



To Infrastructure Australia
GPO Box 5417
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**SUBMISSION TO INFRASTRUCTURE AUSTRALIA
AUSTRALIAN INFRASTRUCTURE AUDIT
BY THE SOUTH WEST GROUP**

SOUTH WEST GROUP

The South West Group, formed in November 1983, is a Voluntary Regional Organisation of Councils, and comprises the Cities of Cockburn, Fremantle, Kwinana, Melville, and Rockingham, and the Town of East Fremantle.

The South West Group is managed by a Board consisting of the Mayors and CEOs of its member local governments.

The South West Group's vision for the region is

“South West Metropolitan Region – the economic gateway to the west”

The South West Group will collaborate to maximise the quality of life within the region by influencing and informing future planning and infrastructure delivery.

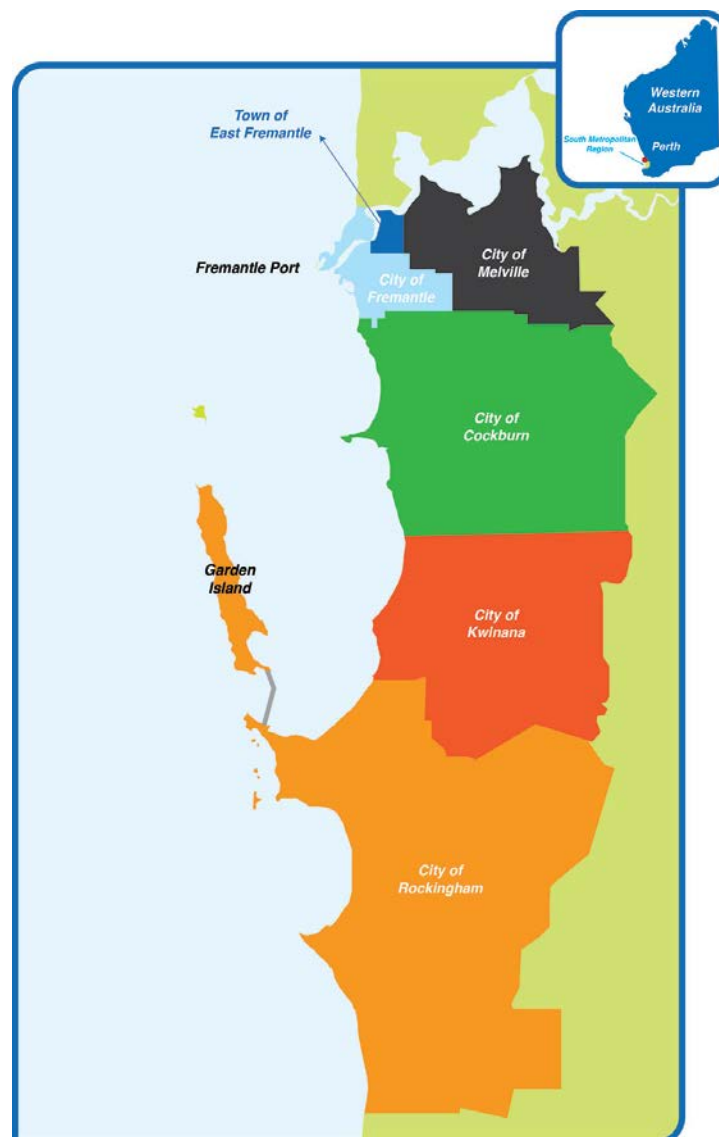
SOUTH WEST METROPOLITAN REGION

The South West Metropolitan Region (SWMR) is a nationally significant region having a Gross Regional Product of over \$30 billion and containing key economic infrastructure such as the Fremantle Port, the Kwinana Industrial Area, Jandakot Airport and the Australian Marine Complex.

With its export focussed economy and industries with strong international linkages, infrastructure plays a key role in contributing to the productivity and growth of the region.

