to the private sector. For example, it is essential in government, academia and in research organisations. Given the level of regulation in Australia, or should I say over-regulation, it is an important skill to encourage within government.

The development of strong technical and project management skills and disciplines are a fundamental building block, but successful projects must be developed and delivered under effective and strong leadership.

The concept of effective project leadership may be at times difficult to define or grasp, but it is incredibly obvious when it is lacking. The key ingredients from my perspective would seem to be:

A clear and concise view of what you are seeking to achieve and what success means. Supporting this you need effective and timely reporting and oversight and proper governance – not ‘tick the box’ governance – but governance which deals effectively with authority and responsibility and gives proper oversight of the project during its evolution.

I cannot overstate the importance of thorough planning. Not just in design and construction but in all aspects of the project whether financial, governmental, logistical or stakeholder relations.

Collaborative and meaningful engagement with external and internal stakeholders is vital. Stakeholder engagement is the art of bringing stakeholders with you and dealing with their genuine concerns. Of compromising on the non-essentials while holding ground on the essentials. In our complex and over-governed world it is rarely possible to keep everybody happy. Project leaders must have the courage to continue in the face of often overt opposition while retaining integrity and winning the support of the majority.

And finally, leadership and strategic thinking are the most difficult skills to develop and the most important. These require the capability of dealing with the micro issues while not losing sight of the macro goals. The capability to carefully balance risk and return.

The John Grill Centre for Project Leadership is vital for Australia and for our region. The Business Council strongly supports this initiative and we congratulate the University of Sydney and John. We look forward to a long and close collaboration with the centre.

Thank you.

**For further information contact:**

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