

28 August 2020

Liliana Pelle, Director of Planning and Strategy
Infrastructure WA
Dumas House,
2 Havelock Street,
West Perth WA 6005

Via email: IWAConsultation@infrastructure.wa.gov.au

Dear Liliana,

A Stronger Tomorrow - State Infrastructure Strategy Discussion Paper

Thank you for the opportunity to provide this submission in relation to the State Infrastructure Strategy Discussion Paper, A Stronger Tomorrow.

The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in Western Australia. UDIA is a membership-based organisation with members drawn from the residential, commercial and industrial property development sectors. UDIA members include both private and public sector organisations. Our industry represents approximately 12.7% of Western Australia's Gross State Product, contributing \$31.7 billion annually to the Western Australian economy and \$264.98 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 215,100 Western Australians and 2.044 million Australians across the country. Much of this spending of the development industry is in the provision of infrastructure that ensures that Perth is one of the most liveable cities in the world.

On behalf of our members and the broader industry, UDIA congratulates the State Government for successfully establishing Infrastructure WA (IWA) and fully supports the commitment to developing a State Infrastructure Strategy. UDIA looks forward to continuing our formal and informal engagement with the IWA team throughout the strategic development process.

UDIA recognises the importance of adopting a succinct Infrastructure Strategy, which should not seek to be all things to all stakeholders, nor should it duplicate other government strategies and plans. Nevertheless, to be effective there are a number of key issues that the Strategy should seek to resolve in addition to addressing the social and economic challenges that the Discussion Paper correctly identifies. As such, UDIA respectfully offers the following advice and suggestions for your consideration in the development and finalisation of the State Infrastructure Strategy. We believe these recommendations will help ensure that the Strategy delivers the best possible outcomes for the State in the delivery of well-planned and affordable infrastructure.

Providing clarity, certainty and leveraging private sector investment

UDIA fully supports the intent and objectives of the Strategy, which provides an essential governance framework and platform for obtaining Federal Government funding. Furthermore, it also offers a framework that can help better leverage and maximise public and private sector investment in WA.

Although the primary purpose of the Strategy may be to guide Government infrastructure priorities, the value of the ‘certainty’ that the Strategy can provide to industry should not be under-estimated. As development timeframes typically extend over several years, investment decisions are made with a long-term outlook. Therefore, improving the level of certainty regarding infrastructure provision will greatly assist and improve the attractiveness of investment in WA, providing there is strong alignment between government agencies and infrastructure aims and objectives.

Nevertheless, whilst the adoption of an infrastructure strategy will help the private sector identify and leverage investment opportunities, it is important that government approval and other statutory processes are aligned and streamlined to help reduce unnecessary private sector costs and ensure that capital investment in WA is fully realised. For example, further refinements of the Market Led Proposals initiative would support further private sector investment, as would revisions to procurement panels and tenders etc. UDIA acknowledges that resolving these issues may not form part of the Infrastructure Strategy, however IWA should have oversight of policy setting and statutory requirements in related areas such as these, helping to maximise all potential investment opportunities.

Integration with strategic land use planning outcomes

The integration of the Infrastructure Strategy and land use planning is critical to the successful implementation of the State Infrastructure Strategy. The cost and availability of land is often the primary determinant in the design and affordability of infrastructure. Ensuring the strong alignment and integration with land use planning can help alleviate these costs. However, future land requirements for infrastructure should be carefully considered to avoid the unnecessary sterilisation of land

To help ensure that the Strategy becomes fully integrated with land use planning and other key plans, strategies and initiatives such as Metronet, UDIA recommends that the Strategy includes a framework/ hierarchy to clearly set out how the Infrastructure Strategy will work alongside all other key government strategies and plans. This will help all government agencies to identify and resolve any inconsistencies between different plans and strategies and clarify governance arrangements.

Similarly, despite infrastructure provision being critical to the success and liveability of our communities and ever increasingly a key determinant in the efficiency of our economy, funding and the coordinated delivery of infrastructure to enhance social, economic and environmental goals is becoming increasingly constrained and challenged. Although it appears that the Strategy will focus on large scale, strategic infrastructure, as the COVID-19 pandemic has demonstrated, often the most critical infrastructure components to supporting our communities are relatively small scale, such as access to quality public open space. One of the key failings of the current infrastructure delivery

framework, is that there is very limited oversight of the provision of local and sub-regional infrastructure and little to no co-ordination between government agencies of these items. The absence of a government infrastructure investment plan together with poor planning and ineffective coordination between government agencies has led to an underinvestment in infrastructure and an all too frequent requirement for the pre-funding of infrastructure by developers. As such, infrastructure costs are becoming increasingly borne by new home buyers to the detriment of housing affordability which adversely impacts our communities and economy. To succeed, it is imperative that IWA takes an active role and has appropriate oversight of infrastructure at this scale. Taken in isolation, community infrastructure items may seem insignificant, however the cumulative impact of these items is considerable, as is the cost of providing such infrastructure. This is demonstrated by local government's development contribution schemes with individual local government schemes consistently amounting to hundreds of millions of dollars. To improve the operation of these schemes, UDIA recommends that IWA, in close collaboration with the WAPC establishes a governance framework and sub-committee to monitor and review the ongoing operation of local government's development contribution schemes.