The Direct Economic Contribution of infrastructure within the SWMR is estimated at \$6.271 billion in 2011. The growth projected for Greater Perth within the Australian Infrastructure Audit (AIA) will see the SWMR grow to 1,000,000 people around 2050.

Figure 1: Map of the South West Metropolitan Region



OVERVIEW

The South West Group welcomes the release of the Australian Infrastructure Audit (AIA) and the opportunity to make a submission.

The detailed modelling and growth projections in the AIA support the South West Group's advocacy for investment for key in infrastructure within the SWMR.

The findings in the report align with the long term strategic objectives of the South West Group. The recommendations contained in the South West Group's response relating to a new container port, intermodal terminal and appurtenant transport links must be considered as strategic projects in their own right.

These recommendations have no relevance to, or bearing upon, the current Perth Freight Link proposal involving the extension of Roe Highway.

RESPONSE TO AUDIT FINDINGS

Comments on some of the Audit Findings form the basis of the South West Group's submission, along with a series of recommendations in the conclusion.

Audit Finding 1

Australians expect their infrastructure networks to support a high quality, first world standard of living. They expect infrastructure to improve their quality of life in the future, notwithstanding significant population growth and major economic, social and environmental change.

Whilst Australians expect their infrastructure networks to support a high standard of living, they also understand the need to invest in infrastructure for productivity gains. Infrastructure investment should include a major proportion of funding in infrastructure that improves Australia's productivity and export competitiveness.

Audit Finding 2

There are grounds for concern that Australia's infrastructure networks and the systems under which they are managed are not meeting these expectations.

The South West Group believes that infrastructure management can be significantly improved by more open processes for infrastructure planning and prioritisation.

Audit Findings 6 and 7

Population growth will drive a significant rise in the demand for infrastructure services. On medium level projections, Australia's population is projected to grow from 22.3 million in 2011 to 30.5 million in 2031 – an increase of 8.2 million or 36.5 per cent.

Almost three-quarters of this growth (72.0 per cent) is projected to be in the four largest capitals – Sydney, Melbourne, Brisbane and Perth. In total, these four cities are projected to grow by 5.9 million people, or 46 per cent, to 18.6 million in 2031. This growth will impose additional demands on urban infrastructure already subject to high levels of demand.

The SWMR will be one of the fastest growing regions in Australia and will reach a population of 1 million around 2050 driving strong demand for infrastructure.

Audit Finding 8

The other capital cities – Adelaide, Canberra, Hobart and Darwin – are projected to grow in total by slightly more than 0.5 million people or 26.7 per cent. Given this, it is worth considering what steps could be taken to foster greater long-term growth in those cities, which may moderate the consequential infrastructure challenges in the larger cities.

The South West Group does not support the diversion of Federal Funding to promote the growth of the slower growing states, if it means a reduction in funding for infrastructure for growth states. The stimulation of the growth of states and territories should be the responsibility of each state and territory.

Audit Finding 11 and 12

Infrastructure decision making must place a high priority on productivity growth. This can only be achieved through efficient management of existing infrastructure, rigorous and disciplined evaluation of investment initiatives, and efficient delivery of new projects.

International and local reviews show that rigorous project selection is key to boosting economic activity and supporting productivity growth. However, investment in poorly conceived projects can undermine a country's economic prospects.

The South West Group supports prioritisation of projects based on their impact on productivity growth.

Audit Finding 13

Across various sectors, gaps in service quality already exist and will grow. These gaps are particularly evident in urban transport. Gaps in the quality and reliability of water services in some rural towns are also evident.

The major gaps in the SWMR are public transport and transport corridor investment.

Audit Finding 14

There is also a gap between expectations about infrastructure quality, and the willingness or ability to pay. There is a need for serious public discussion about infrastructure service levels and funding.

The South West Group supports exploring opportunities for expanding the base of funding and securing more income streams for infrastructure provision, particularly transport related infrastructure. Infrastructure Australia should also investigate funding models to support public transport investment, drawing on experiences from other states for mass transit forms of transport.

