



FREIGHT AND LOGISTICS COUNCIL OF WESTERN AUSTRALIA

Hon Dean Nalder MLA
Minister for Transport; Finance
Level 7, Dumas House
2 Havelock Street
West Perth WA 6005

Dear Minister

Infrastructure Planning and Investment

You would be aware of the widespread national discussion of late about the growing need for infrastructure investment across the country, but the diminished ability of governments to fulfil their traditional funding role due to budgetary constraints.

The discussion has been led at a national level by the Productivity Commission and Infrastructure Australia, while locally it has been the likes of the Chamber of Minerals and Energy, CCIWA and the Property Council. It is as a result of this local interest that the issue has come before the Council. The Council recognises that there is a greater role for the private sector to play in the funding of infrastructure and that a discussion needs to occur as to which areas would see that happen and which would continue as government responsibilities.

There is similar recognition that where it is desirable that the private sector have a greater funding role, there needs to be robust long term planning by government to provide the necessary certainty to offset related commercial risk aversion on the part of investors.

Industry bodies have suggested a number of means of improving long term planning by government to address the private sector's need for funding certainty. Foremost among these suggestions is the establishment of an independent infrastructure planning body at arms-length from government departments and agencies. Infrastructure Australia is such a body at a national level. Several States, including NSW and Queensland, have also established similar organisations.

Having discussed the suggestion, the Council is unconvinced as to its merit. There is a strong feeling that planning has to be conducted within government for it to meaningfully influence government. Notwithstanding, the Council is sympathetic to the view that robust long term planning is required and should consider a future well beyond the present budget cycle. The Department of Transport's comprehensive work on both regional and metropolitan strategic freight plans shows what can be done. However, there is a strong feeling that such exercises across government are patchy at best.

A body within Government that could potentially lead discussion on infrastructure planning and prioritisation is the Infrastructure Coordinating Committee (ICC). This suggestion came from industry submissions as an alternative to the establishment of an arms-length independent body. It is a suggestion that appeals to the Council.

Fundamental changes would have to be made to the ICC for it to adequately fulfil this new role. It is a body that currently sits within the planning portfolio and has a land use focus. This would have to be broadened considerably. It is generally acknowledged that ICC procedures are cumbersome, slow-moving and bureaucratic. Significant streamlining would be required. The membership of the ICC is very large, comprising Directors General and Chief Executives of a wide range of Government departments and agencies. The membership of a new ICC would have to be much more focussed, probably involving just the heads of the key economic portfolios, with the possible addition of major private sector representatives. Direct access to relevant senior Cabinet Ministers would be essential.

As suggested earlier, there is a need for a genuine discussion regarding the future split of infrastructure funding responsibilities between government and industry. A revamped ICC would be well placed to lead that discussion. In doing so, it would assist the outcome greatly if the discussion took place against the background of a State Infrastructure Plan that captured key future requirements and priorities, at least for the economic portfolios. Again, a new ICC could oversee that exercise.

You may see value in encouraging discussion amongst your colleagues as to the merit of the proposed approach. If so, the Council would be pleased to assist in whatever way you think fit.

For consideration.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fred Affleck', written over a printed name and title.

Dr Fred Affleck
Chairman

12-05-14