Timeframe / focus areas

UDIA supports the 0-4, 5-10 and 11-20 year timeframes proposed by the Strategy and the objectives and focus priorities for each of these different time periods. Again, UDIA reiterates the importance of integration between the Infrastructure Strategy and land use planning, and in particular the Perth and Peel @3.5m Sub-regional frameworks. In addition, to the objectives stated, UDIA suggests the following should also be key focus areas:

0 to 4 years

UDIA contends that it is critical to ensuring both housing affordability and the liveability of our communities that adequate infrastructure funding is allocated to confirm all aspects of the Perth and Peel @3.5m Subregional Frameworks. This includes sufficient funding to support all infrastructure components including social, economic and environmental items of future development areas, in both greenfield and infill locations. Infrastructure requirements generated by Metronet and other 'Precinct Plans' should also be audited.

We also anticipate during this period that market capacity of existing infrastructure should be determined, confirmation of how we can improve resilience across infrastructure sectors, and where the gaps in funding and project development are to support future economic, social and environmental outcomes.

Within this time horizon, overcoming barriers preventing the implementation of alternative water schemes should be targeted as a priority. Although such water schemes may be of a relatively small scale, this infrastructure is often essential to unlocking significant development areas and will off-set and delay the substantial capital expenditure required to deliver further desalination water sources.

5 to 10 years

It is important that the proposed ‘bottom up’ approach, includes a focus on complex issues that require multi-agency collaboration to resolve. This should include analysis and strategies that support the delivery of key infrastructure items that are central to unlocking future development areas.

11 to 20 years

Central to the longer-term outlook, but also in helping to better guide more immediate timeframes, the Strategy should set out a ‘bold’ vision for the State. This vision should incorporate economic, social and environmental objectives, confirming targets and objectives for population and economic growth and the infrastructure necessary to support this vision. This vision should also be used to ensure alignment with other Government agencies plans and strategies and confirm how we intend to grow industry, not necessarily fund infrastructure

Governance compliance with the strategy

A key area of concern is that the Discussion Paper fails to set out how compliance with the Infrastructure Strategy will be enforced. It is unclear if there will be any penalties for agencies failing to comply with the Strategy, particularly in the short-term, nor is it clear if industry can raise concerns or even appeal the non-delivery of infrastructure, particularly where private sector infrastructure investment has been provided on the basis of government commitments. Without appropriate measures in place to ensure compliance is appropriately addressed, the Strategy is unlikely to fully achieve its objectives.

Whilst compliance with the aims and objectives of the Strategy is critical, it is important that adequate flexibility is built in, to allow alternative and innovation options to be executed.

Costing assumptions – population growth

Whilst the Discussion Paper provides an excellent summary of the current and emerging issues that will affect the State, UDIA is concerned about the costing assumptions included in the section discussing population growth. The Discussion Paper states that the ‘urban development footprint of Perth and Peel extends over an elongated area, more than 150km long’ and that this footprint is more costly to establish, operate, and maintain. However, rather than this footprint being a single cell, it should be viewed as series of connected centres, which is how it functions. Furthermore, the cost and difficulties of upgrading the capacity of pre-existing infrastructure in established areas should not be overlooked, or unchallenged. Often, sequential growth on the urban fringe is a more cost-effective solution and provides a lifestyle that the community desires whilst remaining affordable to their needs.

Further, it is also important that IWA and the Infrastructure Strategy recognise the role and capacity of private sector investment in providing affordable housing. UDIA recognises and acknowledges the unprecedented levels of government expenditure spent in seeking to mitigate the economic effects of COVID-19. This, together with declining revenues will mean that governments future fiscal



capacities will be limited. Therefore, it is essential that all tiers of government explore alternative infrastructure funding models. This should be done in collaboration with industry to ensure that housing affordability is not jeopardised.

UDIA is keen to remain involved with the IWA Strategy, to ensure that Place Based Outcomes are considered when setting the framework for infrastructure planning for Perth. To this end, we would welcome the opportunity to continue the dialogue with you as you progress through the next stages of establishing your strategy.

Should the Department require any assistance or further information on the advice provided in this submission, the UDIA would be delighted to assist, please do hesitate to contact Chris Green, Director Policy and Research at cgreen@udiawa.com.au or 9215 3400.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tanya Steinbeck'. The signature is written in a cursive, flowing style.

Tanya Steinbeck
Chief Executive Officer