

## Flying Minute - Infrastructure WA Discussion Paper Submission

By Dana Mason, Policy Manager – Economics

**That the submission to the Infrastructure WA State Infrastructure Strategy Discussion Paper be endorsed.**

### RESOLUTION 112.FM/2020

CARRIED

### Executive Summary

- WALGA has prepared a submission in response to the Infrastructure WA (IWA) Discussion Paper to guide the development of a State Infrastructure Strategy.
- The Discussion Paper focusses on the guiding principles, objectives, methodology and governance for the development of the strategy, as well as opportunities and challenges over the medium to long term. It does not consider specific infrastructure projects, but is focused on the broader strategic framework.
- WALGA's submission advocates for the following issues.
  - A sound strategic framework to guide the development of the State Infrastructure Strategy. This should contain a number of key elements including:
    - *A long-term vision for infrastructure in WA* which is underpinned by the broader vision for our State and its economy, environment and social fabric. The vision should be developed in consultation with the community.
    - *Infrastructure needs should be considered as a whole*, rather than examining specific regions or projects in isolation. The Strategy should recognise the interconnectivity of systems and flows of people and goods.
    - The strategy should *bring together existing plans for the state* (for example, regional plans, land use, transport, community plans etc.), to ensure alignment and consistency. *Any existing plans should be reviewed* to ensure that they remain relevant and fit for purpose.
    - The strategy should be developed *based on a robust and objective assessment of evidence* including data, stakeholder engagement and other analysis to determine the most pressing needs and priorities.
  - An integrated approach to infrastructure planning and provision across all levels of Government and the private sector. The Discussion Paper makes little reference to the role that Local Government plays in the planning and delivery of infrastructure, with the focus instead in on infrastructure owned and delivered by the State Government agencies, Government Trading Entities (GTEs) and statutory authorities.
  - Local Government plans to be used to inform the State Infrastructure Strategy through a bottom up approach. Local Governments have extensive community and land use plans that provide valuable local level insights to inform the Strategy.
  - Clear targets to measure progress against the State Infrastructure Strategy. The objectives identified in the Discussion Paper are appropriate but broad, and should be distilled into clear targets to ensure that progress in achieving the Strategy can be clearly measured.
  - A focus on technology, data and digital connectivity as a key objective to underpin the State Infrastructure Plan. Digital technology will have significant implications for both our economy



and community going forward, and appropriate digital connectivity should be designed and built into all public infrastructure.

- Innovative solutions to deliver on the state's future infrastructure needs in a fiscally constrained environment, including leveraging funding from other sources such as the private sector and broader policy reforms and non-build solutions. For Local Governments, amendments to the *Local Government Act 1995* to allow for the creation of Beneficial Enterprises will be an important reform to facilitate investment and collaboration with the private sector for infrastructure delivery.
  - A focus on getting the most out of existing infrastructure and improving renewal and maintenance strategies. The infrastructure strategy scope should include maximising the benefits of and minimising the lifecycle costs of existing infrastructure.
  - Prioritisation criteria to not only consider a project's economic impacts, but also the social and environmental implications. There is a need to strike a balance between promoting new economic development and improvements in core service delivery.
  - Resilience of infrastructure to be considered when it is planned, designed, delivered and managed, and should be of an appropriate standard to withstand the known climate change impacts including extreme weather events likely to be experienced in the future.
  - Infrastructure WA to explore the use of functional economic regions (which group a number of Local Government areas together based on real economic linkages) as a way to identify and deliver large-scale opportunities across regional borders. In some circumstances, it may be useful to consider a program of work that cuts across regional boundaries to support a particular strategic outcome, rather than individual projects.
  - Greater use of technology to allow people to stay in regional areas and stem the decline in population, but will require access to fast and reliable telecommunications infrastructure.
  - A clear way of facilitating bottom up input from outside of State Government agencies through the engagement process to develop the State Infrastructure Strategy.
- The submission also provides commentary on the trends and issues related to the WA economy and infrastructure sectors identified in the Discussion Paper.

## **Attachment**

*WALGA submission to the Infrastructure WA State Infrastructure Strategy Discussion Paper*

## **Policy Implications**

The submission reflects related WALGA policy positions.

## **Background**

Infrastructure WA was established in 2019 to provide advice and assistance to the WA Government on infrastructure matters. IWA has a range of responsibilities, including the delivery of a State Infrastructure Strategy, which addresses Western Australia's infrastructure needs and priorities over a 20 year horizon.

IWA is consulting broadly in the development of this strategy. In June 2020 IWA released the "A Stronger Tomorrow: State Infrastructure Strategy Discussion Paper", which provides the foundation for the development of the State Infrastructure Strategy. The Discussion Paper focuses on:



- the guiding principles and objectives that will help define the Strategy parameters;
- the methodology and governance for developing the Strategy; and
- the priority opportunities and challenges the Strategy should address, particularly over the medium to long-term.

IWA is seeking feedback on this document from industry, the community and all levels of Government through 22 consultation questions, which explore these issues in further detail.

WALGA has prepared a submission, which sets out the key issues for Local Government in line with the Association's current policy position. In developing the submission, WALGA provided the opportunity for the Infrastructure Policy Team and broader membership to provide feedback. WALGA received written feedback from five Local Governments for inclusion in the submission (City of Armadale, City of Canning, City of Gosnells, City of Swan, Shire of Serpentine-Jarrahdale).

WALGA also participated in the IWA consultation workshop on this Discussion Paper.

## Comment

WALGA is broadly supportive of the proposed approach detailed in the Discussion Paper.

However, the Association has concerns that it does not go far enough to recognize the important role of Local Governments in infrastructure planning and provision. Local Governments have extensive community and land use plans that provide valuable local level insights and should be used to inform the State Infrastructure Strategy through a bottom-up approach.

It will be important that IWA looks to enhance cross-government coordination and planning across all three levels of Government, and ensure that Local Government infrastructure plans and Local Government planning schemes are reflected in the infrastructure planning framework.

## FLYING MINUTE OUTCOMES

Total Invited to Survey: 24

Total Finished Survey: 14

**That the submission to the Infrastructure WA State Infrastructure Strategy Discussion Paper be endorsed.**

Signature Page

First Name	Last Name	Completed Date
Phillip	Blight	18/08/2020 at 8:44
Jenna	Ledgerwood	15/08/2020 at 8:43
Paul	Kelly	17/08/2020 at 10:48
Malcolm	Cullen	18/08/2020 at 11:26
Cheryl	Cowell	Not Completed
Stephen	Strange	14/08/2020 at 16:44
Chris	Mitchell JP	Not Completed

Les	Price	Not Completed
Russ	Fishwick JP	16/08/2020 at 11:30
Karen	Chappel	Not Completed
Michelle	Rich	18/08/2020 at 11:59
Julie	Brown	14/08/2020 at 18:00
oug	Thompson	Not Completed
Carol	Adams OAM	Not Completed
Logan	Howlett JP	14/08/2020 at 16:39
Tony	Dean	17/08/2020 at 15:00
Ken	Seymour	Not Completed
Peter	Long	14/08/2020 at 16:32
Ronnie	Fleay	17/08/2020 at 20:15
Catherine	Ehrhardt	Not Completed
Cate	McCullough	Not Completed
Mark	Irwin	Not Completed
Ruth	Butterfield	18/08/2020 at 0:48
Frank	Cvitan	17/08/2020 at 10:47

## COMMENTS

**Phillip Blight** on 18/08/2020 at 8:44

Good paper. I believe in question 8 “freight routes” there is a need to protect our freight routes and ports from encroachment. It is essential to our economy that these routes are kept open and efficient but encroachment has seen freight routes clogged with urban traffic and ports threatened by various developments. Preservation of existing assets surely must be more economical than building more.

## SECRETARIAT COMMENT

The submission has been updated to reflect the need to protect freight routes from encroachment.

## State Infrastructure Strategy Discussion Paper Submission



### Consultation Questions

1. What do you think the implications of the COVID-19 pandemic for infrastructure will be in the recovery phase and over the medium and long-term? Do you see any new opportunities or challenges?

#### *Key points:*

- *Although the weaker economic conditions resulting from COVID-19 may reduce pressure on existing infrastructure in the short term, there is still a pressing need for a broad infrastructure strategy for the state.*
- *The extent to which the pandemic changes our future infrastructure needs will also depend upon whether it leads to permanent changes in behaviour and industry.*
- *A key challenge will be the constraints on Government finances due to the COVID-19 economic and social support and stimulus packages*
- *Innovative solutions will therefore be required to deliver on the state's future infrastructure needs, including leveraging funding from other sources such as the private sector and broader policy reforms and non-build solutions.*
- *Regulatory changes should include amendments to the Local Government Act 1995 to allow Local Governments to engage in flexible and innovative service delivery models for infrastructure provision including the introduction of single or joint subsidiaries, as well as allowing Local Governments to use freehold land, in addition to its general fund, as security when borrowing.*
- *There will also be opportunities to progress infrastructure as part of an economic stimulus program during the downturn with minimal disruption to business and the community.*

The COVID-19 pandemic is having a significant impact on WA's economy at present, through its effect on:

- business and consumer confidence;
- direct impact of restrictions on industries such as tourism, aviation and hospitality;
- wealth effects (i.e. stock market impact, and over the longer term, potentially housing values)
- supply chain impacts particularly from China;
- export facing sectors.

The pandemic is expected to have an ongoing impact on every economy in the world for some time to come because of some businesses being forced to permanently close, prolonged precautionary behaviour, and the continuation of restrictions on some industries.

Despite the economic downturn, there is still a pressing need for a broader infrastructure strategy for the state to improve planning and coordination in order to support the state's future economic development, improved environmental outcomes and ensure that our communities have access to essential services.

There are a number of short term impacts from the pandemic that have implications for the state's infrastructure, which will need to be considered by IWA in developing the Strategy.

