



Discussion Paper

State Infrastructure Strategy

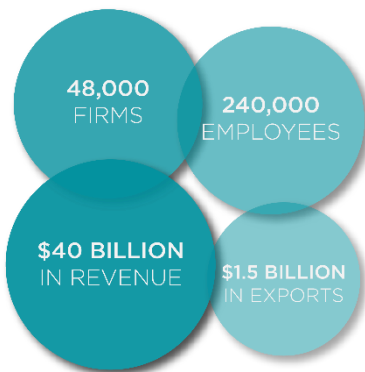
SUBMISSION TO INFRASTRUCTURE WA

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About us



Consult Australia is the industry association representing consulting businesses in design, advisory and engineering. Our industry comprises some 48,000 businesses across Australia, ranging from sole practitioners through to some of Australia’s top 500 companies, providing solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry is a job creator for the Australian economy, directly employing 240,000 people. The services we provide unlock many more jobs across the construction industry and the broader community.

Some of our member firms include:



Summary

Consult Australia welcomes the opportunity to provide this response to the Infrastructure WA (IWA) State Infrastructure Strategy Discussion Paper. We strongly support the development of a 20-year infrastructure strategy for Western Australia along with a cycle of research and planning activities to help inform significant infrastructure investment decisions for the state.

Consult Australia believes infrastructure provides a critical role in unlocking economic opportunity for our state. When planned well and delivered infrastructure efficiently unlocks a number of flow-on benefits including, a great place to live, social wellbeing, sustainable environmental management, and sustainable population growth, providing a prosperous future for all who choose to work and live here.

Our members continue to play a vital role in the creation of some of Australia's iconic public infrastructure, including road, rail, hospital, airport, educational facilities, water and energy utilities, justice, aged care, sports stadia and urban renewal projects. Our members are passionate about getting the planning and investment right in WA to make our state more liveable, more workable and more sustainable – economically, socially and environmentally.

Our policy and advocacy activities focus on four areas of importance to our members:

- People – strengthening our talent pipeline of skills and capabilities;
- Pipeline – strengthening the built environment pipeline of projects;
- Practice – improving the regulatory and business environment for firms; and
- Procurement – improving procurement for better project outcomes.

Consult Australia's key concern with infrastructure trends over the next 20 years relates to current procurement practices and their likely impact on the overall health of the infrastructure industry. The size and scale of projects, and how work packages are structured, are skewing the market and having a significant impact on the sector. Infrastructure spend by governments should lead to productivity gains during the project development phase, as well as the resulting economic and social benefits for the Australian economy. However, the industry's productivity is being limited because of poor procurement practice that incorporate inappropriate risk allocation and onerous contractual requirements that are being passed down the supply chain. This is causing significant harm to the health and sustainability of the industry. We believe these problems are exacerbated by the recent upswing in infrastructure investments and are likely to worsen in the 'new normal' of elevated activities unless addressed.

A transparent and robust infrastructure strategy is of particular importance to our members, and the wider industry we represent. It is critical that WA has the right framework in place to enable holistic infrastructure strategies that are interconnected and sustainable. Delivering an integrated strategic approach to infrastructure planning and prioritisation, will facilitate better urban and regional development through support for a long-term pipeline of coordinated infrastructure projects, supporting productivity and jobs growth. It will also allow our members to invest in a secure future in WA.

The strategy will be able to provide better procurement outcomes through better planning and business case development and providing government agencies more time to plan and procure their projects with a more appropriate allocation of risk.

This submission is structured to address the questions raised by Infrastructure WA (IWA) in the discussion paper and highlight key recommendations our members believe to be integral to best practice governance principles for infrastructure conceptualisation, design and implementation.

We make the below key points and recommendations in response to the discussion paper.

