

Chapter 3

Infrastructure decision making and planning

3.1 This chapter explores infrastructure planning and decision processes. It considers the political dimensions, evaluation and transparency of project selection; and opportunities to improve planning and coordination.

Decision making

Political dimensions

3.2 The committee heard strong evidence on the need to 'de-politicise' or reduce the political dimension involved in decisions regarding infrastructure projects.

3.3 This issue is important to the consideration of this inquiry as it relates directly to the confidence of investors. The committee heard that—post-GFC—investors are more risk averse and therefore wary of investing in infrastructure projects that are not subject to transparent planning and decision making processes.

3.4 Mr Glenn Stevens, Governor of the Reserve Bank of Australia, has stated that:

The impediments to [good infrastructure planning] are not financial...The impediments are in our decision making processes and, it seems, in our inability to find political agreement on how to proceed.¹

3.5 Mr Saul Eslake, Economist, emphasised the need to reform the current system:

One of the things that has undermined public and market confidence in the desirability of governments borrowing money to fund infrastructure investment is the lack of confidence in existing institutional arrangements to ensure that the projects which are funded are the best projects that could be funded and are ones that will generate returns that are sufficient to service the debt which has been incurred in the construction of them and ultimately to pay it back.²

3.6 Standard and Poor's Ratings Services agreed, stating that de-politicising infrastructure would improve investment outcomes:

Depoliticising the current infrastructure debate and reframing the conversation with the public to focus on the outcomes of high-quality infrastructure investment could reduce the potential for sub-optimal or compromised solutions.³

3.7 Professor John Hewson, Economist, told the committee that:

1 Governor of the Reserve Bank, Mr Glenn Stevens, Address to the Economic Society of Australia Luncheon, 10 June 2015.

2 *Committee Hansard*, 14 August 2015, p. 3.

3 Standard and Poor's, Ratings Services, *Submission 63*, p. 2.

...right now we have too much short-term politics in what ends up being infrastructure. A lot of the infrastructure that is being built is not much better than a bandaid or a marginal improvement.⁴

3.8 However, witnesses including Peter Newman, Professor of Sustainability, from the Sustainability Policy Institute, Curtin University, questioned the practical realities of de-politicisation:

I think depoliticising is too much to ask because infrastructure is always going to have a political element to it...

...It was not depoliticised before; it was completely taken over by particular lobbies, and they were not very sensible.⁵

Project evaluation

3.9 Suggestions to de-politicise infrastructure centred on the requirement for a robust and transparent cost-benefit analysis.⁶

3.10 The Productivity Commission (PC) noted that some major public infrastructure projects have proceeded without sound and transparent cost-benefit analysis:

There are also examples where large public infrastructure projects have been approved without any formal analysis of their costs and benefits. Most notably, the National Broadband Network, Australia's largest public infrastructure project, was commenced without a cost-benefit analysis having been done. It also appears that detailed analysis of the project was focused, from a relatively early stage, on how best to implement the government's policy objectives, rather than considering the merits of different options (box 2.2).⁷

3.11 Another example is the proposed Melbourne East West Link project, where during a performance audit, the Australian National Audit Office (ANAO) found:

Neither stage of the East West Link project had proceeded fully through the processes that have been established to assess the merits of nationally significant infrastructure investments prior to the decisions by Government to approve \$3 billion in Commonwealth funding...⁸

4 *Committee Hansard*, 14 August 2015, p. 27.

5 *Committee Hansard*, 9 October 2015, p. 17.

6 For a discussion on the advantages and disadvantages of a cost-benefit analysis see Ms Marion Terrill, *Roads to riches, Better transport investment*, Grattan Institute, April 2016, p. 16.

7 Productivity Commission, *Public Infrastructure*, Inquiry Report No. 71 (2014), Volume 1, p. 104.

8 ANAO, Report No. 14 2015-16 Performance Audit, *Approval and Administration of Commonwealth Funding for the East West Link Project*, December 2015, p. 7. See also Ms Marion Terrill, *Roads to riches, Better transport investment*, Grattan Institute, April 2016, pp 40-42.