For example, the Strategy will need to take into account the shift in focus of industry in order to ensure supply of essential products and services - a key issue for the manufacturing sector in particular. This will have implications for prioritisation of infrastructure as industry focus shifts and will require the criteria for ranking projects to accommodate this. There is likely to be a movement towards regional based supply and production with key distribution hubs that have increased storage capacity and require good transport infrastructure to retain supply chain efficiency.

Over the longer term, the extent to which the pandemic changes our future infrastructure needs will depend upon whether it leads to permanent changes in behaviour, for example greater decentralisation and remote working options, which will reduce pressure on hard infrastructure such as buildings and office spaces, and increase demand on digital and telecommunications infrastructure. This will be a significant challenge for regional areas of WA that are already experiencing constraints.

The pandemic will also create challenges for infrastructure funding. The ability for Governments to provide new infrastructure may be limited following the COVID-19 pandemic due to the constraints it has placed on Government finances at all levels. Government finances have come under pressure due to the need for increased spending and borrowing to fund COVID-19 economic and social support and stimulus packages. Over \$215.6 billion of economic support has been provided by all levels of Government for COVID-19 at the time of preparing this submission, based on data from State and Federal Treasury and feedback from Local Governments. This is expected to have a significant impact on the budget position. The Federal Budget deficit will now hit a record high \$86 billion, with net debt expected to exceed \$852 billion in 2020-21 - which could take decades to repay.

While details of the impact on the State's finances will not be available until the October budget, preliminary modelling by Treasury suggests that total General Government revenue will be \$1.8 billion lower than expected in the 2019-20 Mid-Year Review, which will see a significant reduction in the previously forecast operating surplus. While the situation in WA is less significant than the impact on the Federal Budget, it comes at a time when the State Government is already working to pay down near-record levels of debt.

The blow to the Federal and State budgets will mean that Governments' capacity to directly fund infrastructure will be limited - particularly in the short term - and necessitate a focus on alternative sources of funding. This will require innovative solutions, which look to leverage funding and undertake collaborative ventures with the private sector for infrastructure provision and maintenance including incentives for public private partnerships. It should also look to broader policy reforms and non-build solutions to help meet infrastructure needs.

IWA should not only look at how this can be achieved at a state level, but also reforms that will allow Local Governments to more effectively deliver on key community infrastructure. Local Governments play an important role in infrastructure provision and the associated job creation, which should be considered as part of the overall plan for meeting the state's future infrastructure needs.

Reforms that will allow the sector to engage in a more flexible manner to provide infrastructure and work with the private sector are an option that must be explored in the post COVID-19 environment. Amendments to the *Local Government Act 1995* are needed to allow Local Governments to engage in flexible and innovative service delivery models.

A key reform that will enable this is the introduction of single or joint subsidiaries. This model is available to Local Governments in New Zealand as well as other Australian States. It permits one or more Local Governments to establish a wholly Local Government owned commercial organisation. This would allow Local Governments

to enter into commercial partnerships with the private sector to deliver infrastructure and related services more effectively than Local Governments themselves.

Further, the restrictions on borrowings set out in the *Local Government Act 1995* can act as a barrier to infrastructure development and should be addressed as part of any reform package identified by the State Infrastructure Strategy.

The use of debt is important for those Local Governments looking to provide infrastructure and other assets to meet service level needs associated with development and to encourage growth. It is however recognised that borrowings are not likely to be appropriate for a Local Government that faces significant financial sustainability challenges - typically, those which are facing an ongoing underlying operating deficit (i.e. net of material one-off or timing factors).

Section 6.21(2) of the *Local Government Act 1995* states that a Local Government can only use its 'general funds' as security for borrowings and is restricted from using its assets to secure its borrowings. This provision severely restricts the borrowing capacity of Local Governments and reduces the scale of borrowing that can be undertaken to fund infrastructure needs, and should be amended allow Local Governments to use freehold land, in addition to its general fund, as security when borrowing.

While the pandemic will create many challenges for our economy, the weaker conditions may also provide the opportunity for the development of major infrastructure or upgrades with less disruption to the community and business, as well as the opportunity to bring forward infrastructure where there is a sound business case as part of an economic stimulus or recovery program

2. Are there early learnings resulting from the pandemic around the resilience of our economy and our infrastructure that we should consider as we develop the Strategy?

*Key Points*

- *The COVID-19 pandemic demonstrated the importance of infrastructure during a time of crisis, and the need for coordinated planning across all tiers of Government and with industry to build resilience.*
- *It reinforced the importance of telecommunications infrastructure and freight and logistics to service the economy and community and keep the supply chain operating effectively and efficiently.*
- *The pandemic revealed some challenges for our existing infrastructure that should be examined as part of the State Infrastructure Strategy.*
- *Some existing infrastructure is not fit for purpose in the pandemic environment, or is not designed to be utilised in a COVID safe way.*
- *If trends such as working from home, telehealth, remote learning and virtual service delivery continue on a more permanent basis, these will influence infrastructure usage patterns and must be considered in developing the Strategy.*

COVID-19 has demonstrated the importance of infrastructure in our daily lives, as well as its critical importance in times of crisis.

The COVID-19 pandemic revealed some challenges for our existing infrastructure that should be examined as part of the State Infrastructure Strategy. It has demonstrated the importance of agile Government policy and flexible infrastructure that can still be utilised in any circumstances, or used in a different way if required. It also highlighted that our economy is only as strong as the weakest link, and that coordinated planning across all tiers of Government and with industry is critical to build resilience in these types of environments.

A key finding was that some existing infrastructure is not fit for purpose in the pandemic environment, or is not designed to be utilised in a COVID safe way. For example, the built form of many public facilities and buildings do not allow for the adequate separation of people or the ability for appropriate social distancing. Similarly, the State's major activity centres, particularly for the Perth Central Business District, rely on mass transit to provide physical access for people. This will need to be completely redesigned if physical distancing and extremely high levels of decontamination are an ongoing part of society.

The pandemic also reinforced some of the existing challenges with infrastructure, particularly in regional areas of the state. The increased reliance on technology to facilitate social distancing and working from home highlighted the issues that many regional areas of the state face in relation to unreliable telecommunications infrastructure.

It has also heightened the importance of infrastructure that supports the freight and logistics industry to service the economy and community and keep the supply chain operating effectively and efficiently. It is critical that upgrades and additions keep pace to the growing demands while providing important economic stimulus during construction.

COVID-19 also highlighted the opportunities that come from digital capability to help manage during a pandemic or similar crisis. For example, data from mobile phones and search engines provided valuable insights into movement changes in response to the COVID-19 restrictions that were implemented in cities around the world. This data can be used to assist people move in a way that meets the health advice in relation to maintaining a safe distance from others. However, there was little real time information about the movement of people to

and around Western Australia's major activity centres given that these types of sensor technologies are not widely deployed in Western Australia. Digital capability should be a key consideration for all new infrastructure, and place-building initiatives.

Looking forward, there will be consequences for utilization of existing infrastructure if trends such as working from home, telehealth, remote learning and virtual service delivery continue on a more permanent basis. These will influence future infrastructure usage patterns and must be considered in the scenario planning for the Strategy. Some the changes in usage that may be experienced could occur through trends such as reduced need for commercial space, fewer people in the central business districts, and the flow through effects to business, public transport etc.

From an operational point of view, the pandemic also highlighted the importance of the infrastructure workforce to ensure ongoing reliability of service. An important part of infrastructure planning is not just the physical asset, but ensuring there is a workforce to maintain and operate it. In determining the state's future infrastructure priorities, we also need to take into consideration the characteristics and skills sets of our infrastructure workforce and have contingency plans to ensure ongoing operation of essential infrastructure.

### 3. What elements should a well-developed 20-year Strategy include?

#### Key Points

- *There are a number of elements that a well-developed 20 year infrastructure strategy should contain. Prime amongst these is a strategic framework that sets out a clear vision for infrastructure in WA and brings together existing infrastructure plans from across all levels of Government.*
- *A framework and strategy should be provided to enable and facilitate integration of digital connectivity of infrastructure across sectors for the benefit of the community.*
- *The Discussion Paper is focussed on State Government agencies and does not give adequate weight to the role of Local Government in infrastructure planning and provision.*
- *Local Governments also have extensive community and land use plans that provide valuable local level insights and should be used to inform the State Infrastructure Strategy through a bottom-up approach.*

WALGA considers that a well-developed 20-year strategy should be based around a number of key elements:

- *Strategic framework* - The strategy should be based on a long-term vision for infrastructure in WA which is underpinned by the broader vision for our State and its economy, environment and social fabric. The vision should be developed in consultation with the community. From this, a series of objectives and targets should be created to ensure that progress in achieving the vision can be assessed. WALGA considers that the vision for infrastructure and the associated objectives should be aspirational, taking into account social and environmental objectives, as well as economic outcomes.
- *Holistic* - The state's infrastructure needs should be considered as a whole, rather than examining specific regions or projects in isolation. The Strategy should be developed using a whole-of-network approach that recognises the interconnectivity of systems and flows of people and goods. The purpose of the Strategy should be to identify future needs, regardless of whether these will ultimately be delivered by the public or private sector. It should also examine a range of options including policy reforms that will assist to ensure the state's infrastructure needs are met, as well as options for infrastructure funding and financing.
- *Whole of Government approach* - The strategy should bring together all three levels of Government and the private sector and their respective roles in infrastructure planning and delivery.
- *Integrated* - The strategy should bring together existing plans for the state (for example, regional plans, land use, transport, community plans etc.), to ensure alignment and consistency. Any existing plans should be reviewed as part of the development of the Strategy to ensure that they remain relevant and fit for purpose.
- *Evidence based* - The strategy should be developed based on a robust and objective assessment of evidence including data, stakeholder engagement and other analysis to determine the most pressing needs and priorities. This should involve mapping the state's infrastructure needs and linkages between sectors and across regions, and include analysis of the flow on effects of infrastructure on the economy, society and the environment.
- *Ownership* - Questions relating to what infrastructure is required should be separated from consideration of ownership, maintenance and operation by which tier of Government or the private sector. In the first instance, the Strategy should focus on identifying an infrastructure need, rather than how it will be provided. Infrastructure need not be owned or operated by Government, but there will often be a role for Government to ensure that it is bound by an appropriate regulatory framework. It is also important that

consideration is also given to infrastructure operation and maintenance to ensure that it can be funded on an ongoing basis. water

- *Flexible* - Given that the future is uncertain, the strategy should be adaptable to changing trends and issues, and regularly reviewed and updated to ensure it remains relevant.