Introduction	<ul style="list-style-type: none">• We strongly endorse this work by IWA, which aligns with the OECD's best practice advice on infrastructure governance.• We encourage IWA to ensure the strategy is linked to broader policy objectives.• IWA should ensure there is an appropriately diverse Board and well resourced team driving the strategy's development.
Guiding principles	<ul style="list-style-type: none">• We support the proposed guiding principles in the discussion paper.• Other principles that we recommend including are: sustainability, social equity, technology, and a healthy industry.
Imagining the future	<ul style="list-style-type: none">• We support the proposed objectives in the discussion paper.• Other objectives we recommend are: greater pipeline transparency, linking infrastructure demands to funding sources, diversification of projects and delivery, connectivity and AI, and data consolidation and transparency.
The role of the regions	<ul style="list-style-type: none">• We encourage a 'nodes' focus over a second city focus when considering the regions.• Infrastructure needs and priorities in the regions should be determined through evidence-based processes.• When considering growing the population in regional areas, IWA should also address economic challenges as well as maximising the economic benefits.
Focus on infrastructure sectors	<ul style="list-style-type: none">• We encourage IWA to consider the defence sector, and align other sectors with Infrastructure Australia's 2019 infrastructure audit.• Procurement practice is one area where we would welcome improved coordination across infrastructure sectors.• When determining aspects of infrastructure provision to focus on, we believe IWA need to define what infrastructure is in the state interest.
Methodology	<ul style="list-style-type: none">• While being prescribed in legislation for certainty, in future years it must be monitored to ensure this legislation does not inhibit the ability of the strategy to achieve further objectives on behalf of WA.• More could be done to consider opportunities in 0-10 years. We do not believe this should be out of scope for the strategy because of existing commitments.

Response

Section 1 – Introduction

Consult Australia believes that the greatest opportunity in a strategy lies not within a shortlist of individual projects of merit but rather an investment of time and resources in preparing a clearly defined long-term approach with a focus on productivity, liveability and sustainability. We have long advocated for the development of independent statutory infrastructure bodies (iBodies), and evidence-based assessment and prioritisation processes. These are critical and integral to maximising benefits from our infrastructure.¹

The OECD has conducted a considerable body of work into best practice for the governance of infrastructure. This includes the development of a framework for better governance.² To be successful a strategy should be politically sanctioned, coordinated across levels of government with cross sectoral consideration, and take stakeholders views into account.

Consult Australia strongly endorses an approach that aligns with the OECD principles and considers the process reflected within the discussion paper meets this intent.

In the development of the strategy, Consult Australia recommends that the following are useful to help achieve the desired outcome:

- Ensuring the infrastructure strategy is linked to broader policy objectives of the WA Government – for example, how will the infrastructure strategy help deliver broader economic objectives;
- Suitably qualified and appropriately diverse Board to guide the development and governance of that activities of IWA; and
- Ensuring the team developing the strategy are well-resourced and there is strong industry-input throughout the process.

The advent of COVID-19 has made a significant impact on the global environment and changed our frames of reference for the future about what is necessary, essential and appropriate. Consult Australia sees the adversity of COVID-19, despite tragic challenges, as an opportunity to initiate new thinking and processes to bring about structural change to support our society for a more equitable and sustainable future. We see the following as lessons from the pandemic and clear focus areas for the strategy:

- A transparent and secure long-term pipeline of infrastructure projects – this is critical for ensuring that a cycle of peaks and troughs from stimulus activities are not accentuating economic concerns and industry impacts;
- An iterative process for determining needs and demands from infrastructure – for example, change in travel as a result of extended concerns regarding spread of viruses has resulted in decline of public transport usage and greater need for cycle and walk paths and end of trip facilities;

¹ See Consult Australia's policy document '[iBodies: Infrastructure Governance in Australia](#)' published January 2018.

² OECD, 2017. [Getting Infrastructure Right: A framework for better governance](#), OECD Publishing Paris.

- Ensuring the ability of WA to have appropriate diversity of services and manufacturing to support continued or reoccurring instances of isolation from other states and countries;
- The link between procurement practices, the efficiency of the industry, and the overall productivity and growth of the economy; and
- Ensuring government responses or stimulus measures targeting infrastructure are considering the width and depth of the broader construction industry. This includes focusing on areas across industry experiencing downturns, such as business types, skills and specialities, project types, and different parts of the project cycle. For example, a focus on construction activities for ‘shovel-ready’ road projects will not address a poor demand outlook for building design services.