3.12 The committee heard suggestions that an independent body, such as IA, could take on more responsibility for decisions about infrastructure investment in order to facilitate de-politicisation of the decision processes.

3.13 Professor Hewson agreed with the need for greater financial transparency and suggested IA as an appropriate vehicle to achieve this. Professor Hewson advocated transcending short term politics:

...be prepared to put a structure in place that would transcend any individual government...Governments can state their priorities, they can compete with oppositions about which projects should get up and should not, and which ones they would try to prioritise and so on, but unless they stacked up to an Infrastructure Australia assessment of the social and economic benefits of those projects in the medium-term sense, they should not be pursued.⁹

3.14 Mr Eslake advocated that IA:

...as a body that would evaluate proposed infrastructure investments and rank them is very much in the direction of the kind of improvements that I think ought to take place. What I would like to see is all of these infrastructure projects subject to a cost-benefit analysis and the assumptions underpinning those cost-benefit analyses and the results of those cost-benefit analyses laid out publicly for everyone to see and projects ranked according to the results...¹⁰

3.15 However, Mr Eslake did not argue that there should be mandatory acceptance of IA's findings, but instead advocated for an obligation on politicians to publicly provide reasons for departing from this advice.¹¹

3.16 Professor Phillip O'Neill, Director, Centre for Western Sydney, University of Western Sydney, also cautioned that in his view infrastructure decisions would always be a political process as financial modellers from Infrastructure Australia cannot make those decisions:

These are political decisions. Politicians need to be informed by that modelling, but that modelling cannot determine the decisions government has to take.¹²

3.17 Professor O'Neill, while noting the importance of cost-benefit analysis to assist decision-makers, also emphasised that decisions about infrastructure will always be political. Professor O'Neill signalled that the processes cannot be handed over to IA completely.

It is not possible to take decisions about billions of dollars of expenditure of public or private money—with the property rights that are entailed, the

9 *Committee Hansard*, 14 August 2015, p. 26.

10 *Committee Hansard*, 14 August 2015, p. 4.

11 *Committee Hansard*, 14 August 2015, p. 4-5.

12 *Committee Hansard*, 14 August 2015, pp 13-14.

changes to community living and urban functioning, the political processes and zoning processes, and all the things that have to take place when you have these huge material objects, like WestConnex, implanted in a city—and evaluate them by a simple set of numerics housed in Infrastructure Australia, for instance, in another city—and evaluate them by a simple set of numerics housed in Infrastructure Australia, for instance, in another city. It is always going to be an intensely political process, and we are naive to think any way other than that.¹³

3.18 Professor O'Neill said that governments should:

...do the cost-benefit analysis but make it an input into a political decision making system.¹⁴

3.19 Ms Marion Terrill, Transport Program Director, Grattan Institute, cautioned that cost-benefit analysis needs to be undertaken with care 'using consistent methodologies to ensure true like-for-like comparisons of potential projects'.¹⁵ Ms Terrill also cautioned against shifting all infrastructure decision making power to IA as IA primarily considers projects that have the highest cost-benefit ratio. Independent bodies such as IA do not always consider the social and non-economic benefits when ranking infrastructure projects. IA may exclude important community projects on the basis of financial viability:

...it is likely that some parts of the community that are legitimately the concern of governments would not do well out of that. I think country towns would be an example of that. So it does not seem to me that a purely technical assessment is quite the way to go.¹⁶

Transparency

3.20 In the 2015 Australian Infrastructure Audit Report, the need for decision making transparency was recognised:¹⁷

Transparency is also a vital element of best practice planning, project selection and regulation practices. However, decision making in the infrastructure sectors often remains relatively opaque. Limited transparency in planning and project selection processes has caused concern in recent years, particularly when major infrastructure projects proceed without a cost benefit analysis, or without the results of such analysis being disclosed.¹⁸

3.21 This view was reiterated in IA's 2016 Infrastructure Plan:

13 *Committee Hansard*, 14 August 2015, p. 9.

14 *Committee Hansard*, 14 August 2015, p. 14.