WALGA supports the broad definition of infrastructure used in the Discussion Paper - particularly the inclusion of social and environmental infrastructure as well as economic infrastructure. A key challenge will be to ensure that social and environmental infrastructure is appropriately assessed - an area that has been difficult in the past. It will also be important that this broad approach also applies to individual projects to ensure the true impact of the project can be assessed. For example, rail projects such as METRONET should not just be considered a transport project, but a place development project with broader economic and social benefits beyond the movement of people.

WALGA believes that the Discussion Paper does not go far enough to ensure an integrated approach across Government and the private sector. It makes little reference to the role that Local Government plays in the planning and delivery of infrastructure, with the focus instead in on infrastructure owned and delivered by the State Government agencies, GTEs and statutory authorities.

Given Local Governments have an essential and growing role in infrastructure provision, it is critical that this is reflected in the strategic framework that underpins the State Infrastructure Strategy. In 2018-19, Local Governments managed assets worth more than \$45 billion, including responsibility for more than 87% of the public road network. Many of these assets are of strategic importance to the state. Local Governments provide assets that primarily support:

- *economic development* - such as roads, bridges, pedestrian and cycle paths, drains, and airports
- *social development and community wellbeing* - such as recreation centres, community centres, libraries, swimming centres, street lighting, and aged care and childcare facilities; and
- *environmental management and sustainability* - such as waste management, recycling, stormwater management facilities, streetscape infrastructure, and coastal management infrastructure.

In response to growing populations, industry demands and changing community expectations, Local Governments have invested heavily in community infrastructure in recent years. Growth in the value of Local Government owned buildings and structures significantly outstripped growth in the value of State Government owned buildings and structures (General Government) between 2012-13 and 2017-18, 106% to 10%. It is projected that the total value of Local Government owned buildings and structures will soon be greater than the total value of State Government owned buildings and structures (General Government sector only).

Local Government also has a significant influence on infrastructure provision through its planning and regulatory functions. Section 5.56(1) of the *Local Government Act 1995*, requires Local Governments to have in place a long term Strategic Community Plan. The Strategic Community Plan includes long and medium term priorities and resourcing implications with a horizon of 10 or more years. A long-term (10-year) financial plan and asset management plan are required to support the Strategic Community Plan. Local Governments also have extensive land use plans. These provide valuable local level insights and should be used to inform the State Infrastructure Strategy through a bottom-up approach.

There is also greater scope for IWA's State Infrastructure Strategy to link into the Commonwealth's roles in providing infrastructure. While the role of the Commonwealth in providing infrastructure through Infrastructure Australia is reflected in the Discussion Paper, it will be critical that WA's Infrastructure Strategy is aligned with the long-term strategy set out by Infrastructure Australia.

Data collection, analysis and application is likely to have a major influence on the needs for and types of infrastructure required.

A key challenge in the Western Australian context is to encourage an innovative, competitive market for the provision of information based services including use of data to maximise the value of hard infrastructure, while integrating both data and connectivity across sectors. In other parts of the world, city governments are responsible for a wide range of utilities and infrastructure services. This provides a catalyst and incentive for building and operating networks that serve a range of purposes, particularly those relating to linear infrastructure. For example, where cities provide water, waste water, waste, electricity, gas, policing, fire services, public transport, roads and housing for the community; the ability to capture economies of scale in digital connectivity, data analysis and application are apparent and are being demonstrated. In Western Australia public service provision is spread across Federal, State and Local Governments, and those provided by the State Government are spread across a wide range of departments, agencies and Government Trading Enterprises (GTE's).

“Smart Cities” plans have been adopted by the more populous Local Governments in Australia and many are deploying sensors and internet of things enabled infrastructure. As part of the State Infrastructure Strategy development, Infrastructure WA should analyse and recommend ways in which the various public infrastructure providers, including GTE's ensure that digital infrastructure is deployed most efficiently from a public perspective.

As an example, digitally enabled street lighting is widely deployed around the world. As streetlights are extensively spread through urban areas, the network is used as the backbone for a range of applications including traffic management, environmental monitoring and waste collection. However, if the opportunities from deploying “smart” street lights are considered only from the perspective of an electricity distributor, the business case is markedly weakened and opportunities to improve the liveability and efficiency of the communities is missed. The infrastructure strategy should seek ways in which the needs of the community can be integrated in the provision of digital infrastructure and include Local Government managed infrastructure in this context. Where monopoly rent seeking occurs, the benefits from this technology are likely to be achieved more slowly.

#### 4. Are there any additional or alternative principles that should guide the development of the Strategy?

##### Key Points

- *WALGA supports the principles identified as the basis for developing the State Infrastructure Strategy*
- *The strategy should consider the life-cycle cost of services delivered through infrastructure, considering both new and renewed infrastructure*
- *In relation to engagement, it will be critical to maintain a strong relationship with Local Governments given its role in the planning and provision of infrastructure*
- *A further objective that should be considered by IWA is “integrated” to ensure alignment with existing plans and strategies that are in place.*
- *In developing the Strategy, it will be important that any existing plans are reviewed to ensure they remain relevant and fit for purpose and consistent with IWA’s broader objectives.*

WALGA supports the principles identified as the basis for developing the State Infrastructure Strategy.

In relation to the first principle, the Discussion Paper notes that, “maintaining a strong relationship with State Government agencies will be particularly important.” WALGA considers that it will also be critical to maintain a strong relationship with Local Governments given its role in the planning and provision of infrastructure.

“Integrated” should also be a principle that is considered by IWA, to ensure that the strategy complements, and does not conflict with existing strategies that may be in place. There are a wealth of State-wide initiatives, infrastructure and planning strategies, and regional and sector specific strategies for the state, including Diversify WA; Perth and Peel @ 3.5 million; Public Transport for Perth in 2031; and Regional Development Commission Blueprints to name just a few. It will be essential that there is alignment between the State Infrastructure and other more specific strategies to improve planning and coordination. As part of this process, any existing plans should be reviewed to ensure that they remain relevant and fit for purpose, and are consistent with IWA’s other objectives such as “affordable and deliverable” and “objective and rigorous”.

An infrastructure plan should not focus only on new infrastructure, but include a strategic approach to the options regarding renewal of existing infrastructure. For example, nearly one quarter of total expenditure on roads managed by Local Government is for capital renewal of existing assets, which is similar to expenditure on capital expansion and upgrade combined. If considered a single investment decision, rather than hundreds of individual decisions, capital renewal investment would be well above the threshold for consideration by Infrastructure WA. As assets including buried assets such as storm water drains and long-life structures such as bridges reach the end of their useful life, there is clear value in prioritising renewal with considerations regarding investment in additional infrastructure.

## 5. Are there other strategic issues that we have not addressed that should form part of these objectives?

### *Key Points*

- *WALGA considers the objectives identified in the Discussion Paper are appropriate, and has provided additional comments in relation to specific objectives for consideration by IWA.*
- *Given that these objectives are broad, it will be important that IWA distills these down into clear targets to ensure that progress in delivering the Strategy can be measured.*

WALGA supports the objectives identified in the Discussion Paper and provides further comments in relation to these.

Overall, the strategy needs to recognise that Infrastructure is a 'whole of community' issue - not just one for Government of all levels to address. As the end user and beneficiary of infrastructure, industry and community need to be involved in the process at all levels in terms infrastructure planning, provision and funding.

In relation to the objectives identified by IWA, it will be important that these can be distilled down into clear and measurable targets to ensure that progress in delivering the Strategy can be clearly measured and to ensure accountability.

### *Support a strong and resilient economy*

WALGA supports the need for a strong and resilient economy and recognises that infrastructure will be a key enabler of our future economic success. In seeking to diversify the economy, it will be important that we look to leverage our existing strengths and advantages to drive future economic opportunities.

It will be critical that the State Infrastructure Strategy links to the broader economic development ecosystem in WA. The State Government sets the broad policy direction for economic development in WA through individual policy instruments: regional and sector-specific strategies (such as Royalties for Regions), specific infrastructure and planning strategies (such as the WestPort Port and Environs Strategy) and broader policy measures and State-wide initiatives (such as the annual State Budget and Diversify WA strategy).

However, there are also a number of economic development strategies at a local level, which can be used to inform the State Infrastructure Strategy through a bottom up approach. Many Local Governments have a strong focus on developing and diversifying their local economy as a way to deliver better outcomes for their community. While this often occurs through the Strategic Community Plan (SCP) (which is prepared by each Local Government to provide medium term (five to 10 year) direction regarding the vision, aspirations and priorities of the community), many Local Governments have also prepared specific economic development strategies. WALGA research has found that around 44% of Local Governments have a formal economic development strategy in place.

The Discussion Paper acknowledges the importance of linking the Strategy with Diversify WA in order to deliver on this objective, however it will also be important that there is alignment with all regional and specific planning strategies, including documents produced by Local Governments.

### *Maximise regional strengths to unlock strategic opportunities for WA*

WALGA supports the focus on regional WA as a way to unlock strategic opportunities for the state. Many of the states key industries and potential growth opportunities are located in regional WA.

The vast size and sparse population of WA means that in regional areas there are a range of challenges for infrastructure provision, which are reflected in the Discussion Paper.

Critical to improving infrastructure provision in regional WA and unlocking emerging opportunities will be to improve planning and coordination. Some of the challenges related to regional collaboration were identified by WALGA in its 2019 study into Local Government and Economic Development. These also have relevance in the context of regional infrastructure development. WALGA's research found that while collaboration is occurring between stakeholders, this is often ad hoc or piecemeal, and in some cases collaboration is not occurring at all. One in six Local Government representatives regard weak regional collaboration as a barrier to economic development and one in three thought assistance with regional collaboration was an area of need.