Section 2 – Guiding principles

On the whole, Consult Australia supports the guiding principles outlined in section two of the discussion paper and believes these reflect best practice design principles as outlined by the OECD. In addition, Consult Australia supports the consideration of additional principles on:

- Sustainability – all decisions should be made through lens of the triple bottom line (social, environmental and economic outcomes) and there should be investment in appropriate processes and tools that will allow environmental and social considerations to be appropriately weighted in the decision making against economic issues;
- Social equity – infrastructure is a key policy lever for government to deliver services to the community and to ensure that all within the community have access to the resources they require to live complete and fulfilled lifestyles. Infrastructure policy should aim to provide the same access to services irrespective of geography or economic position;
- Technology – infrastructure is a high investment activity, however this should not be a reason for failing to adapt and respond to changing technologies or social values that would drive a change in technologies (i.e. investment in low carbon technology and transition to low carbon economy despite investment in coal, gas and its energy generating capabilities). To this end, technology opportunities should be considered in all asset types, rather than the traditional digital or telecommunication assets; and
- A healthy industry – an infrastructure strategy should focus on the industry needed to support its delivery and creating a healthy industry or supply ‘eco-system’ should be a core guiding principle. Infrastructure Australia’s focus on industry efficiency, capability and capacity in the 2019 national infrastructure audit is an example of this approach. This type of guiding principle also allows IWA to consider ‘cross-cutting’ issues prevalent across different sectors related to the infrastructure industry.

Section 3 – Imagining the future

Consult Australia supports the objectives identified within the discussion paper and suggests that they should also be considered within the context of the comments below.

- **Greater transparency of the pipeline**

This is a key element in ensuring better outputs from government infrastructure investments, providing clarity to industry about future work opportunities. Enhancing government planning ensures that the pipeline of projects, and enabling activities, are clearly identified. This also provides an opportunity to focus on the social licence from the public on infrastructure developments.
- **A clear link between future infrastructure demands and future funding and financing sources**

This creates an opportunity to ringfence funding for long-term investments and invest alternate funding and financing options that are in the public interest.
- **Diversification of infrastructure projects and delivery**

Some infrastructure activities in NSW and Victoria have shown that ‘mega’ projects do not always deliver the best outcomes from investments. Investments should consider the project mix to ensure that there is a diverse range of project types of different sizes and packages. This avoids a ‘winners and losers’ outcome that can occur for industry when projects and work packages are bundled together.
- **Connectivity and artificial intelligence:-**

Data and digital connectivity is becoming increasingly important particularly with improvements in artificial intelligence/machine learning. Leveraging this more effectively and using data to improve infrastructure planning will have significant benefits (i.e. autonomous vehicles and vehicle to vehicle data allowing different road infrastructure design).
- **Consolidation and transparency of data**

A single source of truth from the vast array of different data sources should be used to inform decisions around planning, infrastructure needs and social investment. This will assist in building business cases to ensure appropriate expenditure of public funds, and post project completion reviews to inform future investment decisions.

Further macro trends that may influence the ability to effectively implement the strategy are outlined below. It is important that actions are considered that will not only address these macro trends, but also address existing barriers that reduce the effectiveness of the strategy.

- **Industry capacity and capability**

Industry’s ability to keep pace with the scale of projects, and additional investments needed to deliver the ongoing benefits of infrastructure, cannot be assumed. Instead, the WA Government should ensure that there are a broad range of policy measures in place to increase the industry’s capacity and capability, and use these as key drivers for investment decisions.

This ranges from improving the education system, encouraging innovation and embracing new technology, and refining procurement practices.

- A dependent economy (on core sectors, and other states and markets)

We anticipate that there will be a post-COVID-19 shift in WA to becoming a more diversified and self-sufficient economy. This may mean that investment decisions may not be influenced by a business as usual approach, and these may instead be more targeted on strategic growth areas.