15 See Ms Marion Terrill, *Roads to riches, Better transport investment*, Grattan Institute, April 2016, p. 42.

16 *Committee Hansard*, 5 November 2015, p. 4.

17 Australian Infrastructure Audit Report, April 2015, Vol 1, p. 5.

18 Australian Infrastructure Audit Report, April 2015, Vol 1, p. 41.

Making project data and analysis publicly available, including the publication of a project business case, exposes government processes to scrutiny, allowing assumptions to be tested and lessons to be identified and shared. As a result, the quality of analysis is improved and the likelihood of positive project outcomes is increased.¹⁹

3.22 Agreeing with these points, Ms Terrill argued that proposals should be considered in the light of long-term plans:

Transparency of business cases and their assumptions brings a discipline to governments either to choose the projects with the highest benefits relative to costs or to explain to the electorate why they are prioritising some other goal.²⁰

3.23 Ms Terrill mentioned that greater transparency would improve community confidence in infrastructure projects. The public scrutiny of project proposals would ensure that if a minister decided to support a project that did not meet the technical assessment; there would be an onus to justify the project's non-financial benefits.²¹

3.24 In a more recent report, Ms Terrill provided more detail on this aspect, citing the limited impact of bodies such as IA:

A better approach would involve three steps. Governments currently cherry-pick the evaluation method that suits the result they want. Instead, they should not be able to commit to a transport infrastructure project before tabling in parliament a rigorous like-for-like evaluation of the net benefit, conducted by an independent body.

Governments would then be free to make and defend decisions on the basis of a clear rationale for investment. Politicians would be less eager to invest in projects that don't stack up.²²

3.25 Ms Terrill suggested that there be automatic publication of business cases for major projects seeking government funding 'particularly the assumptions underlying the cost benefit analysis and the evidence in support of those assumptions, so that experts and the community can scrutinise proposals'.²³ Ms Terrill stressed:

I cannot see any reason why business cases cannot be published, and published before the successful tenderer is announced...²⁴

3.26 Ms Rebecca Douthwaite, Policy and Research Manager, Property Council of Australia (WA), also supported the transparency of business cases:

19 Infrastructure Australia, *Australian Infrastructure Plan – Priorities and reforms for our nation's future* (2016) – Report, p. 160.

20 *Committee Hansard*, 5 November 2015, pp 1-2.

21 *Committee Hansard*, 5 November 2015, p. 4.

22 Ms Marion Terrill, *Roads to riches, Better transport investment*, Grattan Institute, April 2016, pp 2, 18.

23 *Submission 65*, p. 6.

24 *Committee Hansard*, 5 November 2015, p. 4.

A big issue at the moment is that about two years ago the Economic Regulation Authority did an investigation into microeconomic reform, and a big finding of that was that the infrastructure processes in WA at the moment are sufficient. That was very strongly rejected by industry based on the fact that even a demand analysis for a new road is not available to the public. That sort of information at the very least would help improve decision making when private sector and community can be involved or at least can understand how those projects were selected.²⁵

3.27 Professor Newman agreed with the need for greater analysis and transparency of projects, commenting that 'getting the economic analysis transparently available is a very big step forward.'²⁶

Commercial-in-confidence

3.28 Commercial-in-confidence has been used as a key reason for not making a cost-benefit analysis public. Evidence presented to the committee did not support using commercial-in-confidence to avoid transparency and scrutiny. Mr Eslake stated:

...I do not think commercial-in-confidence criteria should be used to obscure appropriate public scrutiny of the decision making process here. I understand that there might be some things that do need to be kept confidential, but thinking of some recent major infrastructure projects that have either been put forward or been reversed, I do not think it enhances public confidence in the merits of these projects or in the decision making processes of governments that lead to them going forward or being rejected if cost-benefit analyses and the assumptions underpinning them are concealed from public scrutiny.²⁷

3.29 Professor O'Neill observed the tendency of governments to make conditions within contracts commercial-in-confidence. Professor O'Neill highlighted that secrecy made it difficult to learn from past infrastructure mistakes:

Whether you are an advocate of public sector efficiency or of the benefits of the market, what we do know is that efficient knowledge and learning from the past in order to improve to the future is at the core of economic progress. And here we have in the infrastructure sector—probably the newest emerging private economic sector in the world—governments intervening in ways that inhibit learning, because we do not know the conditions under which privatisations take place, so we cannot say: 'That is good. That is not working. This is working.'²⁸

3.30 The PC was also not persuaded that commercial-in-confidence considerations should mean cost-benefit analyses are not made public, concluding that typically the analysis is done prior to procurement. For this reason the data is unlikely to be commercially sensitive. Accordingly the PC was:

25 *Committee Hansard*, 9 October 2015, pp 39-40.