Some of the key recommendations of the report to improve regional collaboration on economic development issues which have relevance for infrastructure development included:

- The need for clear strategic alignment between the many agencies involved. WALGA identified the need to develop a shared vision as a critical step towards a more collaborative approach within regional WA.
- Better communication and engagement between all levels of Government, industry and the community.
- Clarity of roles and responsibilities of the agencies and organisations that are involved.

In creating a more strategic framework for regional WA, one consideration should be the Functional Economic Regions (FER) approach, which is a model to support regional economic development. WALGA considers this also has application in the context of infrastructure planning.

FERs group a number of Local Government areas together on the basis of real economic linkages - such as between a region which produces forest products and a region which manufactures those products into milled timber - rather than arbitrary geographical boundaries. WALGA considers that IWA should further explore this model as a way to facilitate infrastructure investment in regional WA.

#### *Enhance infrastructure delivery and develop skills for the future*

WALGA agrees that a highly skilled, public and private sector workforce is critical to ensuring the appropriate delivery of infrastructure projects and to address technological innovation more broadly.

The Discussion Paper notes the role that the Construction Industry Training Fund plays in ensuring an adequate supply of workers for the building and construction industry. However, WALGA has concerns about the current operation of the Construction Industry Training Fund to the extent that it cannot be accessed by Local Governments to support their workforce needs. Local Governments pay into the fund for construction projects and collect funds during the Building Permit process, yet are unable to access any of the millions collected to support the sector in its functions and future workforce.

Given Local Governments significant role as a provider of infrastructure, the ability to access a suitable workforce will be essential to ensure future infrastructure needs are met. This fund should be accessible to Local Governments to fund apprentices for construction projects provided by the sector.

#### *Support access to social services and improve Aboriginal wellbeing*

WALGA agrees that infrastructure can play an important part of the solution to address disadvantage and is essential to support community wellbeing.

As part of this objective, WALGA considers that it is appropriate to define a base level of service delivery for our communities. Access to essential infrastructure such as utilities, communications, healthcare and education are critical to support quality of life and wellbeing in regional areas, and to enable participation in the economy. Defining minimum levels of service delivery will help when prioritising projects to strike a balance

between supporting future economic opportunities and ensuring communities have access to essential services and infrastructure.

Access to social services and infrastructure is a key issue in regional areas of WA. There are significant challenges for providing infrastructure in regional areas of WA due to the dispersed population and low population density, which contributes to higher costs of infrastructure provision and maintenance, and lack of services in some areas. For example, some regional Local Government areas do not have a medical centre, or have to drive significant distances (in the order of 500km) in order to access care.

WALGA considers this is a critical issue that must be examined as part of the State Infrastructure Strategy.

While the State Government is tasked with delivering much of the services and infrastructure to support the community, it also needs to be recognised that Local Governments are increasingly playing a role to deliver essential social services and infrastructure and address gaps to ensure access for their communities. For example, Local Governments are increasingly providing housing for essential services workers (such as police and teachers), vehicles, or medical centres.

In this regard, it will be essential that there is a clear link between the State Infrastructure Strategy and Local Government infrastructure planning and coordination.

#### *Enhance cross-government coordination and planning*

WALGA agrees that there is significant scope to improve infrastructure coordination and planning across Government, and supports the general directions outlined in the Discussion Paper.

However, improved coordination and planning must occur across all three levels of Government. The Discussion Paper makes little reference to the important roles that Local Governments play in the planning for and delivery of infrastructure in WA, and the need for closer linkages between State and Local Government.

Infrastructure planning and provision forms an important part of Local Governments' activities to support economic and community development, including the direct provision of economic and social infrastructure such as roads, bridges, footpaths, drainage, parking, sport and recreation facilities, waste management facilities, airports, ports and marinas. Local Government also has important functions in terms of regulation, including building services such as inspections, licensing and certifications and planning and development approval.

Given these are significant functions that will impact on the state's economy and infrastructure development, WALGA considers that there must be a clear link to local level infrastructure planning and provision as part of the State Infrastructure Strategy. This objective should be revised to consider improved coordination and planning across all levels of government, and to recognise the role of Local Government in planning for and delivery of infrastructure for WA.

To this end, Local Government plans, Local Government infrastructure plans and Local Government planning schemes should all be reflected in the infrastructure planning framework. Section 5.56(1) of the *Local Government Act 1995*, requires Local Governments to have in place long term Strategic Community Plans. The Strategic Community Plan includes long and medium term priorities and resourcing implications with a horizon of 10 or more years. A long term (10 year) financial plan and asset management plan are required to support the Strategic Community Plan. Local Governments also have extensive land use plans. These provide valuable local level insights and should be used to inform the State Infrastructure Strategy through a bottom-up approach.

In preparing their long-term infrastructure plans, other states have recognised the role that Local Government plays in infrastructure planning and coordination. The long-term infrastructure strategy prepared in Queensland

## CONTACTS

is one example where the infrastructure planning framework takes into account Local Government plans, and could a model that IWA can look to as part of this process.

#### *Address climate change and increase resilience*

WALGA considers that the inclusion of an objective to address climate change and increase resilience is appropriate for the State Infrastructure Strategy, and supports the directions outlined in the Discussion Paper.

Resilience of infrastructure should be considered when it is planned, designed, delivered and managed, and should be of an appropriate standard to withstand the known climate change impacts likely to be experienced in the future. This includes continuing to monitor the projected increases in natural disasters due to climate change, and plan infrastructure projects accordingly.

A specific area that should be examined as part of this objective is the protection of coastal infrastructure.

The State *Government Assessment of Coastal Erosion Hotspots in Western Australia* (Department of Transport 2019) identifies 55 locations as coastal erosion hotspots, with an additional 31 locations designated as a watch list for future investigation. Significant public assets have been identified as being at risk through the report, and through the more granular Coastal Hazard Risk Management and Adaptation Plans, developed at the individual Local Government level.

A conservative State Government estimate is that \$100m will be required to deal with those hotspots identified as being at risk within a five-year timeframe.

It will be critical that the State Infrastructure Strategy acknowledges this issue and takes into account the projects identified in the *Assessment of Coastal Erosion Hotspots in Western Australia* report that need to be acknowledged and delivered on. The erosion at Port beach is a live example.

#### *Support population growth and change*

Population and demographic changes are a major driver of infrastructure needs in both the metropolitan and regional context, and supporting these changes is a critical objective to underpin development of the State Infrastructure Strategy. The size, demographic composition and location of the population and how this changes over time will affect the types of infrastructure needed over the 20 year period for which the strategy will be developed.

The Discussion Paper acknowledges the significant challenges for providing infrastructure in regional areas of WA due to the dispersed population and low population density, which contributes to higher costs of infrastructure provision and maintenance. WALGA considers this is a critical issue that must be examined as part of the State Infrastructure Strategy.

Due to the challenges associated with remote and regional WA such as thin labour markets, narrow economies and a small State Government presence, Local Governments play a critical role in the provision of essential infrastructure in these communities. Local Governments provide infrastructure in these communities that is often of strategic importance for the State - such as airports.

In taking on this role as a provider of last resort, this can lead to significant pressures for the sector, especially in relation to how this infrastructure is funded. Local Governments in remote and regional areas generally do not have the same capacity as those in metropolitan Perth or large regional centres to use rates revenue to fund the services they provide. As a result, these Local Governments are reliant on grant funding from other levels of Government to help finance the infrastructure and services required by their communities. In 2018-19, own sourced revenue accounted for on average only 56% of total revenue for regional Local Governments without large towns.

A further issue that should be examined by IWA as part of this objective is the best way to support the transient population in many regional areas due to the significant Fly In Fly Out workforce in Western Australia. In some circumstances, Fly In Fly Out (FIFO) and Drive in Drive Out (DIDO) work practices are an essential part of the state's mining sector when there is not a sufficient local workforce to meet the existing vacancies. However, there is a significant challenge that comes with this to fund the additional services and infrastructure that are required to cater for an increased population at times. Local Governments have felt the burden of this as they are a significant provider of local infrastructure, but do not have appropriate funding to cover these additional costs associated with a transient workforce. The impact of this was outlined in the 2015 *House of Representatives Inquiry into Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia*, which identified infrastructure shortages across a number of areas resulting from the FIFO workforce including:

- community infrastructure and services;
- rail and road infrastructure;
- town services, including water, road and sewerage;
- airports; and
- telecommunications.

#### *Maximise liveability and cultural strategic opportunities for our community*

WALGA agrees that maximising the liveability of Perth and the regions through cultural and social infrastructure is an important objective to support both our economy and communities. Social and cultural infrastructure provides community hubs, which support community resilience. The Strategy and project assessment criteria should ensure that access and inclusion principles are taken into account in the development of cultural and social infrastructure projects.

There are a number of strategic policies and programs that have been developed in relation to cultural infrastructure, which IWA should draw upon in developing the State Infrastructure Strategy. In particular:

- *Cultural Infrastructure Strategy* - The recently developed Cultural Infrastructure Strategy will be an important input to the State Infrastructure Strategy. WALGA considers that the definition of cultural infrastructure could be expanded to now incorporate the expanded definition of social infrastructure as outlined in by Infrastructure Australia, which includes public open space and active recreation spaces.
- *State Library Strategy* - The State Library Strategy is due for review in 2021-22, and should be used to inform the State Infrastructure Strategy. Local Government libraries are a critical part of this infrastructure that will require attention in coming years, many of these 239 facilities approaching 60+ years of age and requiring investment.
- *Sports infrastructure* - WA has a robust sports funding program through a range of grant programs such as the Community Sport and Recreation Facilities Fund. This could be brought together with the Cultural Infrastructure Strategy to develop a Social Infrastructure Strategy for WA, to inform the broader State Infrastructure Strategy.

