

20 March 2018

Infrastructure Policy Unit
Department of the Premier and Cabinet
Locked Bag 3001
WEST PERTH, WA 6872

Dear Infrastructure Policy Unit,

Infrastructure WA – Committee for Perth Submission

The Committee for Perth is an influential, member based organisation driven by Perth's business and community leaders. As an advocate for a brighter, more liveable future for Perth and Peel, the Committee promotes and enables change that will improve the cultural diversity, economic prosperity, sustainability and world class amenity of Perth.

This submission has been prepared by the Committee for Perth with input from our Reshaping Working Group, a multi-disciplinary group that covers planning, design, development, construction, infrastructure, policy and local government.

The Committee supports the establishment of Infrastructure WA, and congratulates the Department of the Premier and Cabinet, and the McGowan Government on progressing this important initiative for Western Australia.

I take this opportunity to thank Lance Glare, Director, Economic and Deregulation from the Department of Premier and Cabinet for providing a briefing to the Reshaping Working Group and staff of the Committee for Perth.

Should you require additional information or clarification on the Committee's submission, please do not hesitate to contact me.

Yours sincerely,



Lisa Kazalac
Manager, Research and Policy

Comments - Infrastructure Western Australia Proposal

The comments below are in response to direct questions asked by the Department of the Premier and Cabinet in the Submission Form, contained within the Infrastructure WA - Proposal for public consultation. Additional research to support the Committee's submission can be found at Appendix 1.

The way in which infrastructure projects are developed and prioritised in Australia has benefitted from the introduction of infrastructure organisations charged with taking a long-term view of infrastructure needs and providing independent advice to governments.

Infrastructure Australia and similar organisations in NSW, Victoria, Queensland and Tasmania have all raised the standards of infrastructure planning and decision making and reduced the incidence of ad-hoc projects with a more evidence based, long-term and strategic view of infrastructure needs.

The Committee for Perth notes that these enhancements have not been as evident in Western Australia. It welcomes measures which will generate similar advancements in infrastructure planning and decision-making in Western Australia through the establishment of Infrastructure Western Australia (IWA).

Q: Do you have any comments relating to Infrastructure WA's authority (i.e. legislation), composition of the board, reporting and accountability, and administrative arrangements?

- **Legislation:** The Committee supports the establishment of IWA under legislation.
- **Composition of the board:**
 - The Committee supports the proposed composition of the board, with five State Government representatives and five non-government representatives, with the Chair coming from the private sector and having the casting vote if necessary.
 - Lead agencies need to be represented on an ongoing basis.
 - The Board will need to have sound selection and conflict of interest policies to deal with the conflicts that independent representatives are likely to have.
 - Private sector Board representatives should have terms of three years and serve no longer than six years. In order to have a rotation yet not lose corporate memory, appointments need to be staggered to ensure consistency and board renewal.
 - Board members should be appointed for their skills, knowledge and ability and not because of their representation of an agency, industry or employer.
 - The Committee encourages the DPC to consider the McGowan Government's election commitment to increase the number of women appointed to Government boards and committees to 50 per cent by 2019 in the appointment of the IWA board.
- **Reporting and accountability:** The Committee supports that IWA will report directly to the Premier. In order for IWA to be successful, it must have a strong focus on interagency cooperation and collaboration, stakeholder consultation and an open data and information policy that is clearly defined within the proposed legislation. The transparency and accountability of IWA is of critical importance to ensure that its reporting to the Premier is non-contentious.

- **Administrative arrangements:** The Committee supports the proposal for IWA to be supported by appropriate resources to adequately carry out its specified function.

Q: Do you have any comments on the proposed long-term infrastructure strategy, in terms of its scope, review period, supporting information, consultation and status?

- **Scope:** The Committee supports the proposed broad scope of Infrastructure WA. In order to ensure the best outcome for the State, the scope of IWA needs to be wide-ranging and encompass projects that include outcomes related to the economy, society and the environment. The scope must include regionally focussed projects.
- **Review period:** The Committee proposes that the 20 Year Strategy be reviewed once per parliamentary cycle, i.e. every four years.
- **Supporting information:** The Committee supports the proposal for IWA to take into account existing policies, priorities and strategies, however it must not be bound by these documents, as some could be outdated and require review. In addition, the Committee proposes that IWA considers a wide scope of supporting information, which needs to include research and documents from the private sector, Federal agencies, research bodies, academics and other relevant stakeholders. This is a significant task and must not be underestimated in its difficulty and additional resource requirements.
- **Consultation:** The Committee suggests that increased emphasis is placed on the need for collaboration and consultation in the planning processes undertaken by IWA. The strategy must include specific key milestones for inclusion of the community, agencies and stakeholders through consultation.
- **Status:** The Committee supports the proposed status of the strategy as an independent report with recommendations from IWA to the Government.

Q: Do you have any comments on the short to medium-term infrastructure plan?

The Committee supports the proposed short to medium-term infrastructure plan. It should incorporate a requirement that short to medium-term infrastructure plans are consistent with the long-term infrastructure strategy to eliminate the potential for undue political influence over short-term infrastructure priorities. There are some risks associated with the development of a short to medium-term infrastructure plan in that there is potential for duplication of efforts by other Government agencies. A clear understanding of the role that a short to medium-term infrastructure plan will have for the Perth and Peel metropolitan region will be required prior to finalisation of the proposal.