26 *Committee Hansard*, 9 October 2015, p. 17.

27 *Committee Hansard*, 14 August 2015, pp 4-5.

28 *Committee Hansard*, 14 August 2015, p. 11.

...[n]ot convinced that there are valid commercial-in-confidence reasons to withhold the release of full cost–benefit analyses. Even where data are provided by private participants, the normal presumption of transparency should prevail as a condition of involvement in government-backed projects.²⁹

3.31 The PC emphasised the need to publicise the cost-benefit analysis of large projects as a way of improving the transparency of decision making.³⁰ The PC concluded that such transparency:

...allows particular estimates (for example, of construction costs or patronage) to be debated and testing done on how the use of different estimates would affect the projects net benefits. Transparency can help to improve the quality of analyses because proponents and practitioners know that any flaws are likely to be exposed.³¹

Planning and coordination

3.32 The need to improve integrated planning was seen as another way to reduce the risks for infrastructure investors and depoliticise decision making. IA outlined that an integrated and well planned infrastructure system enables the community and its economy to connect:

It makes it easier for people to get to their jobs, ensures businesses can operate efficiently and enables the creation of dynamic communities with strong social ties.³²

3.33 In the Infrastructure Plan, IA indicated that to facilitate good practice in infrastructure decision making frameworks they will work in partnership with governments, business and the community to:

...identify National Governance Principles to help drive better infrastructure decision making. Key components of the National Governance Principles are likely to include:

- Development of long-term integrated infrastructure plans;
- Publication of full project business cases, including supporting data and analysis;
- Completion of in-depth community engagement, starting at the strategic planning phase; and
- Preparation and publication of robust post completion reviews.

29 Productivity Commission, *Public Infrastructure*, Inquiry Report No. 71 (2014), Volume 1, p. 105.

30 Productivity Commission, *Public Infrastructure*, Inquiry Report No. 71 (2014), Volume 1, p. 9.

31 Productivity Commission, *Public Infrastructure*, Inquiry Report No. 71 (2014), Volume 1, pp 92-93.

32 Infrastructure Australia, *Australian Infrastructure Plan – Priorities and reforms for our nation's future* (2016) – Report, p. 48.

The National Governance Principles would be relevant to infrastructure decisions at all levels of government, irrespective of the funding source or procurement mechanism used.³³

3.34 IA in its Infrastructure Plan commented that politicisation of the infrastructure decision process can result in 'plans wholly or partially being re-written following a change of government'.¹

3.35 This view was supported by Mr Martin Locke, Adjunct Professor, Faculty of the Built Environment, University of New South Wales. Mr Locke highlighted the need for long-term plans and commitments for infrastructure that:

...sees through political cycles and is somewhat bipartisan, if that can be achieved [or tripartisan]...is the key, in my opinion.³⁴

3.36 Ms Terrill pointed out that infrastructure projects are often pursued in marginal states or electorates.¹ Ms Terrill drew together the political nature of infrastructure decision making with issues relating to broader project selection and financing issues, pointing out that there is:

a widespread view from entities such as the Productivity Commission that governments have not made good infrastructure decisions and that they have been driven by electoral concerns, the desire to build big and iconic over small and useful and a desire to keep debt off public sector balance sheets.³⁵

3.37 Witnesses emphasised that in order to improve planning, projects should not be seen in isolation but seen as part of an integrated system. Dr Paul McLeod, Research Program Leader, Planning and Transport Research Centre, University of Western Australia, referred to transport to articulate this point:

Transport is not a project, it is a system. It is transport for the city and every project has to interconnect with all the other projects. The responsibility to make the whole system work usually lies with government.³⁶

3.38 Dr McLeod went on to describe that an integrated project, has to be considered through what makes the whole system work better:

You cannot really do it in an unintegrated way. You have to have the planners and the financiers, in a sense, working together to make sure that both sides get what is required.³⁷

3.39 Ms Terrill also indicated that looking at infrastructure as an integrated system means that small projects can make a big difference:

33 Infrastructure Australia, *Australian Infrastructure Plan – Priorities and reforms for our nation's future* (2016) – Report, p. 161.

34 *Committee Hansard*, 14 August 2015, p. 38.

35 *Committee Hansard*, 5 November 2015, p. 1.

36 *Committee Hansard*, 9 October 2015, p. 33.

37 *Committee Hansard*, 9 October 2015, p. 33.

Because of the networked nature of transport infrastructure, there will often be pinch points that will jeopardise the running of the whole system, even though of themselves they are quite small and they can be quite easy to fix. So we are seeing a lot more things like improving problematic intersections or ramp measurements to improve flow rates on freeways, which have nothing like the scale of expense of the projects that attract media attention but in fact can make a huge difference to the operation of a system as a whole.³⁸

3.40 Ms Debra Goostrey, Chief Executive Officer, Urban Development Institute of Australia (WA) also emphasised the need to stop looking at projects in isolation using Fremantle port as an example:

...the state government is looking at selling the Fremantle port. They need a new port but they are struggling with the funding of it. We had a project that was proposed a number of years ago to build a residential island off Fremantle. One of the things that could be done is to get the constructor of that to build the outer harbour and then transfer the land rights to enable the urban development on the current port site. So the state gets a new, fully automated port, the developers get an inner-city area that they can develop for high density, you get a new area for the cruise ships to come in, and you get freight efficiency. But we are not looking at how we can collectively solve complex problems.³⁹

3.41 The Property Council of Australia (WA) provided an assessment system to the committee which Mr Lino Iacomella, Deputy Executive Director, Property Council of Australia (WA) indicated facilitates a more holistic integrated approach.⁴⁰

3.42 The matrix was an outcome of research commissioned from Urbis based on best practice infrastructure.⁴¹ The Urbis review did not just look at the direct cost-benefit analysis around initial investment but rather at what that investment would activate long term. Ms Douthwaite explained how the approach was developed:

When you look at the investment in infrastructure, particularly as it relates to productivity versus broader economic benefits, for argument's sake, you can build a road anywhere in the state and it could increase productivity, but how do you unlock those greater, broader economic benefits that are attached to that investment? That is what we really wanted to understand. Obviously, coming from property, we wanted to look at how it would activate property development and those sorts of opportunities for our members. But we also wanted to look at those broader things—new markets, new industries, new supply chains.⁴²

38 *Committee Hansard*, 5 November 2015, p. 3.

39 *Committee Hansard*, 9 October 2015, p. 19.

40 *Committee Hansard*, 9 October 2015, p. 36.

41 Urbis is a consulting firm offering services in planning, design, property, social planning, economics and research.

42 *Committee Hansard*, 9 October 2015, p. 36.

3.43 Professor Michael Negnevitsky, appearing in a private capacity, spoke about factoring in the increasing use of renewable energy into long-term energy infrastructure planning:

What may happen in the future is that people may install solar panels on the roof and have reliable battery storage in the garage, and basically you will not need a distribution network. Five years ago I raised this question at the IEEE general meeting in the United States, and people were asking whether I had all my marbles.

Last year I had the same discussion in TasNetworks, but the other way around: they were asking my view of what may happen with the grid, because if the situation continues like this we will have a situation where middle-class Tasmanians—and not just Tasmanians but people all over Australia—will have a house that is an independent energy unit.⁴³

Long-term planning

3.44 The committee heard that another way to reduce politicisation and infrastructure risk is to improve the long-term planning of infrastructure projects.