There are also other areas of social and cultural infrastructure that do not necessarily form part of these broader strategies but could assist to deliver on key strategic objectives for the State. These are instead captured in Local Government and other more specific planning documents or policies, and should be considered by IWA as part of this objective. While in isolation these may consist of smaller projects in terms of construction value, collectively they could form part of a larger program of works to support key strategic objectives for the state. These include:

- *Community Safety* - CCTV, street lighting and other lighting of community facilities is important infrastructure to assist with community safety and evening activation of social and cultural infrastructure such as sports grounds and skate parks etc.
- *Caravan Park and Camp Ground infrastructure* - As well as supporting tourism and economic development, caravan park and camp ground infrastructure can help to support social housing and affordable accommodation opportunities.

### *Embrace technology, data and digital connectivity*

WALGA supports the focus on technology, data and digital connectivity as a key objective to underpin the State Infrastructure Plan. Digital technology will have significant implications for both our economy and community going forward, and appropriate digital connectivity should be designed and built into all public infrastructure. The Discussion Paper highlights many of the challenges in relation to this objective, which will need to be closely examined in developing the Strategy.

While the Discussion Paper largely focussed on access to technology and use of data, it will also be important to consider the resilience of this infrastructure. Local Governments are frequently in contact with WALGA to express concern about telecommunications issues during emergencies. Some of the issues raised relate to blackspots, battery backup failures and outages.

The need for more reliable mobile telecommunications has become more acute since the transition to the National Broadband Network, as landline phone services are now also dependent on reliable power supply. As part of this objective, IWA should examine telecommunications needs in areas prone to natural disasters, although this should not apply weighting to areas most recently affected. Rather risk needs to be established on the basis of criteria such as vegetation, environment, weather conditions or long term frequency and impact of natural disasters.

### *Get the most from our infrastructure and improve maintenance*

In a fiscally constrained environment, getting the most out of existing infrastructure and improving maintenance will be important objectives. This issue has become even more pressing in recent months due to the impact of COVID-19 on Government finances at all levels.

The infrastructure strategy scope should include maximising the benefits of and minimising the lifecycle costs of existing infrastructure.

Federal and to a lesser extent State Government infrastructure funding most commonly focusses on new infrastructure to meet a growing or changing need. Operation, maintenance and renewal of infrastructure falls disproportionately to Local and State Governments. Of the total \$972 million expenditure by Local Governments on roads in 2018/19, \$227m or less than 25% was on upgrading or expanding the network. Most expenditure is required to maintain and renew existing assets so that they can continue to deliver service to the community.

6. What are the macro trends that you see as important over the 20-year timeframe? What risks or opportunities do they provide to the Strategy?

Key Points

- *WALGA agrees with the macro trends identified in the Discussion Paper.*
- *In relation to the “economy” assessment, a further trend that IWA should consider is the explosive growth of the sharing economy.*
- *IWA could also consider geopolitical trends and Government finances and their implications for WA’s infrastructure needs.*

WALGA agrees with the macro trends identified in the Discussion Paper as the basis for developing the State Infrastructure Strategy. These trends should be examined as part of the scenario planning to inform the top down approach and the longer term strategy.

In relation to the assessment of “Economy”, a further trend that IWA should consider is the explosive growth of the sharing economy. It is expected that people, particularly younger demographics, will increasingly choose to consume goods on a subscription or pay as you go basis as opposed to direct ownership. Key examples of these types of services are mobility as a service (including ridesharing) and Air BnB. The increased use of infrastructure and assets that are shared will require society to rethink the infrastructure it provides, as demand patterns change. For example, car sharing will mean that there will be fewer vehicles on the road.

A further macro-level issue that IWA should consider relates to trends and changes in Government and the broader geopolitical environment. The long-term nature of the Infrastructure Strategy is designed to remove politics from the decision making process at a State level, which is an important objective. However, WA’s future infrastructure needs can still be impacted by general trends and changes in political ideology.

In recent years there has been a shifting focus towards nationalism, which began with the Global Financial Crisis but has been reinforced during the COVID-19 pandemic. This has seen a focus around the globe on greater self-sufficiency and a move more towards protectionism. This trend can have significant implications for WA as a small and open economy, and in turn, our infrastructure needs. Recent examples have been the restrictions on trade that have been introduced in a number of countries around the world, such as China’s introduction of an 80% tariff on barley. International education and tourism is another example, where the closure of international borders has had a significant impact on demand for accommodation, transport (e.g. aviation), and hospitality. A further example relates to the COAG waste export ban, which will drive a focus on local reprocessing.

The ongoing fiscal constraints on Governments is also an important macro trend that should be considered by IWA in planning for the state’s infrastructure needs. While this is a global trend, Governments at all levels in Australia have also been subject to mounting fiscal pressure and rising debt. This has been further exacerbated in recent times due to the need for increased spending and borrowing to fund COVID-19 economic and social support and stimulus packages. Over \$215.6 billion of economic support has been provided by all levels of Government for COVID-19. The Federal Government recently announced that the pandemic has seen the biggest hit to the budget since World War II, with net debt expected to be almost \$852 billion in 2020-21 - which is likely to take decades to pay off. Detail of the impact on the State Budget has not yet been released.

In this environment, the record levels of debt may have implications for the reliance on Government borrowings as a way to fund infrastructure. This will necessitate a focus on alternative solutions to meet our future infrastructure needs, such as through private sector funding (e.g. working with superannuation funds) or broader policy reforms and non-build solutions such as renewal and maintenance of existing infrastructure.

## 7. How can regions work together to identify and deliver large-scale opportunities, projects and programs which extend across regional boundaries?

### Key Points

- *Collaboration across regions will require leadership from the State Government to bring together the key stakeholders and to assist with infrastructure planning.*
- *Areas which could be improved to facilitate collaboration across regions include:*
  - *Clear strategic alignment between the many agencies involved, and clarity of roles and responsibilities*
  - *Better communication and engagement between all levels of Government, industry and the community*
- *Infrastructure WA should explore the use of functional economic regions as a way to identify and deliver large-scale opportunities across regional borders. In some circumstances, it may be useful to consider a program of work that cuts across regional boundaries to support a particular strategic outcome, rather than individual projects.*
- *The ability for Local Governments to use more flexible and innovative methods to deliver services and infrastructure will help to facilitate regional collaboration, and will require the regional subsidiaries model to be fit for purpose, and reform to the Local Government Act 1995 to allow for the establishment of single or joint subsidiaries.*

WALGA considers that collaboration will be essential to ensure that large-scale opportunities, projects and programs which extend across regional boundaries can be delivered.

Ultimately, ensuring collaboration across regions will require leadership from the State Government to bring together the key stakeholders and to align the key planning documents at a State and Local level.

Some of the challenges related to regional collaboration were identified by WALGA in its 2019 study into Local Government and Economic Development. These also have relevance in the context of regional infrastructure development. WALGA's research found that while collaboration is occurring between stakeholders, this is often ad hoc or piecemeal, and in some cases collaboration is not occurring at all. One in six Local Government representatives regard weak regional collaboration as a barrier to economic development and one in three thought assistance with regional collaboration was an area of need.

Some of the key recommendations of the report to improve regional collaboration on economic development issues which have relevance for infrastructure development included:

- The need for clear strategic alignment between the many agencies involved. WALGA identified the need to develop a shared vision as a critical step towards a more collaborative approach within regional WA.
- Better communication and engagement between all levels of Government, industry and the community.
- Clarity of roles and responsibilities of the agencies and organisations that are involved.

This can be achieved through the creation of a Regional Development Framework that articulates regional WA's long term economic vision; identifies regional WA's competitive advantages and engine industries and how they align with those in DiversifyWA; and identifies the impediments/enablers to regional economic development that are common across all, or most of, WA's regional areas. It should also provide a plan to address or capitalise

## CONTACTS

on these. This should be supported by a coordinated infrastructure planning structure that has input into the Strategy and assists with monitoring progress on current projects and evaluating new projects.

In creating a more strategic framework for regional WA, one consideration should be the Functional Economic Regions (FER) approach used in New South Wales, which was identified as a best practice model to support local economic development. WALGA considers this also has application in the context of infrastructure planning.

FERs group a number of Local Government areas together on the basis of real economic linkages - such as between a region which produces forest products and a region which manufactures those products into milled timber - rather than arbitrary geographical boundaries. WALGA considers that IWA should further explore this model as a way to improve collaboration across regional boundaries to facilitate infrastructure investment. In some circumstances, it may be useful to consider a program of work that cuts across regional boundaries to support a particular outcome, rather than individual projects. An example of this is the recent draft South West Freight Plan, which considered broader supply chain impacts and highlighted issues and opportunities outside of the South West region.

Outside of a more strategic planning framework for regional WA, there are also practical reforms that enable collaboration across regional boundaries.

The passing of legislation in WA to allow for the use of regional subsidiaries to deliver services is a positive development. This model is expected to reduce red tape and improve efficiency in vital areas such as planning approval processes, road maintenance and administrative systems. However, WALGA has concerns that the regulations are overly prescriptive and do not allow for the flexibility that is required. To ensure realisation of the benefits of the regional subsidiary model to improve collaboration across Local Government areas - particularly flexibility, and the ability to establish regional subsidiaries that are fit-for-purpose - it is important that the model is not over-regulated.

Further, amendments to the *Local Government Act 1995* to enable Local Governments to establish a wholly Local Government owned commercial organisation (would also facilitate greater collaboration both between Local Governments across regional boundaries and with the private sector. The current Local Government Act provisions make it difficult for a Local Government to be involved in a joint venture or any commercial enterprise.