Audit Finding 16

Australia needs integrated infrastructure and land-use planning, across all levels of government. Progress has been slow in securing the efficiency and service delivery benefits of strategic decision making.

The South West Group agrees with the need for integrated infrastructure and land use planning.

Audit Finding 18

Improvements in long-term infrastructure planning, project appraisal and project selection (including the consistent use and transparent reporting of cost-benefit analyses) are necessary if Australians' expectations are to be realised.

The South West Group supports better long term infrastructure planning, project appraisal and project selection based on objective assessments, with key performance indicators to better track outcomes, progress and achievements.

Audit Finding 21

An improved framework is required to protect corridors for transport and other linear infrastructure. The failure to protect corridors can lead to significantly higher construction costs, making otherwise beneficial projects uneconomic.

Transport corridors do require definition for long term requirements and protection. Governments must have an effective mechanism for land acquisition and corridor management.

Audit Finding 24

Environmental considerations should form a fundamental aspect of infrastructure project selection and planning processes.

Environmental considerations have formed a fundamental aspect of project planning and selection in the SWMR, but have tended to lead to polarisation of the community in a number of controversial projects.

What's required are more effective mechanisms for habitat protection and rehabilitation within the same community where the impacts are taking place.

For instance, areas that are cleared for infrastructure works should have an offset as close as possible to the impacted community. It is understood that this concept is a key principle of the Strategic Assessment of the Perth and Peel Region currently being jointly undertaken by the Federal and State Government.

Audit Finding 30

The country needs to consider a broader system of transport pricing, both for road and public transport.

The development and maintenance of land transport networks is funded primarily through government, with the exception of tollways and mining related railways. There is strong public resistance to the introduction of road user charges and congestions charges, with the Perth Freight Link being the only WA road project proposed to attract a freight charge following its planned completion in mid-2019.

The wider application of tolls or other forms of road user charges have the potential to adversely impact on areas that would otherwise be serviced by traffic from that road. There are numerous toll roads operating in the eastern states of Australia and recognition that similar user charging systems may be introduced into WA in the future.

A better understanding on the potential economic and social impacts associated with the introduction of road user charges on the SWMR is required, particularly if it were to be applied to bridges in the region over the Swan River (Fremantle, Stirling, Canning) where there are limited opportunities to take alternative routes to avoid such charges.

Gantry type structures to collect E-Tag tolls from vehicles, such as Batman Avenue in Melbourne, are being considered as suitable arrangements for application to bridge crossings by transport agencies throughout Australia.

Audit Finding 31

Amalgamation of local government in some areas, and other reforms such as shared services arrangements, will be necessary if local councils are to have the scale and financial capacity to meet their local infrastructure responsibilities.

All of the local governments in the SWMR are at a scale or have arrangements in place for regional cooperation to meet their infrastructure responsibilities. All of the SWMR local governments receive the minimum rate for Financial Assistance Grants.

Audit Findings 32 and 33

Skills shortages contribute to cost increases for infrastructure construction. Development of an infrastructure pipeline presents an opportunity to develop a better skilled workforce and to minimise skills shortages in the future.

Australia would benefit from a strong and consistent pipeline of future infrastructure projects. Without this, there is uncertainty and less likelihood of a well-resourced environment for project procurement. The effectiveness and cost of current procurement processes in some jurisdictions are also an ongoing concern.

The South West Group supports the concept of a pipeline of infrastructure projects as way of maintaining skills and capability and allowing effective engagement between the public and private sector.

Audit Finding 34

Governments, industry and the community should ensure there is a continuous focus on reducing construction costs, and promoting modern building practices.

There needs to be innovation in contracting by both public and private sectors. Many existing requests for tender do not provide for non-conforming bids and engage with the private sector too late to allow for better value for money outcomes.

Audit Finding 35

Access to transport remains a critical social equity consideration, particularly for the outer suburbs of Australia's cities and most parts of regional Australia. These areas generally have an undersupply of transport services (especially public transport) and of local employment options.