3.45 Professor Hewson lamented the lack of enduring infrastructure planning:

...we have never had either the leadership or the financial capability in the annual budget structure that we have got, and the sort of constraints that that operates under, to contemplate a serious infrastructure strategy going forward... We have trouble thinking to next week or beyond a particular short-term issue.⁴⁴

3.46 The PC also noted the need for:

...appropriate long-term planning for corridors, rigorous demand forecasting, investigating project risks fully (including latent risks borne by governments)...⁴⁵

3.47 The findings of IA's 2015 Australian Infrastructure Audit report stressed the need for long-term planning, dealing with uncertainty, with current issues including:

- the implications of demographic change for Australian society generally and government finances in particular;
- the scope and direction of technological change; changes in the global economy;
- the future of work, e.g. where people work, incomes, and part-time work;
- and the prospect of climate change, and uncertainty as to how the international community will respond.⁴⁶

43 *Committee Hansard*, 14 April 2016, p. 66-67.

44 *Committee Hansard*, 14 August 2015, p. 26.

45 Productivity Commission, *Public Infrastructure*, Inquiry Report No. 71 (2014), p. 8.

46 Australian Infrastructure Audit Report, April 2015, Vol 1, p. 7.

3.48 Dr James McIntosh, Director of LUTI Consulting, explained that the way we live is changing which should change what we plan for in future. Dr McIntosh spoke about Generation Y:

...Victorian kids are getting their driver's licences, like, five years later than they previously were 10 years ago, and the percentage of I think it is 18- to 28-year-olds has actually dropped. So 15 per cent less are actually getting their driver's licences, and then they are getting them later. They have these public transport and active transport travel behaviours that they, from then on, tend to keep for the rest of their lives. What this basically means is they value it. They go, 'Well, I don't really want a car.' So their behaviour and their willingness to pay is driving up different values...⁴⁷

3.49 This view was echoed by Ms Debra Goostrey who spoke about automated vehicles as an illustration of the changing future infrastructure needs:

We have the automated vehicles on trial, as of next month, in Adelaide. We are looking at them becoming commercially available in the next 10 years and in Western Australia we are looking at a 10-year rollover in vehicle use. By 2030 they are going to be fairly common. We need to be planning our infrastructure to interface with these new technologies. That is one example, but there are many more where we need to look to the future, how we will be living, and making sure all our infrastructure is efficient and effective...⁴⁸

3.50 Ms Terrill indicated that it is possible to make reasonable predictions for long term planning. Although demands change over time, Ms Terrill indicated that we can make some pretty good assessments:

... of where people will live, where jobs will be, where people will get goods from, where they will want them and the changing nature of all that...

We also have some reasonable predictions about population growth which, even though it has come off in more recent times, we expect to be pretty strong over the next 20, 30 or 40 years. So there is no reason why we cannot make pretty good plans for 30 years.⁴⁹

3.51 Mr Raymond Tame, Chief Executive Officer, City of Armadale spoke about the need for long term planning to address population growth in places such as Perth. Mr Tame raised :

the need for a scheme for cultural and recreational facilities over the next 30 years, providing the basis for a population of a 1½ million people, that is funded over a five-year or a seven-year program—a series of such facilities that are setting up greater Perth...for the next 30 years.⁵⁰

3.52 Mr Tame stressed the need for integrated planning particularly to address the needs of growing areas:

47 *Committee Hansard*, 6 November 2015, p. 32.

48 *Committee Hansard*, 9 October 2015, p. 20.

49 *Committee Hansard*, 5 November 2015, pp 5-6.

50 *Committee Hansard*, 9 October 2015, p. 5.

...at the moment as soon as you work out a program that works for the entire population of Australia, taking in the regional needs and taking in the global city needs, you are not meeting the needs of these areas where the population is not yet there. Yet we know they are the dormitory suburbs and the voting suburbs of the future. So those people move in, they have paid out, they have made the biggest investment of their lives. And then they look around and say, 'Where is my bus system? Where is my train system? Where are my recreation opportunities?'⁵¹

3.53 Dr Vicki Gardiner, General Manager of Tasmania, Engineers Australia, when discussing the current electricity supply shortage in Tasmania emphasised the need for governance to implement long-term planning infrastructure and energy needs:

It is now just a matter of, 'Rather than looking at the short-term fixes, let's look at the midterm and at what is coming up over the longer term,' always bearing in mind that there needs to be a diversity of supply for energy security, with those opportunities for new technologies that are coming through.⁵²

Coordination between governments

3.54 In addition to improving the way infrastructure projects are planned, witnesses spoke about the need for better coordination between levels of government and agencies.