This would be a more flexible and suitable model to deliver strategic infrastructure (and other projects and services needed by the community), for example waste management, regional airports, and land development/urban renewal projects that would otherwise not be undertaken by the private sector. Some of the benefits of this model include:

- The ability to employ professional directors and management with experience specific to the commercial objectives of the entity;
- Removal of detailed investment decisions from day-to-day political processes while retaining political oversight of the overarching objectives and strategy;
- The ability to take an overall view of commercial strategy and outcomes rather than having each individual transaction within a complex chain of inter-related decisions being subject to the individual notification and approval requirements of the Local Government Act;
- The ability to quarantine ratepayers from legal liability and financial risk arising from commercial or investment activities;
- The ability to set clear financial and non-financial performance objectives for the entity to achieve; and

- Greater flexibility to enter into joint venture and partnering relationships with the private sector on conventional commercial terms.

## 8. What do you think are the greatest infrastructure needs and priorities across the regions and Perth?

### Key Points

- *Improved infrastructure planning and coordination is the most urgent need across the regions and Perth.*
- *WALGA members have also identified a number of specific areas of infrastructure need, which will help to meet IWA's objectives.*

To ensure that WA's future infrastructure needs are met, the most important priority will be to improve infrastructure planning and coordination between all levels of Government and the private sector.

The development of the State Infrastructure Strategy will be an important way to achieve this, by bringing together existing plans for the state (for example, regional plans, land use, transport, community plans etc.) to ensure alignment and consistency. The strategy should bring together all three levels of Government and their respective roles in infrastructure planning and delivery. It will be critical that long-term strategic community plans prepared by Local Governments are used to inform the state's future infrastructure needs.

This approach will have long-term benefits across all infrastructure sectors, rather than addressing specific infrastructure gaps.

Outside of a more robust infrastructure planning framework, WALGA members have identified a range of specific infrastructure needs across the regions and Perth.

- *Telecommunications* - Telecommunications infrastructure is critical for our future economic and community development. Telecommunications and digital infrastructure will underpin developments in our economy and the way we deliver essential services such as health, education and justice - not just in regional areas but across the state as a whole.

A focus on digital capability will be critical across the whole state to ensure that we can capture the benefits of technology, data and digital connectivity to improve productivity of our existing and future industries, improve service delivery and unlock new opportunities for all communities.

Despite the introduction of the National Broadband Network, there remain issues with telecommunications including blackspots, outages, and slow internet speeds. While this area of infrastructure is often considered to fall within the jurisdiction of the Commonwealth Government, it is critical to our state's future and will also require a focus from the State Government.

Telecommunications infrastructure has been identified as an area of particular concern in regional areas for some time now, and this was reinforced during the COVID pandemic and in recent emergencies. WALGA members have reported that the current services provided are unreliable, slow and are holding back local economic development and effective emergency management response. For example, slow internet speeds in the Pilbara have limited the ability to use online training effectively and efficiently. There have also been reports of telecommunications failures during emergencies. Improved telecommunications infrastructure will also be important to support community resource centres.

- *Utilities* - WALGA members in regional areas of the state have identified ageing or insufficient utilities infrastructure as a key barrier to economic development in their local area. Members have reported concerns with deteriorating water, power and wastewater reticulation and treatment systems, and the significant headworks costs that are required to introduce or update infrastructure. The projects are critical

to future industry growth and community development. Many of these projects are shovel ready and could deliver significant benefits in the short term.

- *Waste Infrastructure* - The upcoming national waste export ban, changing international trading terms and targets in the State Waste Strategy require a pivot to a more circular economy that will drive innovation, technology and employment opportunities. The 2018 China National Sword Policy highlighted the vulnerability of the markets that WA was selling its recyclable materials to. The COAG export bans, soon to commence implementation, on plastics, tyres, paper and cardboard further identify that WA needs to develop regional infrastructure to process this material locally.
- *New energy infrastructure* - Non-network and renewable solutions are an important priority to the extent that they may offer an alternative solution for regional areas, as well as creating the potential for skills development and job opportunities as these technologies develop. There have been trials of these new technologies under way in recent times that could form the basis of future investment across the state. A shift towards new energy infrastructure will also be important to reduce our dependence on fossil fuels.
- *Road maintenance* - Critical parts of the supply chain for major projects require use of the Local Government road network. These sealed or unsealed roads were not designed or constructed to support the large volumes of heavy vehicles required during both the construction and operation phases of these projects. The Local Government sector faces a significant challenge to prevent the deterioration of the local road network, particularly in areas where there are large volumes of heavy vehicles.
- *Freight routes* - Ensuring appropriate freight routes to move goods to market is essential to the future economic development of the state. The supply chain in WA is integrated, complex and consist of both road and rail services. There has been an increased reliance on local roads to transport freight, as rail freight is either not available or not competitive. The sector considers that freight should be transported by rail where this is economically viable. The *Railways (Access) Act 1998* and the *Railways (Access) Code 2000* exist to encourage the efficient use of, and investment in, railway facilities by facilitating a contestable market for rail operations. However, the Association has concerns that the regime is not operating effectively given that during its period of operation, the rail access regime in Western Australia has not facilitated the maintenance of the existing railway facilities with closure of rail line and difficulties in developing and growing existing rail infrastructure. It will also be important that freight routes and ports are protected from encroachment to ensure these remain open and efficient.
- *Sport and recreation infrastructure* - The provision of major district and regional level sports facilities is necessary to enable organised sport activity in young adult and adult populations, as it provides the spaces necessary for formal training and competitions, creating environments for sustained participation and pathways to elite sports, and support of mental health and wellbeing outcomes.
- *Sewerage infill program* - Funding for the sewerage infill program has been reduced over the last 10 years, however this still remains a priority to facilitate development in many areas and address environmental concerns associated with septic tanks.

## 9. How can declining population in some regions be slowed or reversed?

### *Key Points*

- *One opportunity to address or slow the declining population in some regional areas is to attract skilled migrants.*
- *Skilled migrants may create opportunities to further develop regional economies and generate scale by increasing the skills base, demand for services, and through improving access to international networks.*
- *This may not be a solution for all regional areas, as the ability to attract and retain skilled migrants will rely on the existence of year around employment opportunities. In some regional towns, there may be other factors that are hampering business growth which need to be addressed first, such as upgrades to utilities and other infrastructure.*
- *Greater use of technology to allow people to stay in regional areas may be another way to stem the decline in population, but will require access to fast and reliable telecommunications infrastructure.*

Ensuring a sustainable population and workforce is a key issue for remote and regional areas of Western Australia, to realise economic opportunities and ensure these communities have access to essential services and infrastructure. The size and sparseness of the state means that WA's remote and regional areas face a number of challenges such as difficulties in funding and providing infrastructure, thin labour markets, narrowly based economies and a small State Government presence. Addressing many of these challenges is a complex task, which requires multi-faceted policy solutions.

Many remote areas of the state are experiencing population decline. According to the Australian Bureau of Statistics, the number of Western Australians living in very remote or remote areas has been in decline for the four years from 2015 to 2019 (-8.2% and -3.3% respectively), while the number of people living in outer regional areas of WA has declined by 3% over this period.

Addressing this decline and ensuring sustainable populations in regional areas - particularly the regional capitals - is important to ensure that these locations can continue to service the significant industry base that is located in regional areas. The importance of regional centres was set out by Regional Capitals Australia, which emphasised that the role of these centres is to provide a 'central point to access essential infrastructure, services, business, employment and education for local residents as well as those in surrounding towns and rural areas.' This is particularly relevant to WA Local Governments, since they provide important rail, road and port links to export markets for the State's key commodities, such as wheat and iron ore.

Addressing population decline in regional areas of the state is a complex issue that requires a multidimensional policy response, including the exploration of incentives to attract Western Australians to live in regional areas.

As part of a broader policy response to address this issue, one opportunity to address or slow the declining population in some regional areas, build up a sustainable population base and meet local labour needs is to attract skilled migrants to reside in the area.

Skilled migrants may create opportunities to further develop regional economies and generate scale by increasing the skills base, demand for services, and through improving access to international networks. Compared to the metropolitan area, the regions often have a greater capacity to accommodate migrants as they are less affected by issues such as congestion and housing affordability.

The benefits of migration to regional areas have been outlined by the Regional Australia Institute (RAI). In its report *The Missing Workers*, the RAI reinforces that overseas born residents can help offset declining populations in regional areas, and should be the first priority to fill labour gaps. In Western Australia, it points toward Dalwallinu as an example where the local community undertook a project to attract overseas workers to address skilled labour shortages for local businesses, which has seen the local population grow by around 15% since 2011, with new residents from a diverse number of countries including the Philippines, India, Burma, Thailand, China, Finland, Britain, Korea, Singapore, Sri Lanka, Vietnam, England, Ireland, Africa and New Zealand.

This may not be a solution for all regional areas, as the ability to attract and retain skilled migrants will rely on the existence of a business community that offers year around employment. In some regional towns, there may be other factors that are hampering business growth which need to be addressed first, such as upgrades to utilities and other infrastructure.

The development of technology is another opportunity that could be explored to assist people to stay in regional areas of the state. With remote and home based work becoming more commonly used in the post COVID-19 environment, this may break down barriers which require employees to be based in cities and allow regional workers to access a much wider jobs market without having to relocate. However, this will require a focus on ensuring fast and reliable telecommunications infrastructure.

10. Should Western Australia have a second major city of more than 200,000 people? Which of the State's existing centres should become a second major city and why?

No comment on this question.

**11. What, if any, other infrastructure sectors should be addressed in the Strategy?**

No comment on this question.

12. How should the Strategy address private sector infrastructure requirements?

No comment on this question.

13. How can the Strategy assist to coordinate and integrate across infrastructure sectors? What interdependencies do you consider most important?

*Key Points*

- *A State Infrastructure Strategy will help to coordinate and integrate across infrastructure sectors by ensuring that all agencies and levels of Government are working towards a common agenda.*

A State Infrastructure Strategy will be a critical tool to help coordinate and integrate across infrastructure sectors by ensuring that all agencies and levels of Government are working towards a common agenda. It will help to:

- Set out a vision for infrastructure in WA.
- Ensure the state's infrastructure needs are considered as a whole, rather than examining specific regions or projects in isolation.
- Bring together all three levels of Government and the private sector and their respective roles in infrastructure planning and delivery to achieve a common vision
- Coordinate and align existing plans for the state (for example, regional plans, land use, transport, community plans etc.), to ensure consistency.

