



***Infrastructure WA Proposal
Response of Freight and Logistics Council of Western Australia Inc.***

Introduction

The Freight and Logistics Council of Western Australia Inc (FLCWA) is the peak industry body for the sector in this State. It comprises senior decision-makers from industry and key policy makers from Government. The Council's charter is to provide independent policy advice to the State Minister for Transport.

The provision of adequate infrastructure is clearly a fundamental requirement of the freight and logistics sector in order that it adequately meets the needs of the Western Australian economy and community. To that extent, FLCWA is pleased to have the opportunity to comment on this important Government initiative. The comments below are submitted on behalf of the Council's industry members.

FLCWA Commentary

At the outset, FLCWA states its in-principle support for the concept and approach proposed for Infrastructure WA (IWA). The Council has been approached on several occasions by both industry and Government to assist in prioritising infrastructure projects, which demonstrates the need for an independent body such as IWA.

By way of elaboration, FLCWA would like to make the following observations about the proposal:

1. Critical to meeting Western Australia's long-term infrastructure requirements is the adoption of an approach that enjoys a level of bipartisanship across the political spectrum.
 - Government infrastructure policy needs to transcend changes of Government. If it does, industry in the freight and logistics sector will make the vital investments to help the infrastructure become reality. Policy certainty of at least 20 years going forward would be preferable. If that can be achieved, related investment can ease pressure on Government budgets, add private sector rigour to proceedings and generally improve outcomes. Enshrining IWA in legislation is fundamental to achieving the required bipartisanship.
 - The involvement of independent members on the IWA Board is also key to success. The proposed model of five Government and five non-Government members is sensible, although a structure that saw six non-Government members (including an independent Chair) may warrant consideration, along with regional representation on the board.
 - For bodies such as IWA to work effectively, they must operate at arms' length from the Government of the day, but with sufficient involvement with the administration that their work is relevant and useful. Proper governance arrangements and oversight can provide the appropriate transparency required by that relationship and the outputs from it. The proposed approach seems to achieve the correct balance.
2. The proposed approach for IWA to progress its work appears sound.
 - Long term strategic planning will provide a means to ensure that infrastructure needs across the State in metropolitan and regional areas are identified and prioritised.
 - A 20-year infrastructure strategy, with five yearly updates, will provide the certainty and credibility that the freight and logistics sector requires to make key infrastructure funding

decisions and it would be helpful if this strategy was tabled in Parliament to assist with its acceptance. The length of time to prepare the strategy and the financial threshold for specific projects flowing from it are important considerations.

- The 5-year review timeframe is appropriate for the current economic climate but in a superheated economy (like at the peak of the mining and property boom) there needs to be scope to shorten the review period so the strategy remains relevant.
 - The timing of the 5-year review should be offset wherever possible from the end of a government's term to minimise any politicisation of the review.
 - In addition to the strategy, we suggest that there is also a need to develop a 20-year long term financial plan to demonstrate how the State will fund the strategy and the associated asset maintenance, asset renewal and operating costs associated with both economic and social infrastructure. The long term financial plan should also show expected income and loans for the 20-year period and what that looks like in terms of the State's financial ratios.
 - The involvement of IWA in assessing the Government's short to medium term infrastructure planning is vital to ensure consistency with longer term strategy and, where decisions are taken that seem to contradict this principle, they need to be reported on.
 - The inclusion of GTEs in the IWA brief is appropriate. Ports, in particular, will benefit from being part of a broader process, with relevant skill sets informing key infrastructure decisions. The identified need for a strong working relationship between IWA and Infrastructure Australia is also critical. The State needs to be much more active and more strategic in progressing funding proposals at a national level.
 - The development of infrastructure funding and financing models is a complex and challenging task. The ability of IWA to offer relevant expertise will be important as both Government and the private sector consider key investments in areas such as major port development.
 - The approach proposed for IWA is comprehensive and compelling, especially given its independence from the Government of the day. The creation of IWA will clarify and delineate the role of the Infrastructure Coordinating Committee as the coordinator of infrastructure for greenfield developments in a land use planning context under the direction of the WA Planning Commission.
 - Large infrastructure projects require a social license for success. We suggest that this be addressed at all stages, from development, through evaluation, assurance and delivery.
3. The proposed scope of work for IWA is broad and it will be necessary to ensure that this does not inhibit the value of its work.
- The focus on economic infrastructure (transport, energy, water and communications) is appropriate and necessary. FLCWA understands that social infrastructure has been added to the IWA brief to ensure the required rigour be instilled into related Government decision-making. The observation should be made that the fundamental differences between economic and social infrastructure (in terms of objectives, assessment criteria, timelines, skill sets and funding sources) need to be recognised. It is also pleasing to see the recognition of the need for consideration of non-build solutions (policy, regulation, use of existing infrastructure) within the scope of IWA.

Conclusion

FLCWA supports the IWA concept and approach being proposed and seeks the opportunity to remain involved with the initiative on behalf of the freight and logistics sector as it progresses, in the first instance, through providing suggestions as to the long-term infrastructure requirements of the sector across the State.