3.55 Mr Anthony Schinck, Chief Executive Officer, City of Ballarat said that:

I think the best results we will get from that is in fact a coordinated dialogue across the three tiers of government and, in particular, through agencies that have the capacity to depoliticise to a large extent those investment opportunities.⁵³

3.56 Ms Terrill mentioned that:

...the Commonwealth and the states have a relationship which means that the Commonwealth tries to skew state decisions. I think the Commonwealth can be frustrated that the states do not put up a lot of projects, but it seems that neither side is entirely happy with the activities of the other side. The states generate the project ideas for the most part, but the decisions are probably skewed by the way that funding is provided.⁵⁴

3.57 Mr John Brennan, Chair of the Tasmanian Polar Network, highlighted that the interplay between the Commonwealth, state and private investors has the capability to transform Australia, if done well. Mr Brennan spoke about the Antarctic and Southern Ocean sector:

51 *Committee Hansard*, 9 October 2015, p. 10.

52 *Committee Hansard*, 14 April 2016, p. 70.

53 *Committee Hansard*, 5 November 2015, p. 34.

54 *Committee Hansard*, 5 November 2015, p. 4.

We would not have this sector had it not been for the vision, over 30 years ago, of the federal government when it decided to invest in infrastructure in Tasmania and in placement of human resources here. It relocated two federal government departments here, one being the Australian Antarctic Division and the second one to follow being the CSIRO. It is really important to note that because it shows that federal government investment in infrastructure and people at the right time and in the right place can create a whole new industry...⁵⁵

3.58 Mr Sean Cameron, Manager Economic Development and Mr Schinck, raised the need for all levels of government to work in a coordinated way.⁵⁶ Mr Cameron used the Ballarat West Employment Zone as an example of three levels of government working together to 'de-risk' infrastructure.

...we are able to work with all three tiers of government to address the different productivity components...By having the correct evidence base and the strategic justification behind it, and understanding what productivity improvements could come and whether the private sector investment was real and what type of return they need to get to...happen, we were able to ensure that those public moneys from the whole three tiers of government were actually going to get the results that we required.⁵⁷

3.59 Mr Eslake also highlighted need for long term planning between levels of government for projects to succeed:

Public sector infrastructure projects are usually complex and require considerable planning, especially if they entail the acquisition of land; involve a large number of tenders for work underpinned by lengthy and complicated legal documentation; and take years to be completed. Legislative requirements, especially when more than one level of government is involved, as is often the case in Australia, add to the difficulties of matching the timing of infrastructure spending to the business cycle.⁵⁸

3.60 Ms Goostrey spoke about the difficulties of coordination with each agency having its own piece of self-protecting legislation.⁵⁹ Ms Goostrey outlined that when talking to agencies about coordination, they are in agreement, until the agencies meet to sort out the practicalities of a proposed infrastructure project:

...when it goes through the belly of the beast of the decision making process we dumb it down. From the development-industry perspective, they want to do awesome; instead, they are left with vanilla, because that is the only thing we can get through the system. From the federal government's perspective, as many of the decisions that are made at state and local

55 *Committee Hansard*, 6 November 2015, p. 34.

56 *Committee Hansard*, 5 November 2015, pp 33-34.

57 *Committee Hansard*, 5 November 2015, p. 40.

58 *Committee Hansard*, 14 August 2015, p. 1.