- A planning shift to decentralisation

As is the case in Melbourne and Sydney, planning approaches are moving away from a hub and spoke model to a precincts-focused model which promotes decentralised cities and regions. With COVID-19 impacts resulting in many questions on how we want design our cities and regions in the city, we anticipate there will be many macro planning trends that will influence and shape infrastructure considerations in WA.

Section 4 – The role of the regions

Second city or ‘nodes’ across regions

Consult Australia supports the view that Perth and other WA regions are mutually dependent upon each other, and the design of the strategy needs to ensure that this mutual dependency is recognised and facilitated. Considering WA’s current population, size and economic activity, investment in a second regional city of more than 200,000 is not viable, and we do not believe the discussion paper provided any clear reasons why this should be pursued and planned for.

Rather, Consult Australia believes that ‘nodes’ within and across regions that provide interconnected and related services may be a better option for WA. The UK’s Northern Powerhouse³ may provide a model to consider. This proposal by the UK Government looked at improving the infrastructure and connectivity of the northern counties of England to act as a magnet for inward investment, and which capitalises on the strengths of northern cities to build a Northern Powerhouse and provide balance to the London economy. The approach was to maximise the economic potential of the North; allowing the North’s talent to become more mobile; allowing companies to access the widest pool of people and skills they need to grow; and connecting businesses to each other to make them more efficient.

Infrastructure needs and priorities across regions

We do not believe we are in a position to outline infrastructure needs and priorities across WA’s regions in an evidence-based manner. Instead, we believe this highlights the importance of ensuring the WA Government has effective infrastructure governance and investment decision-making processes to inform these needs and priorities. This ensures that there is a rigorous and independent approach to planning, assessment and prioritisation considerations – which in turn maximise economic, social and environmental benefits for the community.

In addition to strategic assessments of infrastructure needs and priorities across regions, we believe a best practice approach to business case development is an important process that IWA can champion. The foundation of a compelling business case is provided by a strong evidence based problem definition. It is not

³ UK Government, 2015. [The Northern Powerhouse: One Agenda, One Economy, One North](#)

a vehicle through which to justify a project, rather it is a mechanism through which to clearly define and understand ‘the problem’ in order to find the right ‘solution’ to achieve the required outcomes. Business cases ensure public confidence in the investment decisions of governments provided a robust process has been followed based on sound evidence.⁴

Stimulating growth in regional areas

We believe a shortcoming in the discussion paper is that it highlights regional opportunities as maximising their strength to unlock strategic opportunities for WA. While a strengths-focused approach has merit at a strategic level, this must be underpinned by efforts that focus on reducing barriers and addressing challenges facing regional communities. Reducing the disincentive to live and operate a business in a regional area, as well as looking at what can help make these regions thrive, is key for addressing population decline. Infrastructure should be viewed as an economic and social leveller, as well as a growth enabler.

Section 5 – Focus on infrastructure sectors

Other infrastructure sectors for potential inclusion

Consult Australia recommends that the infrastructure sectors also include the defence sector, despite sitting outside the scope of the primary focus in the discussion paper. Critical investment is being directed from Commonwealth budgets into this particular sector and WA has many advantages that can enable it to play a significant role in this area.

Consideration should also be made of aligning with Infrastructure Australia’s expanded scope of sectors that were covered in the audit completed in 2019. As such, we strongly support the inclusion of social infrastructure as this arguably provides the basis for the health of our overall economy and for the shape and sustainability of our community.

We recognise that social infrastructure has a unique link to other infrastructure types as investment and planning decision are heavily linked to social policy and service delivery considerations. Areas of government charged with these types of considerations often sit outside the traditional infrastructure decision making process (such as departments of health, education and environment), and we believe there should be a role for iBodies to encourage better connections.

A recent survey conducted by Consult Australia⁵ has found that the COVID-19 pandemic has had a significant impact on private investment, particularly within residential and commercial building projects. While recent government stimulus has assisted somewhat, over the longer-term confidence needs to be rebuilt within private sector investment.

The overall success of this strategy will be dependent on many of the same workforce and businesses that are currently impacted by a lack of private sector investment confidence, and we therefore encourage IWA to give some consideration to these traditionally private sector markets and sectors that can sit outside the traditional definition of infrastructure.

