

22 September 2021

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](mailto:IWAConsultation@infrastructure.wa.gov.au)

Dear Liliana

### **Foundations for a Stronger Tomorrow – Draft State Infrastructure Strategy**

Thank you for the opportunity to provide this submission in relation to the Draft State Infrastructure Strategy, Foundations for 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.

### **General Comments**

The provision of quality infrastructure is central to our lives, underpinning both our economic prosperity and the liveability of our communities. Given this importance, UDIA WA congratulates the Government for its commitment to establishing Infrastructure WA (IWA) to oversee the coordination of public infrastructure across different Government agencies. With the WA population set to grow from 2.7m to 4.3m by 2042, it is vital that the State Infrastructure Strategy better aligns land use planning with public infrastructure and fosters greater collaboration between Government and the development industry. These population growth targets are ambitious, amounting to an annual population growth rate of 80,000 requiring the delivery of 30,000 dwellings per annum (based on the WA average of 2.6 persons per household). This growth cannot be supported by infill development alone and leading infrastructure will be needed to support urban expansion areas within both Perth and Peel and our regional centres to avoid housing affordability pressures. A strong partnership approach between government and industry will also be vital to ensuring that as a State we are able to successfully overcome our emerging challenges and facilitate growth whilst also enhancing the liveability of our communities.

UDIA WA acknowledges the widespread consultation already undertaken as part of the preparation of the draft Strategy, as well as the stakeholder roundtables that have recently been undertaken to test the draft and help frame the 10-year infrastructure plan. Whilst UDIA WA is supportive of the principles underpinning the IWA Strategy, we respectfully offer the following advice to further improve the Strategy and deliver the best possible outcomes for Western Australia in the delivery of well-planned and affordable infrastructure.

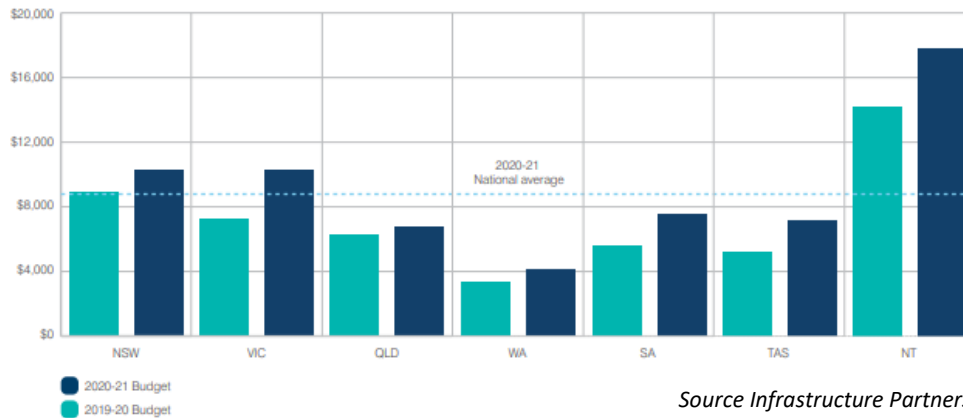
### ***Broadening the Strategy's objectives to foster private sector and Federal Government infrastructure investment***

UDIA supports the Strategy's opportunity areas and objectives, in particular the objectives of better integrating land use and infrastructure outcomes, maximising liveability and supporting population growth. However, the strategic objectives have a narrow focus on minimising State Government resource demands. These objectives should be expanded to include promoting opportunities to align and leverage both Federal Government and private sector investment in community and social infrastructure to achieve State Government objectives. For example, whilst 'Build-to-Rent' (BTR) offers an effective longer-term solution to many of our current and long-term housing challenges, current taxation settings deter investment in this sector. Removing these impediments and adopting taxation settings to support private sector investment would help minimise demands on already strained public housing resources. Whilst UDIA acknowledges that recommendation 38 identifies exploring the potential for private funding across all public infrastructure projects, this principle should be embedded in the Strategy's objectives.

Similarly, whilst we fully recognise and support the principle of minimising wastage and maximising funding allocations by pursuing non-build options first, the absence of a framework for securing Commonwealth funding and failure to identify key strategic projects is a concern. Whilst we acknowledge that projects will be included in the 10-year infrastructure plan, with the Federal Election on the horizon, the failure to set out key strategic projects early, is likely to mean that WA may yet again not receive its fair share of Federal funding. Infrastructure Partnerships Australia estimate that across the 2020-21 and 2019-20 Commonwealth Budgets, WA received less than half of the national average infrastructure per capita spend. This issue was noted by the Strategy's discussion paper which stated that the *"strategy will also help Western Australia better position itself to attract the federal funding necessary for timely delivery of the projects and programs we need."* Similarly, in announcing the establishment of IWA, the Premier stated that *"IWA's immediate task will be to develop a 20-year State Infrastructure Strategy that will identify WA's long-term infrastructure requirements"*. To secure WA's fair share of Commonwealth Infrastructure funding, an infrastructure priority list should be urgently established.