Q: Do you have any comments on Infrastructure WA's proposal development, project evaluation and assurance roles?

- **Proposal development:** A comprehensive and transparent proposal development and project evaluation process is essential to the success of IWA. It will also underpin the confidence of stakeholders.
- **Project evaluation:** A clear, statutory process should be established for the development and evaluation of infrastructure proposals in Western Australia. Documents and data associated with project development and evaluation and advice provided by IWA to Treasury and Cabinet should be made publicly available. The level of detail and timing of disclosure must be well considered to avoid

disclosing recommendations that may undermine the state's commercial negotiating position until after appropriate procurement processes have been completed.

- **Assurance roles:** The Committee supports the representation of IWA on the Gateway Steering Committee for projects valued at more than \$100 million.

Q: Do you have any comments on Infrastructure WA's proposed roles relating to funding and financing advice, coordination of land development and infrastructure provision, sectoral and other infrastructure strategies and plans, other general advice, and interaction with Infrastructure Australia?

IWA should not seek to duplicate other parts of Government, including Treasury, and therefore its role should be in thinking, planning and evaluating rather than doing. In addition, all projects proposed by IWA must be developed in accordance with the State's Strategic Asset Management Framework and Infrastructure Australia cost-benefit processes prior to their announcement and inclusion in the budget.

- **Funding and financing advice:** IWA should play a significant role in providing advice regarding the funding or financing of infrastructure proposals. This should include identifying potential options for financing specific projects within the long-term infrastructure strategy. IWA should also lead investigations into potential alternative financing models applied overseas and in other states and provide advice on their suitability for application in Western Australia. As part of creating a short to medium-term strategy, IWA should analyse financing and funding options. These considerations need to be sensitive to budget target priorities.
- **Other general advice:** The Committee agrees that IWA should report to the Premier and have scope for the Premier to request the development of other infrastructure strategies and plans as required and appropriate. These additional requests must be strategic in nature with a view to long-term economic and social outcomes.

Q: Is there any ongoing need to retain the ICC once Infrastructure WA is established?

There is significant overlap in the role of the ICC and the proposed role for Infrastructure WA. If the ICC were to continue to exist, it should act as an expert body to provide advice to IWA as needed, in addition to coordinating the provision of transport and infrastructure for land development in precinct planning, as necessary. When establishing IWA, there must be clearly defined roles for the ICC and IWA without overlap. This may mean that the ICC's terms of reference will need to be amended.

Appendix 1 – Supporting research

- International research indicates that infrastructure planning and decision making needs to be independent but cannot be too removed from political decision-making. The proposed board composition and reporting structure should be effective in achieving this goal.
- Research by the OECD¹ also indicates that successful infrastructure planning and decision making is open and collaborative – including comprehensive stakeholder engagement.
- **Consistent, Integrated Planning:** Integrated plans have the capacity to optimise the benefit of infrastructure investments by understanding and leveraging the

¹ OECD, 2017, Strategic Infrastructure Planning, International Best Practice, <https://www.itf-oecd.org/strategic-infrastructure-planning>

relationships and connections between infrastructure and land use, economic growth and social development.

- **Quality, detailed planning:** International research by the OECD has determined that strategic planning for infrastructure is most commonly focused on bottom-up, project-by-project assessments of costs and benefits. The use of a top-down approach to develop infrastructure plans is relatively uncommon but has been found to deliver substantial benefits. However, internationally, planning strategies have been predominantly based on estimates of population and economic growth rates rather than on detailed assessments of the location of population and economic growth. It is important that strategic planning undertaken by IWA is of an adequate quality and detail to analyse and assess all potential land use, economic, environmental and social benefits of infrastructure investment options and scenarios. This will require a collaborative, multi-agency approach to the development of the proposed 20-year infrastructure strategy.
- **Scenario Based Approach:** Recent OECD research also indicates that analytical methods such as a scenario-based approach to analysis can be helpful in future-proofing infrastructure plans. Scenarios can be used to test the flexibility of potential projects in different states of the world. Scenarios can also shed light on what factors would have to materialise for a project to become a success. They can complement a top-down approach to planning by providing insight into different alternatives of how to deal with important future constraints to infrastructure investment – including ability to finance, public acceptance, and sustainability. Scenarios have also been found to help the policy maker develop a list of alternative options for investment depending on the future state of the economy. Such an approach moves policy making away from looking for an optimal solution (i.e. a solution maximising welfare in one future or a central-case scenario) to a new territory of looking for a robust solution (i.e. a solution that is most likely to perform well under different states of the world). There is now technology available that can assist with scenario planning and data analysis and we believe that Western Australia should embrace new technology to support quality decision making. An example is the Virtual Singapore project <https://www.nrf.gov.sg/programmes/virtual-singapore>.
- **Flexibility:** Strategic planning has been found to assist in facilitating decision making and reducing planning delays however international research also highlights the need for the development of a stable long-term plan must be balanced against the need to maintain flexibility to respond to changes such as technological changes or shifting local, national or international conditions.
- **Collaboration and stakeholder confidence:** An open, collaborative approach in which stakeholder feedback forms part of the evidence base is important to gain the confidence and support of stakeholders.