59 *Committee Hansard*, 9 October 2015, p. 20.

government level, it is the leadership on what principle based planning and decision making framework should be in place.⁶⁰

3.61 Mr Tame spoke about coordination of infrastructure projects and highlighted the coordination issues faced by councils:

We have offered our expertise and the facts that we have put here to bring the voices of the nine councils that ring Perth together to get a collective view and to sit around the table. We have submitted a couple examples of the infrastructure aspects that where we think we could contribute to the decision making. Then they would be able to feed into the planning, the purchase of appropriate land and possibly the funding of some of those regional facilities on a better coordinated basis. We also want to be at the table because we do not know how water, power and a number of those important infrastructure components forward planning is coordinated. At the moment, we suspect that each of those agencies has its own strategic plan and there is not really a recognition—for instance, our growth rates have outstripped all of their predictions over the years.⁶¹

Timeliness of delivery

3.62 Witnesses emphasised that affordable housing, on outer metropolitan fringes, does not mean affordable living as limited infrastructure exists. Mr Tame explained that if infrastructure is not constructed while housing is developed, generations can miss out on the amenities and lifestyles enjoyed by those in established suburbs.⁶²

3.63 The committee heard that the construction of infrastructure projects in new areas are not meeting the needs of the community soon enough:

...it is when you get to that higher level of the regional-type infrastructure the timing is so far out that people's living patterns and their travel patterns are created before you put the right infrastructure in place and they will never change. People move into a district and they have to have three cars in their family to get to their jobs and their play and all the rest. They do not change if you bring in a public transport system 15 or 12 years later. You have to have them in early enough.⁶³

3.64 Mr Tame also spoke about the need to ensure leisure, recreation facilities and wellbeing amenities are adequately funded for future generations:

I am talking about leisure, recreation, the opportunities for communities to be engaged in active sport and play but also community hubs that are created. Sport and recreation are not just about activity and fitness; it is where our future community leaders come from.⁶⁴

60 *Committee Hansard*, 9 October 2015, p. 20.

61 *Committee Hansard*, 9 October 2015, p. 7.

62 *Committee Hansard*, 9 October 2015, p. 2.

63 *Committee Hansard*, 9 October 2015, p. 3.

64 *Committee Hansard*, 9 October 2015, p. 3.

3.65 Dr McLeod, acknowledged that current processes mean that the provision of infrastructure falls behind in new areas and spoke of the need for jurisdictional planning strategies and creating a dialogue to address this:

...'What compromises are we prepared to make? Are you prepared to have smaller lots and higher density so we can get the services in et cetera?' That is a vehicle where at least you have the dialogue about whether this should happen or should not happen.⁶⁵

3.66 Dr McLeod spoke of the advantages of implementing a state planning framework, where you could stipulate that infrastructure needs to be done simultaneously with a suburbs development. Dr McLeod advocated for a planning framework rather than the traditional process of waiting for people to live in an area, waiting for enough kids to plan the school, then planning transport:

...One of the things about places that do have them is that they can either sit as nice things to do—but some jurisdictions have actually made them quite formal, in that all the elements of their jurisdictional planning strategy have to be signed off by the relevant agencies, who are then committing to say that if a development is approved the public transport will go, the parks will go, whatever will go, and it will be charged for in a particular way and financed in a particular way. That might mean some developments do or do not go ahead. The argument I have put on occasions is that you can have a strategy that is sort of optional—as in it is a good guideline or a good target; it may or may not happen. But some jurisdictions have actually made them quite concrete.⁶⁶

3.67 Mr Schinck spoke about the Regional Development Victoria model which is a 'leading example of regional development funding' providing a 'consistent pipeline of investment into projects that make good economic and social sense':

The other benefit...is having a department that has the ability to effectively broker the co-operation and participation of other government agencies in the delivery of projects. This is often an overlooked aspect or dimension of the current model, but I think it is one of the most valuable. It does three things: firstly, it provides a pipeline of committed government funding to those projects; secondly, it acts as a broker of interagency cooperation—so effectively an attempt to deliver a whole-of-government approach to a particular project or issue—and, thirdly, there is expertise within Regional Development Victoria that effectively connects those public projects to commercial markets.⁶⁷

65 *Committee Hansard*, 9 October 2015, p. 29.

66 *Committee Hansard*, 9 October 2015, pp 29-30.

67 *Committee Hansard*, 5 November 2015, p. 28.