## Australian State and Territory per capita infrastructure funding



Source Infrastructure Partnerships Australia

### ***Alignment with Infrastructure Australia and adopting a place centred approach through collaboration***

UDIA is supportive of the recommendations and actions set out in the Strategy and would welcome further industry collaboration as these actions are refined to ensure that they are successfully implemented. Our industry is one built upon creating places that allow communities to thrive, therefore we were delighted that the recently released 2021 Infrastructure Australia Plan identifies ‘place-based outcomes for communities’ as a key reform priority. The Plan sets out a number of key recommendations for place making including amongst others ‘maximizing the impact of infrastructure delivery through collaborative place-based governance models’ and ‘providing greater residential choice by planning and delivering high quality medium-density residential areas alongside well-sequenced infrastructure investment’. To be better positioned to secure Federal funding by better aligning the IWA strategy with the recommendations of the Infrastructure Australia plan, ‘place making’ outcomes should be more clearly identified as a key objective of the Strategy. This needs to include aligning land use planning with transport needs as well as community and social infrastructure. To support this, extensive collaboration with the development industry as part of the preparation of IWA’s 10-year infrastructure plan will be needed. Importantly, engagement together with greater transparency will also provide greater certainty needed to support development investment decisions and better time development and infrastructure delivery, both of which have delivery timeframes which typically extend over several years.

### ***Establishment of a Growth Areas Team and Housing Supply Advisory Group***

Our recent [Housing Our Community](#) report found Perth is facing a housing supply challenge with just 6.4 years remaining of lot supply in large master-planned communities. This together with the difficulty of delivering infill development at scale, constrained by both land fragmentation and pre-existing infrastructure capacity constraints, threatens Perth longer-term housing affordability. These challenges are compounded by a lack of accurate housing demand and supply forecasting and limited Government agency co-ordination extending development delivery timeframes. To overcome these challenges, UDIA WA recommends the establishment of a State Government Growth Areas Team, to bring together key government agencies to help unlock development in strategic development corridors and infill precincts. To support the Growth Areas Team, UDIA WA also recommends the

creation of a Housing Supply Advisory Group bringing together Government and key stakeholders including the development industry to better understand and unpack the challenges affecting housing supply, choice and affordability along with infrastructure demands. Embedding practitioner experience within the strategic land use planning-infrastructure planning framework may also support the development of new and more effective funding and delivery models whilst also providing greater clarity for investment decisions, enabling mutually beneficial outcomes for government and industry to be achieved.

### Recommendations:

- The Strategy's objectives are broadened to include encouraging private sector infrastructure investment including the exploration of public-private partnership opportunities.
- An infrastructure priority list should be urgently established.
- 'Place making' should be a central theme with strong development industry collaboration in the preparation of IWA's 10-year infrastructure plan needed.
- Strong development industry collaboration be undertaken during the preparation of IWA's 10-year infrastructure plan.
- A State Government Growth Areas Team be established to better co-ordinate infrastructure delivery and development in key development corridors and precincts.
- A Housing Supply Advisory Group be established to better understand and forecast housing and infrastructure needs.

### Specific Comments

#### ***Recommendation 21: Modernise infrastructure-related legislation***

UDIA fully supports Government attempts to ensure that legislation remains contemporary. Whilst we recognise IWA's focus is on large scale, strategic infrastructure, the COVID-19 pandemic has reiterated that often the most critical infrastructure that supports our communities is relatively small in scale, such as access to quality public open space. Despite this, one of the key failings of the current infrastructure delivery framework is that there is no oversight of the provision of local and sub-regional infrastructure by local government and little to no co-ordination between government agencies on the delivery of these items. Without this oversight, the conservative nature of local governments has meant that the total net value of development contribution funds collected by local government and yet to be spent on infrastructure within the Perth and Peel Region now stands at approximately \$2 billion. This deprives new homeowners of the infrastructure they have paid for, whilst jobs have been lost by the lack of activity. To improve transparency, accountability, as well as to ensure the timely delivery of infrastructure, the State Government should oversee the administration and operation of local government Development Contribution Schemes.

