



Government of **Western Australia**  
Department of **Planning**

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Economic Regulation Authority  
Inquiry into Microeconomic Reform in Western Australia  
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ATTENTION: MR LYNDON ROWE, CHAIR

Dear Mr Rowe

## **INQUIRY INTO MICROECONOMIC REFORM IN WESTERN AUSTRALIA**

Thank you for the opportunity to respond to the Authority's Discussion Paper on the Inquiry into Microeconomic Reform in Western Australia.

The Department of Planning reiterates the comments made in its submission (attached) to the Issues Paper released as part of the above Inquiry.

Among other matters, the Department's submission to the Issues Paper suggested the ERA undertake a robust and independent economic impact assessment (including infrastructure costs) of the costs and benefits of different urban forms for Perth, specifically:

- comparison between urban sprawl and urban consolidation, and
- consideration of the economic value of avoiding conflicts between sensitive land uses (e.g. residential), and land uses that contribute directly to the State's productivity and wealth (e.g. freight transport routes).

This submission responds to issues raised in Section 8 of the Discussion Paper (State Infrastructure). The Department of Planning supports the Western Australian Planning Commission's Infrastructure Coordinating Committee (ICC) in facilitating planning for the coordinated provision of infrastructure across the State.

### **Infrastructure Coordinating Committee**

The ICC is the Western Australian Government's primary advisory body in planning for the provision of infrastructure to support land development.

The ICC is a statutory committee, comprising 21 members, with representation from a broad range of agencies across Government with responsibilities for infrastructure policy, planning and delivery.

Over the past 12 months, the Department of Planning has implemented a number of initiatives to strategically focus and strengthen the effectiveness of the ICC. These initiatives are consistent with *Planning Makes It Happen: Phase Two Planning Reform Discussion Paper* (September 2013), which proposes to review the membership, role and function of the ICC and ensure the Committee develops a more strategic focus to enable it to respond to emerging infrastructure issues. The review will include consideration of non-government expert membership on the ICC.

### **Optimising Infrastructure Investment and Delivery**

The ERA's Discussion Paper notes the need for improved prioritisation processes as a means to optimising infrastructure investment and delivery. The Department of Planning believes there is substantial benefit to be gained from undertaking more rigorous prioritisation of infrastructure investment decisions, not only at an agency level but across portfolios on a strategic State Government-wide scale.

There is currently no methodology to prioritise medium to long-term investment in infrastructure at a whole-of-government level in Western Australia, outside of the four-year Asset Investment Program. The ICC has recently investigated the need for and potential benefits of more rigorous prioritisation of major State-funded infrastructure proposals from a whole-of-government perspective. These investigations have found there is a strong case for development of a prioritisation framework that would have the following benefits:

- enhanced implementation of the Strategic Asset Management Framework;
- more thorough consideration as to how proposals for new infrastructure align with the Government's strategies, objectives, policies and plans;
- greater focus on managing demand and utilising technical solutions to reduce the need for new infrastructure investment;
- potentially more favourable consideration of infrastructure funding proposals by the Commonwealth and Infrastructure Australia, which favours integrated solutions and strong business case based prioritisation; and
- more efficient use of government resources by directing resources to developing new investment proposals with strong alignment to the State's strategic objectives.

Approval is currently being sought from the State Government for the ICC to commence the development of an infrastructure prioritisation framework.

## **Regional Infrastructure Delivery**

Regional infrastructure planning and delivery is overseen by a number of agencies. Planning infrastructure on a regional, rather than State, scale is problematic, as there are many infrastructure networks that span multiple regions (such as energy transmission, roads, rail and some water). It is for this reason that public infrastructure investment decisions should be undertaken at a whole-of-State scale (giving consideration to inter-regional issues).

Regional infrastructure planning and delivery would benefit from a more rigorous and transparent prioritisation methodology or process which is based on net public benefit, rather than a stakeholder consensus-based approach. Any work undertaken by the ICC to develop a more robust infrastructure prioritisation framework would improve future infrastructure planning and investment decision-making, and would enable a whole-of-State and inter-regional, rather than solely regional perspective to be taken.

## **Funding and Utilisation of Infrastructure**

The Department of Planning recognises that finding more efficient and innovative ways to fund infrastructure projects will be critical in a future of greater competition for the limited financial resources of the State Government, and supports further work in this area.

The Department of Planning notes that a number of studies are under way at both the Commonwealth and State Government level as well as by peak industry bodies. In particular, the Productivity Commission is undertaking an inquiry into public infrastructure that will investigate alternative funding and financing models.

We trust this information is of assistance. The Department is happy to elaborate further on any of the points raised if required.

Yours sincerely

Duncan Ord OAM  
Acting Director General

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