⁴ Consult Australia, 2019. [Business case development in Australia](#).

⁵ Consult Australia, 2020. [Industry Health Check: COVID-19 pulse survey results](#).

Coordinating and integrating across sectors – consistent procurement practices

Consult Australia is also advocating for more informed public sector investment, which includes improving the practices of procurement within government agencies to ensure better outcomes are delivered for government and community through tax-payer investments. We have strongly advocated for governments to adopt a “model client policy”⁶ which would work collaboratively with stakeholders to achieve mutually beneficial outcomes and does not use market power to the disadvantage of local businesses and their employees.

Aspects of infrastructure provision to focus on

Consult Australia supports an infrastructure strategy that focuses on infrastructure provision in a way that is similar to whole-of-life asset considerations – that is how we plan, fund, procure, design, and deliver new projects, and how we manage, maintain and improve our assets in operation. However, there are some key aspects to infrastructure provision below that we encourage IWA to specifically focus on.

- Digital connectivity of infrastructure assets

This is both an integral and an emerging opportunity across almost all infrastructure sector areas to enable better and more informed policy decisions to be made. In 2018, Consult Australia developed a Smart Cities Guide⁷ to support stakeholders overcome the barriers and challenges and take advantage of the smart technologies that allow the reimagining of cities and towns. This notes that a number of these opportunities need to be considered at the planning and design stages.

- Prioritising what infrastructure to focus on across the state

We believe IWA should present a view in the strategy about what infrastructure is in the state interest, which in turn would enable them to have a consistent approach to the aspects of infrastructure provision that they focus on. This should involve similar considerations to the Commonwealth Government about the ‘national interest’ test that is often used to inform the types of infrastructure investments being made at a Federal level. One area that IWA could focus on is infrastructure that connects regions and local government areas together.

Section 6 – Methodology

Consult Australia is supportive of the process that IWA will be undertaking to finalise the development of the strategy. However, we do note some additional factors for consideration as part of the consultation process.

- It is observed that the process to be followed is consistent with the requirements outlined within the Infrastructure WA Act. While being prescribed in legislation provides for certainty, in future years it must be monitored to ensure that the legislation does not inhibit the ability of the state infrastructure strategy to achieve further objectives on behalf of the community of WA. Furthermore, the effectiveness of the process will be governed by the ongoing bipartisan support of government, the direction of suitable resources to ensure the process is developing the best quality product, and ensuring that the non-built

⁶ Consult Australia, 2018. [Model Client Policy: proposal for all government jurisdictions](#).

⁷ Consult Australia, 2018. [Smart Cities Guide](#). (under ‘other reports’)

elements are directed to the barriers and/or enabling factors, which will allow the best outcome to be achieved for the expenditure of government and private investment.

- The methodology will be effective if these strategic development processes are well-resourced and engage strongly with industry and other stakeholders. We believe the design, advisory and engineering community has key insights that can improve the quality of the strategy.
- Consult Australia understands that there is little that may be done with respect to investments within the 0-4 year time horizon, as these are already committed through the forward estimates process. We strongly advocate that effective analysis and considerations are necessary of commitments in the 0-10 year horizon through the lens of a whole of the strategy. The 10-20 year objectives will not be able to be achieved, unless there is flexibility integrated into decisions made in the 0-10 year approach. The current 0-10 year decisions have been determined without the benefit of a robust, sound assessment framework. This can be addressed by adopting this process.

Essentially, Consult Australia recognises that with the development of the first strategy there will be a transition from the previously ad hoc and largely unconnected approach to infrastructure development to an interconnected, collaborative and informed approach.

Lastly, to improve this methodology, Consult Australia recommends that IWA engage with not only other iBodies but also with the Global Infrastructure Hub (<https://www.gihub.org/>). This organisation has been established to connect the global infrastructure community and share insights to facilitate delivery of G20 members economic, social and environmental outcomes through better infrastructure. Their resources include a number of documents outlining how to appraise different infrastructure options.

Contact us

We would welcome any opportunity to further discuss the issues raised in this submission. To do so, please contact:

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