***Recommendation 22: Prepare and implement an urban consolidation action plan***

UDIA supports the intent to incentivise urban infill development, but we are cognisant that there is still a role for greenfield development in addressing the future housing requirements for our State, particularly given the population growth forecasts. Therefore, these development objectives need to be carefully considered and balanced. Nevertheless, in order to support infill development, a broader range of incentives and policy reforms should be considered. This should include tying State Government funding to local government performance reporting against infill targets. The actions outlined in this recommendation also need to be broadened and integrated with recommendation 27 which seeks the establishment of state priority development areas. UDIA recommends that an Urban Growth Plan is prepared, to coordinate development and infrastructure to deliver the State's projected population growth targets as outlined in the Perth and Peel @ 3.5 million Subregional Frameworks. These Urban Growth Plans should set clear development objectives, aligning State Government targets with local government planning schemes and providing a clear link between land use planning and infrastructure needs and capacity. The establishment of this plan should include undertaking a review of infill infrastructure upgrade requirements, as well as leading infrastructure to support future urban growth corridors and precincts. UDIA would welcome further collaboration with IWA to prepare effective and efficient solutions to resolve Perth's infill development challenges.

***Recommendation 23: Embed rigorous infrastructure appraisal in the planning decision-making framework***

To support this recommendation and better align the delivery of cost-effective infrastructure with development, UDIA reiterates our call for the establishment of a Housing Supply Advisory Group, bringing together Government and the development industry stakeholders to provide a framework for a coordinated response to housing demand and infrastructure delivery.

***Recommendation 27: Introduce and implement State priority areas***

The draft SPP4.2 Activity Centres identifies a total of 104 strategic, secondary and district centres in the Metropolitan region and a further 9 centres in Greater Bunbury. Greater clarity around the priority status of these centres would be welcome. UDIA WA also reaffirms its recommendation that a 'Growth Areas Team' is established to help overcome development challenges and coordinate approvals across government agencies. This needs to be supported by accurate housing demand supply reporting provided by a Housing Supply Advisory Group.

***Recommendation 29: Develop a shared use policy framework for multi-user infrastructure corridors and facilities***

The cost and availability of land is often the primary determinant in the design and affordability of infrastructure. Therefore, whilst UDIA supports the principle of shared used infrastructure corridors, land requirements for infrastructure, particularly where service corridors run in parallel should be carefully considered to avoid the unnecessary sterilisation of land.

***Recommendation 37: Incremental reforms***

UDIA supports a further review of the 'Market-Led-Proposals' policy.

***Recommendation 38: Review the potential for private sector funding for the delivery of infrastructure***

UDIA strongly supports this recommendation and embedding the principle of encouraging private sector investment within the Strategy's objectives.

***Recommendation 46: Modernise legislative, regulatory and planning frameworks for water resources***

In addition to actions identified within this recommendation, it is imperative that water regulatory framework encourages the transfer and trades of water licences. In several of Perth's development corridors and precincts, studies undertaken by DWER indicate that land identified for development is constrained by the lack of accessibility to water licences and not by insufficient water within the catchment. At present, there is a lack of transparency regarding the ownership of licences and a disconnect between licences and intended land use outcomes. If left unresolved, these policy failings are likely to result in the sterilisation of land and/or the construction of unnecessary and costly infrastructure, built to overcome approval requirements.

***Recommendation 51 – land use policies and water value of the Jandakot Groundwater System***

UDIA supports the review of the Jandakot groundwater system to determine whether more intensive development should be permitted in this Priority 1 drinking water protection area, but suggests that this recommendation should be broadened to cover a review of all future planning investigation areas to determine the balance between housing requirements and other competing factors such as vegetation and groundwater protection.

***Recommendation 53 – stronger transport system outcomes***

Reforming governance arrangements to achieve a transport mode-agnostic approach for transport infrastructure is strongly supported.

***Recommendation 69 – Investment in social and affordable housing***

UDIA suggests that actions specific to social and affordable housing should be more clearly delineated. Unlike other capital cities across Australia, Perth has typically benefited from stable supply of land for development, which has kept a lid on house prices. Historically, rapid uplifts in the Perth median house price have occurred when the supply of lots has fallen below 1.8 lots per lot demanded. Since March 2020, the supply of lots has been below this critical threshold, falling to just 0.9 in June and September 2020. With the many of Perth's large master planned estates close to reaching their full development capacity and the insufficient capacity of infill development to respond quickly, if left unresolved, Perth is likely to face significant housing demand and affordability pressures. In turn, this will place further demand pressures on public housing. UDIA calls for strong collaboration with the development industry to resolve these challenges.



### **Conclusion**

UDIA is keen to continue working in partnership with IWA, to ensure that best value and 'place-based outcomes' are achieved through the infrastructure planning and delivery framework. To this end, we would welcome the opportunity to continue the dialogue with you as you progress through the next stages of establishing the State Infrastructure Strategy and 10-year Infrastructure Plan.

Should Infrastructure WA 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](mailto:cgreen@udiawa.com.au) or 9215 3400.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tanya Steinbeck', is written over a light blue rectangular background.

**Tanya Steinbeck**  
**Chief Executive Officer**