As well as providing a strategic framework for infrastructure in WA, an infrastructure strategy for the state can help to provide the broad context in which individual projects can be assessed. It will enable the state's infrastructure requirements to be mapped across sectors to illustrate synergies and identify gaps.

In making sure that there is coordination and integration across infrastructure sectors, it will be important that linkages between sectors are also considered on a project by project basis. Large-scale projects typically require extensive work outside the project boundaries to enable connection with transport, power, water, telecommunications, waste and other systems.

Every Local Government in Western Australia publishes a Community Strategic Plan that sets out objectives and actions to deliver on those objectives at a local level. These should be analysed as the basis of bringing Local Government into the development of a common vision.

14. Do the opportunities and challenges identified in this section reflect the most important and/or pressing matters in each sector?

*Key Points*

- *WALGA considers that some clarification is needed in relation to the opportunities and challenges for waste infrastructure.*
- *The Discussion Paper does not appropriately reflect the State and Federal Governments roles in waste management in terms of program development and funding.*

WALGA considers that some clarification is needed in relation to the opportunities and challenges for waste infrastructure, particularly in relation to the roles of the key stakeholders involved in the provision of infrastructure provision.

The Discussion Paper states that “waste management is primarily the responsibility of Local Government, with a reliance on privately owned infrastructure, and both the State and Federal governments have key regulatory roles”.

Local Government does have a key role in terms of waste infrastructure. The sector is given the remit to manage waste from its own operations and households under the *Waste Avoidance and Resource Recovery Act*. Waste from these streams makes up approximately 30% of the waste generated in WA. The private sector manages the waste generated from other sources. Local Government has some reliance on private infrastructure; however it also owns significant infrastructure in its own right. For example, of the two Material Recovery Facilities operating, one is owned by a Regional Council. Local Governments also own the majority of landfills in the State, in both the metropolitan and non-metropolitan area.

However, the State and Federal Governments also have a range of functions in relation to waste in addition to its regulatory roles, particularly in terms of policy and program development and funding such as the State Waste Strategy and the \$20 million Better Bins Program.

WALGA considers that these functions are not appropriately reflected in the Discussion Paper, given that it shows the State Government’s investment in Waste Management to be “not applicable”. The State Government, through the Waste Avoidance and Resource Recovery Account, is investing significant funds in waste management infrastructure.

Outside of the roles and responsibilities of each level of Government, there are a number of important strategic issues for the waste sector that should be reflected in the Discussion Paper. The Waste Avoidance and Resource Recovery Strategy 2030 identifies a range of infrastructure requirements to improve resource recovery, and there is also the requirement to respond to the National Waste Ban on recyclables, as determined by COAG.

In relation to waste and climate change, it is worth noting that the majority of the carbon impact of waste occurs not at the end of pipe, when it becomes a management issue, but in the process which generates the products in the first instance. Therefore the Strategy should consider options for waste avoidance in order to have the greatest impact in terms of reducing climate change. It should also be noted that in line with the waste hierarchy waste to energy is only preferable over landfill and composting technologies which also need infrastructure, and are a key focus of the State Waste Strategy.

The Association also has some concerns with elements of the Case Study included in the Discussion Paper on the Waste Strategy and Waste to Energy Plants. The waste to energy plants are unlikely to be able to take much of the material that is included in the COAG export bans because it is unfeasible to burn (glass), specifically excluded by the facility licence agreement (tyres) or has a higher order use (paper and cardboard).

In this regard, the Waste to Energy is not a silver bullet to address this issue, and there will need to be a broader consideration of waste infrastructure needs as part of the Strategy development.

15. Are there particular aspects of infrastructure provision in these sectors which you think IWA should focus on?

Key Points

- WALGA has a number of comments in relation to specific infrastructure sectors for consideration by IWA.

WALGA provides the following comments in relation to the identified infrastructure sectors.

- *Waste* - There are a range of infrastructure needs set out in the Waste Avoidance and Resource Recovery Strategy 2030. It is critical that these are acknowledged and incorporated into the State Infrastructure Strategy, and aligned with other strategies in related areas such as energy.
- *Health* - As well as critical health infrastructure needs for the state, it will be important that the Strategy also takes into account the associated infrastructure that will enable these services to be delivered to communities. For example, in many remote and regional areas of the state, housing for essential workers is critical infrastructure that is provided by Local Governments to ensure their local community has the essential services workforce to operate larger state funded infrastructure such as hospitals, schools and police stations. While many of these projects may fall below the threshold, their essential nature means that they should be reflected in the State Infrastructure Strategy.

Further in relation to health, Telehealth provides a significant opportunity to deliver health services to regional areas, however it will be important that there is reliable telecommunications infrastructure to support this initiative.

- *Transport* - The system of transport infrastructure across WA should be examined to support an efficient supply chain to support future economic opportunities and deliver on community needs. The importance of an efficient supply chain was highlighted during the COVID-19 pandemic from both an industry and community perspective.
- *Water* - The Water Corporation network is ageing rapidly, and will be a critical area to be addressed in the Strategy. In planning for the state's future water needs, there should be a focus on ensuring water security, as well as building climate resilience for regional communities.
- *Digital connectivity* - Many outer urban, rural and remote areas do not currently have access to high speed internet and mobile telecommunications services. Where these services are available there is typically only one provider, leaving limited service options and no competition. The strategy will need to identify innovative solutions, given the role of Federal legislation and major commercial interests in this sector.

While digital connectivity requires specific infrastructure considerations in its own right, it also needs to be enabled across all other infrastructure sectors. The State Infrastructure Strategy is a key opportunity to break down the barriers that currently exist between departments, government trading enterprises, private sector and tiers of Government in the provision of digital connectivity and digitally enabled service delivery. Significant benefits to the community will be foregone if transport agencies, electricity distributors, water and waste service providers and Local Governments continue to operate data networks independently.

- *Education and training* - Investing in education and training infrastructure will be critical to ensure we have an appropriately skilled workforce for the future. In relation to agriculture, the infrastructure associated with the WA College of Agriculture will be a critical part of this, and should be examined by IWA. Specifically, there is a need for investment in accommodation infrastructure at these colleges to meet demand.

- *Arts and culture* - Arts, culture and the creative industries are an economic driver of tourism, regional economies and the nighttime economy. A vibrant arts scene strengthens economic development and job creation. Local Governments provide a significant amount of cultural infrastructure such as museums, libraries, galleries and performing arts centres. ALGA research shows that Local Government contributes almost as much expenditure on arts and culture programs and infrastructure as the State and Federal Governments. As a result, there is a need for a whole of Government approach to cultural infrastructure development.

16. In what way do you think the core sectors may change (for example, emergence of new sectors, or shifts in the importance or significance of sectors) over the life of the Strategy?

#### Key Points

- *All of the infrastructure sectors identified in the Discussion Paper are expected to remain important over the next 20 years, but will change in line with the broader macro trends highlighted by IWA*
- *Some of the drivers of change and their impacts that should be considered by IWA are likely to be:*
  - *The emergence of new technologies that will change the way that services are delivered or the types of infrastructure that is needed*
  - *The transition to a low carbon economy will require a focus reducing carbon intensity and will be particularly relevant for the energy and transport sectors*
  - *Economic diversification and the emergence of new industries will require different types of infrastructure to support growth, and will likely see a focus on improved supply chain and logistics infrastructure*
  - *Ageing of the population will see greater demand for infrastructure to support older Western Australians and will also require consideration of accessibility for those living in regional areas of the state.*

WALGA considers that the identified infrastructure sectors will all remain important over the next 20 years to underpin our economy and communities.

However, it is inevitable that there will be some change in these sectors over the life of the Strategy. While the precise changes are difficult to predict, these will most likely be driven by the broader macro trends that have been identified in the Discussion Paper.

Some of the trends and the potential shifts that IWA should take into consideration in developing the strategy are:

- *The emergence of new technologies* - Technology is rapidly changing and without question will have implications for all our key infrastructure sectors in terms of the way that services are delivered, as well as the types of infrastructure assets that are constructed. Some examples of this may be: the uptake of battery storage in relation to energy; the shift to online service delivery in the health and education sectors; and the introduction of autonomous vehicles and the implications for transport. The greater reliance on digital connectivity and telecommunications means that this sector will be of growing importance over the next 20 years to unlock opportunities and support better economic and social outcomes.
- *Shift to a low carbon economy* - The challenge of meeting the Paris Agreement targets will require a different approach to the delivery of infrastructure and will require a focus on reducing carbon intensity. This will need to be considered in the planning, prioritisation, design and construction, and operations and maintenance phases of infrastructure development. While this will be relevant across all infrastructure sectors, areas there is likely to be a focus on energy and transport. Some examples of low carbon infrastructure are renewable energy projects, and greater use of rail instead of roads for both freight and urban transport.
- *Economic diversification* - The focus on diversifying our economy and unlocking new industries may see the State's infrastructure needs shift. The emergence of new industries may require a focus on different types of infrastructure to support this growth. A key element of this is likely to involve a greater focus on supply

chain infrastructure and an effective freight and logistics system to enable businesses to get goods to market (e.g. agriculture and niche manufacturing), and ensure that WA remains globally and regionally competitive.

- *Ageing of the population* - The ageing of the population will not only see greater demand for infrastructure to support older Western Australians (both in terms of health, social services and housing), but may also require consideration of where this is located and how it is delivered to support older people living in regional areas of the state.

