



INFRASTRUCTURE WA SUBMISSION

CHAMBER OF COMMERCE AND INDUSTRY WA

27 MARCH 2018



Executive Summary

The Chamber of Commerce and Industry WA (CCI) strongly supports the State Government's commitment to establishing Infrastructure WA and commends the quality of industry consultation throughout its development phase. The independence of Infrastructure WA and the confidence in its advice across the parliament, industry and the community is critical to its success. Overall, this submission broadly supports the State Government's proposal for Infrastructure WA and our recommendations point to marginal improvements in its operation rather than wholesale changes.

In the State Government's proposal, there is some concern that not enough government oversight of Infrastructure WA could potentially result in an ineffective relationship between the State Government and Infrastructure WA. However, proposed measures to encourage alignment between Infrastructure WA and the State Government's priorities need to be balanced against the risk that too much perceived influence could damage confidence in its advice. Regular monitoring and review of these settings will enhance the effectiveness of Infrastructure WA over time.

Recommendations:

1. A funding allocation should be made for Infrastructure WA in the 2018-19 State Budget.
 2. Legislation for Infrastructure WA should include formal mechanisms for ongoing consultation with industry and the community.
 3. The Chair and private sector members of the Board should have terms of appointment which expire on a rotational basis to avoid more than one positional change at a time.
 4. The Board of Infrastructure WA should have the ability to change its support staff arrangements from an initial sub-department within the Department of Premier and Cabinet if, in the Board's best judgement, the change would enable Infrastructure WA to perform its functions more effectively in the public interest.
 5. The long-term infrastructure strategy should include projects below the \$100 million threshold that are of strategic importance to the state's economy.
 6. The long-term infrastructure strategy should identify the critical elements of land use planning, such as the availability of sufficient industrial land, that underpin each project's inclusion in the strategy.
 7. In keeping with policy best practice as demonstrated by Infrastructure Australia, Infrastructure WA should produce and regularly update an Infrastructure Priority List recommending projects for delivery in the near
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term, medium term and long term, to complement the long-term infrastructure strategy.

8. Infrastructure WA advice on any project funded in the Budget above the \$100 million threshold that has not previously been included in the Infrastructure Priority List or the long-term infrastructure strategy should be required to be made public soon after the Budget.
9. Infrastructure WA should develop its own business case template consistent with the Infrastructure Australia template to assist agencies in developing business cases.
10. Infrastructure WA's annual research program should be required to inform the Infrastructure Priority List and the long-term infrastructure strategy but not require approval from the Premier.

CCI also supports the principles for the establishment of Infrastructure WA outlined in the Infrastructure Coalition submission of which CCI is a supporting member.



Independence and transparency

The fundamental purpose of Infrastructure WA is to improve the planning and delivery of infrastructure in Western Australia. However, achieving this vision is not guaranteed, and other states have had varying degrees of success with similar bodies. Establishing Infrastructure WA in legislation will help, but it is ultimately long-term confidence that will drive better infrastructure outcomes for the state.

Support from the electorate can either make or break proposed infrastructure projects. A credible evidence base to accompany proposed infrastructure projects would help inform industry and the community on the objective merits of different proposals. Just as a lack of transparency around infrastructure projects can create doubt in the community by hiding poor quality projects from public scrutiny, it can also weaken the support for otherwise good quality projects.

The perceived independence and transparency of Infrastructure WA's advice to the State Government is critical to fostering confidence across the parliament, industry and the wider community. Continued consultation across industry and the community will give Infrastructure WA its best chance of success.

Recommendations:

- A funding allocation should be made for Infrastructure WA in the 2018-19 State Budget.
- Legislation for Infrastructure WA should include formal mechanisms for ongoing consultation with industry and the community.
- The Chair and private sector members of the Board should have terms of appointment which expire on a rotational basis to avoid more than one positional change at a time.
- The Board of Infrastructure WA should have the ability to change its support staff arrangements from an initial sub-department within the Department of Premier and Cabinet if, in the Board's best judgement, the change would enable Infrastructure WA to perform its functions more effectively in the public interest.

The long-term infrastructure strategy and short-term decision making

The purpose of tasking Infrastructure WA with developing a long-term infrastructure strategy is to provide credible objective advice on the infrastructure projects that will be needed in the long-term. A review of the long-term infrastructure strategy every few years is appropriate as updated information on key inputs becomes available. The strategy will help guide

expectations about the infrastructure projects that the State Government is likely to provide funding for in the Budget. This will help build support across the community for projects and help industry to plan its investment, hiring and workforce training decisions.

It makes sense that the final decision on which infrastructure projects are funded in the Budget should be reserved by the State Government. However, there is no mechanism preventing the State Government from choosing to fund projects which are not included in the long-term infrastructure strategy. It would be unusual for a government to need to deviate from the long-term infrastructure strategy given that it will be regularly updated by Infrastructure WA as new information on key inputs becomes available. Public scrutiny of government decisions where they deviate from the advice of Infrastructure WA may serve as the only accountability mechanism in such cases.

Recommendations:

- The long-term infrastructure strategy should include projects below the \$100 million threshold that are of strategic importance to the state's economy.
- The long-term infrastructure strategy should identify the critical elements of land use planning, such as the availability of sufficient industrial land, that underpin each project's inclusion in the strategy.
- In keeping with policy best practice as demonstrated by Infrastructure Australia, Infrastructure WA should produce and regularly update an Infrastructure Priority List recommending projects for delivery in the near term, medium term and long term, to complement the long-term infrastructure strategy.
- Infrastructure WA advice on any project funded in the Budget above the \$100 million threshold that has not previously been included in the Infrastructure Priority List or the long-term infrastructure strategy should be required to be made public soon after the Budget.

Proposal development, project evaluation and assurance

The pathway to securing Commonwealth funding for infrastructure projects is to submit business cases to Infrastructure Australia for appraisal. Every year, Infrastructure Australia publishes an Infrastructure Priority List outlining its recommendations for Commonwealth funding. Infrastructure WA should assist agencies in support of the State Government's efforts to improve the quality and number of business cases submitted to Infrastructure Australia.

Recommendation:

- Infrastructure WA should develop its own business case template consistent with the Infrastructure Australia template to assist agencies in developing business cases.

Infrastructure funding and finance

It is important that Infrastructure WA has the remit to steer its own work agenda on infrastructure funding and finance issues to inform the long-term infrastructure strategy, in the best interests of the state. State Government and Commonwealth revenue sources for funding infrastructure – namely, registration fees and the fuel excise – are becoming less sustainable as vehicles become more efficient and new technologies disrupt and transform the way we travel. Tax reform is inevitable and it will require difficult political decisions to be made. The independent voice of Infrastructure WA to publicly comment on these issues will help build support from the community for these necessary changes.

Recommendation:

- Infrastructure WA's annual research program should be required to inform the Infrastructure Priority List and the long-term infrastructure strategy but not require approval from the Premier.
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