

23 March 2018

Infrastructure Policy Unit
Department of the Premier and Cabinet
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Via email: Infrastructurewa@dpc.wa.gov.au

To whom it may concern

INFRASTRUCTURE WA: PROPOSAL FOR PUBLIC CONSULTATION

Thank you for the opportunity to provide feedback in relation to the Infrastructure WA Proposal. The Urban Development Institute of Australia (UDIA) WA congratulates the State Government on the establishment of a much needed independent body that will assess the state's long term infrastructure needs together with a long term infrastructure funding and implementation plan.

UDIA is the peak body representing the urban development industry in Western Australia. UDIA is a membership 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 12.3% of Western Australia's Gross State Product, contributing \$30.45 billion annually to the Western Australian economy and \$251.7 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 228,500 Western Australians and over 2 million Australians across the country.

On behalf of our members and the broader industry, UDIA strongly supports the State Government's proposal to establish Infrastructure WA (IWA) and we look forward to collaborating with the government moving forward to ensure the successful roll out and operation of the new body.

While UDIA is in strong support of the establishment of IWA, we do have some initial concerns and suggestions for the proposal. We hope our recommendations will ensure the best possible outcomes for Perth and the regions in terms of the successful delivery of well-planned and funded infrastructure projects for the benefit of the broader community.

Strategic Land Use Planning & Integration

Infrastructure provision is critical to the success of our communities and the efficiency of our built environment. Yet, funding and the coordinated delivery of infrastructure to enhance social, economic and environmental goals is becoming increasingly challenging. Under current arrangements, the lack of a government infrastructure investment plan together with poor planning and coordination between government agencies has resulted in underinvestment in infrastructure and a too frequent

requirement for the pre-funding of infrastructure by developers. As such, infrastructure costs are borne by new home buyers to the detriment of housing affordability.

Due to these existing challenges, it is critical that an infrastructure plan for WA is linked to strategic land use planning priorities and integrated across all relevant government departments and agencies to ensure proper coordination. With this in mind, we believe that consideration should be given to ensuring all strategic land use planning documents include a full cost benefit analysis to evaluate current and future infrastructure needs generated.

IWA as an independent body

For an independent body such as IWA to have true impact, it is imperative that government is committed to its delivery and that the body is granted appropriate powers of decision making. UDIA is concerned that the current proposal, including the point that IWA recommendations will be non-binding on government, will provide room for too much influence from the government of the day. While the body is being established in good faith, it is imperative that safe guards are in place to ensure the integrity and role of the IWA into the future.

To ensure the legitimacy of IWA's powers and ability to make recommendations that are acted upon, UDIA believes that, as suggested in section 2.2, IWA should be established under legislation with appropriate measures in place to enforce both the independence and power of the body. This will ensure there is appropriate accountability and transparency regarding any departures from the long term strategic plan and would most likely prevent the role and recommendations of the body being unduly influenced by the government of the day.

Additionally, we are concerned that as the IWA chair is appointed by and directly reports to the Premier, the independence of IWA may be compromised. Indeed, it is concerning the proposal includes reference to the Premier directing IWA in 'limited circumstances', with a lack of defined parameters for how this power can and would be used. This section is concerning and requires immediate amendment to ensure that those 'limited circumstances' are clearly defined.

Furthermore, while the inclusion of a number of non-government organisations on the board is commended, there remains a high number of government agencies represented. This further reinforces our concern and recommendation that clear measures are taken to confirm and protect the independence of both the IWA and the Chair.

The proposal also appears to be contradictory in regard to the fact that IWA recommendations will not be binding on government. There is a statement at S3, Summary of Proposal' that advises '*Agencies (including GTEs) will be required to align their plans, programs and strategies with government's endorsed infrastructure strategy*'. UDIA would request clarification on this point given that on the one hand IWA recommendations are said to be non-binding, but then government agencies are required to align with the strategy.

Clarity and definition

UDIA also notes that, while the development of IWA in itself is a significant step toward greater clarity and transparency in infrastructure planning and provision, certain sections of the proposal lack the level of clarity and definition needed to achieve the best possible outcomes. Despite the recognition that *'a common issue raised by stakeholders is the lack of clarity and transparency on the basis for the Government's short to medium term infrastructure planning and decision making, particularly the decision base on which decisions are made'* (pg. 15), we believe the document could go much further in rectifying this issue.

In particular, UDIA is concerned that there is no specified threshold for the referral of proposals to the IWA as 'high risk projects' below \$200m will also be considered. While these may be items which are intended for inclusion within the accompanying strategy, the importance of these figures and definitions necessitates they be provided as soon as possible to give clarity and certainty to industry. Additionally, further clarity is required as to the type of proposals which may be referred. For example, does IWA's jurisdiction exclude private sector proposals and/or proponent led infrastructure proposals?

Furthermore, the document states in section 5.2 that proposed developments must *'appropriately address integration with land use (where relevant) and economic opportunities'*. However, further guidance as to how proposals will address integration, or even what is meant by 'appropriate', is not provided. The lack of guidance in this section is concerning and may lead to various interpretations on what is appropriate, causing confusion among stakeholders. UDIA recommends that this section be expanded on to include further guidance and clearer definitions.

Finally, while UDIA supports the inclusion of *'high-level advice on the potential funding and financing models for infrastructure'* within the Strategy, the Institute notes that the document lacks particulars on how IWA itself will be funded. UDIA recommends that further clarity is provided in this section, and also that consultation be undertaken with industry for the development of any alternative financing arrangements intended.

A strategic role

UDIA would suggest that it is important that the proposed body is created and operates at a strategic level with the primary role being that of an assessment body. In this regard, it will be important that the IWA is not overloaded with too many proposed duties within its remit.

In terms of the IWA's overall role and duties, we note that the capacity to develop business cases for major infrastructure projects is included, whilst the body is also responsible for the assessment of such cases. The document also states that *'IWA will not lead or take ownership of the development of business cases'*. UDIA believes that this overlap may result in a conflict of interest within the IWA, and recommends segregation of these duties.

Infrastructure Coordinating Committee

Taking into consideration the duties proposed for the IWA, the Institute also recommends that the current Infrastructure Coordinating Committee is discontinued under the current proposed plan for IWA.

Conclusion

In closing, UDIA would like to reiterate our strong support for the establishment of IWA and we commend the state government on this initiative. We hope that our comments and recommendations can ensure the best possible success for the new body.

UDIA appreciates the Department's efforts in engaging with the development industry on this issue. Should the Department require any assistance or further information regarding this matter, the UDIA would be delighted to assist.

Please do not hesitate to contact me at cgreen@udiawa.com.au or 9215 3400.

Yours sincerely



Chris Green
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