## 17. What are your thoughts on the proposed methodology to develop the Strategy?

### Key Points

- *WALGA supports the top down, bottom up approach proposed in the Discussion Paper*
- *There needs to be consideration of the “essential” nature of a project, regardless of its value. This may require projects to be defined broadly across functions or spatially to ensure that all critical elements are captured in the Strategy.*
- *IWA should examine existing infrastructure plans and priority projects to ensure that they remain relevant and fit for purpose.*
- *The existing and extensive land use and community plans created by Local Government should be used to inform the bottom up approach to develop the State Infrastructure Strategy.*
- *In relation to the top down approach, WALGA supports the use of scenarios, given the uncertainty surrounding the long-term outlook.*

In general, WALGA supports the methodology for developing the State Infrastructure Strategy that is outlined in the Discussion Paper.

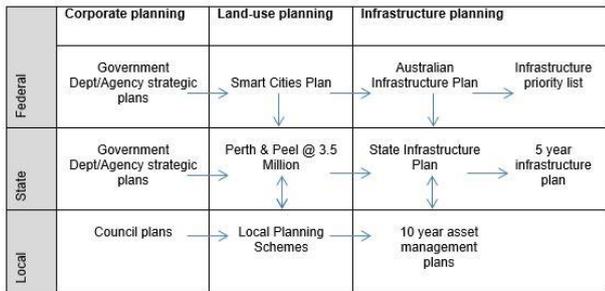
While IWA is proposing to focus the Strategy on higher value projects and programs, WALGA considers that there needs to be consideration of the “essential” nature of a project, regardless of its value. In some circumstances, there may be advantages in defining projects more broadly across functions or spatially to ensure that important or essential projects are not left off the agenda. This is consistent with the ‘systems’ approach referred to in the Discussion Paper.

In examining the State’s short term infrastructure needs (zero to 10 years), the Discussion Paper notes that IWA will draw upon the State Budget, and existing infrastructure planning and project proposals developed by the State Government and GTEs in creating the bottom up approach. While these are identified projects for the short term, it is important that they are considered in the context of the state’s longer term strategic direction. It will also be critical that these existing plans and priority projects are reviewed as part of the development of the Strategy to ensure that they remain relevant and fit for purpose.

Further, IWA should look to the existing and extensive strategic land use and community plans created by Local Government to inform the bottom up approach to develop the State Infrastructure Strategy. Section 5.56(1) of the *Local Government Act 1995*, requires Local Governments to have in place a long term Strategic Community Plan. The Strategic Community Plan includes long and medium term priorities and resourcing implications with a horizon of 10 or more years. A long term (10 year) financial plan and asset management plan are required to support the Strategic Community Plan. Local Governments also have extensive land use plans.

Strategic Community Plans are based on the community’s vision for the future, and are ultimately a driver for all planning in the area, including area, place and regional plans. These plans and their informing strategies will provide critical input to local level issues to help with the development of a comprehensive and holistic view of the state’s infrastructure requirements, and ensure that local knowledge and jobs are ultimately part of the solution. These provide valuable local level insights and should be used to inform the State Infrastructure Strategy through a bottom-up approach.

One possible model to effectively integrate Local Government land use planning into a broader planning framework is shown in Figure 1. WALGA would support a similar framework, which is adapted from the Municipal Association of Victoria’s Submission to Infrastructure Victoria.



In assessing projects in the short to medium term, Local Governments would support a balanced and rigorous assessment process by State Treasury for projects, based on economic, social and environmental considerations. There also needs to be some way of recognising or rewarding infrastructure that:

- Involves collaboration across all levels of government;
- Is multi-purpose; and
- Considers whole of life costs and benefits and resilience.

In relation to the top down approach, WALGA supports the use of scenarios, given the uncertainty surrounding the long-term outlook. It is considered that demographic trends will be a particularly important part of this process given the linkages between population and infrastructure needs in both regional WA and the metropolitan area.

18. What approaches can IWA take to compare and assess priorities across different sectors, regions and issues? What prioritisation criteria should be applied?

*Key Points*

- *Defining projects broadly, across functions or spatially may be an option to help compare and assess priorities across different sectors and across regions.*
- *Prioritisation criteria should not just consider a project's economic impacts, but also the social and environmental implications.*
- *The Functional Economic Regions approach may be an option to assist with the prioritisation task and should be further examined by IWA.*

In comparing and assessing projects across regions, it will be important that projects are not considered in isolation but in the broader strategic context for the State.

It will be necessary that IWA look to a broad range of criteria and evidence to ensure that priority projects are identified. This should not simply consider the economic impacts of a project, but a comprehensive assessment taking into account the priorities identified in existing strategic documents from across State and Local Government. Infrastructure NSW used a similar approach in developing their state's 30-year infrastructure strategy.

For example, in considering priorities for specific infrastructure sectors, IWA should examine:

- The strategic objective of the infrastructure project;
- The economic, social and environmental impacts of the project;
- The geographical areas that will be affected by this infrastructure, including consideration of strategic metropolitan and regional centres;
- The industries or elements of the community that will be affected by this option, including the impact on socio-economic disadvantaged areas;
- The costs associated with the development over the short, medium and long-term time horizons and how it can be funded;
- Alternative options that could be used to deliver the same or similar outcomes, including policy reforms; and
- Relationships between options and the extent to which they may or may not complement or enable one another.

In assessing and prioritising projects, there must also be some consideration of the “essential” nature of a project, regardless of its value. In some circumstances, there may be advantages in defining projects more broadly across functions or spatially to ensure that important or essential projects are not left off the agenda. For example, considering a program of work that will deliver on one of the strategic objectives identified.

The Functional Economic Regions approach may also be a useful way to compare and assess priorities across different sectors, regions and issues. This approach moves beyond arbitrary regional boundaries to consider the economic linkages and interactions between areas. This can allow investment to be better targeted to unlock future opportunities.

There may also be benefit in considering base case scenarios and compare proposals against these.

In assessing projects, IWA should also seek to encourage collaboration for proposals, rather than a competitive process.

19. To what extent should IWA consider the potential for infrastructure to directly promote new economic development and diversification (including in the regions), as opposed to improvements in core service delivery?

*Key Points*

- *There is a need to strike a balance between promoting new economic development and improvements in core service delivery.*
- *In some cases these will be linked, with access to social infrastructure a critical element of establishing a workforce and population base to support industry, particularly in regional areas of the state.*
- *IWA should examine ways to leverage private sector investment for infrastructure that will facilitate economic and commercial activities.*

With many challenges and opportunities on the horizon for the WA economy, economic development clearly must remain a focus to ensure that we can experience ongoing improvements in quality of life into the future, and that all Western Australians can share in the benefits that this will create. This will be particularly important in the post-COVID 19 environment, which will create significant economic challenges for some time to come. Infrastructure will be an important enabler of our state's future economic success.

New economic development and diversification should be a high priority. While it will be important that we invest in infrastructure to maintain the competitiveness of our key industry sectors to ensure they remain competitive, others which are in their infancy (such as food and agribusiness) will require some support to ensure that opportunities are realised. Critical to our future economic growth and diversification will also be the freight and logistics industry that underpins WA's export industries and international trade.

However, this does not mean that we should pursue economic growth and diversification at all costs. Economic development and diversification must equally be balanced against social and environmental objectives. The pursuit of economic growth in isolation - without an appropriate regulatory framework in place - can lead to adverse outcomes community outcomes such as income and wealth inequality, resource depletion, pollution and environmental concerns.

It will therefore be critical that IWA looks to strike a balance between supporting new economic development and ensuring that communities, particularly in remote and regional areas, have access to essential services. In some cases these may be linked, with access to social infrastructure a critical element of establishing a workforce and population base to support industry, particularly in regional areas of the state.

There are some clear areas of need in relation to access to essential services in remote and regional areas of WA. In some cases, Local Governments are stepping in to meet these needs, for example in relation to medical and allied health professionals and facilities, and housing for public officers such as police, teachers and nurses.

In weighing up economic and social objectives, consideration of infrastructure ownership may be a way to achieve this balance.

Governments do not necessarily need to own all infrastructure - there may be a role for private sector ownership in some instances. In this case, it is important that appropriate regulation be in place to protect the community's interests through an appropriate body such as the Economic Regulation Authority.

As part of the development of a State Infrastructure Strategy, IWA should examine ways to leverage private sector investment for infrastructure that will facilitate economic and commercial activities. This will free up

Government funding to be directed towards the provision of essential services where there is a market failure, such as in remote and regional areas.

20. What is an appropriate significance threshold to apply, to enable a focus on larger and more strategic infrastructure? Should it vary across different regions and/or sectors and, if so, how?

#### *Key Points*

- *While a significance threshold will assist IWA to focus on projects of strategic importance to the state, it may mean that some important projects are not considered.*
- *The focus should be on the economic, social and environmental benefits a project will deliver.*
- *There may be advantages in defining projects broadly (e.g. a program of works) to ensure that the positive synergies between projects are effectively considered.*

It is recognised that a significance threshold is way to ensure IWA's focus is directed to projects that will have a significant and strategic impact on our economy and community. However, an arbitrary cut off may mean that some critical projects are not considered.

The significance threshold is likely to vary across sectors and regions. For example a low budget project in the regions may have significant long term economic benefits and should be considered given that it will deliver on a higher order strategic objective for the state.

Instead of the build cost, the focus should be on the economic, social and environmental benefit of the proposal.

There may also be advantages in defining projects more broadly across functions or spatially to ensure that important projects are not left off the agenda. For example, considering a program of work (e.g a program of road updates across a region or area rather than an individual road upgrade) that delivers on a key strategic objective identified by IWA.

**21. What specific scenarios should IWA consider from a top-down perspective, particularly as part of its 11 to 20 year outlook?**

No comment on this question.

## 22. Do you have any comments about the proposed engagement approach?

WALGA welcomes the opportunity to participate in the proposed engagement and can assist IWA to engage effectively with Local Government.

As the State Infrastructure Strategy is developed, it will be important that IWA ensure that the engagement process has a clear way of facilitating bottom up input from outside of State Government agencies. It will also be important that the State Infrastructure Strategy is addressed in a timely manner.

IWA must also look to ensure a streamlined assessment process for projects to ensure that there are not significant delays in delivering on critical infrastructure projects for our state's future.