One of the key considerations of an effective transport network is density. Public transport is more likely to be sustainable where corridors and nodes are planned with group housing in areas of high amenity.

Planning policies and infrastructure investment should not encourage scattered development that is likely to always have trips dominated by private vehicles and where public transport will struggle for viable patronage.

Audit Finding 39

Households with incomes in the lowest 20 per cent are the most exposed to the monetary costs of inefficient economic infrastructure. Public policy settings need to assist Australians on low incomes to access the infrastructure services they need, in an equitable manner.

It is accepted that some forms of economic infrastructure should recover costs particularly where excessive use or consumption harms the environment. Water, wastewater and power fall into this category.

Other forms of economic infrastructure such as use of public transport have benefits in reducing congestion and hydrocarbon use, with associated environmental and social benefits. This form of public infrastructure requires subsidies to effectively operate in a manner that encourages high levels of utilisation.

The affordability of economic infrastructure services is a complex issue and the pricing of these services may not be equitable, but may have safety net provisions. This finding needs clearer description as to what it means as it appears in conflict with other findings.

Audit Findings 40, 41, 42 and 43

Adapting to climate change and pursuing sustainable environmental outcomes is a core responsibility of infrastructure planners, owners and operators.

The projected decrease in rainfall (and the associated increasing exposure to severe drought) in the heavily populated southern parts of Australia presents significant challenges for the water sector.

The number and intensity of extreme weather events is increasingly likely to threaten certain infrastructure assets. Repairing these assets, and enhancing their resilience, will require an increase in maintenance expenditure.

Infrastructure operations can be disrupted by a range of hazards, including natural disasters. Ensuring infrastructure is able to continue operating through minor disruptions, and recover quickly from major disruptions, will be critical.

It is agreed that climate change will have a significant impact on infrastructure. In the SWMR sea level rise, more severe weather events, a drying climate and temperature rise will present many challenges. The need for resilient infrastructure is a crucial issue.

Western Australia has been particularly poor in the transport sector in creating resilient networks such that a simple failure of a high voltage cable was able to impact much of the heavy rail network. A utility failure, accident or fire impacting a Freeway creates major congestion as there are few alternative routes capable of taking equivalent volumes of traffic.

Grade separation, development of a new container port, construction of new rail links (such as the Cockburn Central to Thornlie Link), development of both Anketell Road and Rowley Road as high wide load corridors are the types of projects that are required in the SWMR to improve resilience in the network or remove risk.

Audit Findings 44 and 45

Infrastructure-related emissions accounted for approximately half of Australia's total greenhouse gas inventory in the year to September 2014, mainly from the electricity sector (33 per cent) and transport sector (17 per cent).

Transitioning to a lower emissions economy will require full consideration of reducing greenhouse gas emissions when infrastructure plans, construction methods and operational frameworks are being determined.

Initiatives such as modernising the truck fleet, using high productivity vehicles and increasing freight on rail are also methods of reducing greenhouse gas emissions and improving efficiency.

Audit Findings 48 and 49

Demand for urban transport infrastructure is projected to increase significantly. The cost of congestion in our capital cities, estimated at \$13.7 billion in 2011, is expected to increase to around \$53.3 billion in 2031, or around 290 per cent, in the absence of additional capacity and/or demand management.

Demand for many key urban road and rail corridors is projected to significantly exceed current capacity by 2031.

The SWMR will be one of the worst impacted regions for congestion in Australia, with a 2031 avoidable annual congestion cost of over \$3 billion for the scenario in the AIA Report.

Without further investment, public transport will be at full crush capacity and only catering for 4.88% of all journeys in Greater Perth.

Clearly there needs to be significant investments in both roads and public transport.

Audit Finding 50

Urban transport decisions need to complement land use decisions (especially about the supply and affordability of housing). Although some improvements have been made in this area, there remains a risk that community resistance to land use change and higher densities will undermine the economic, social and environmental benefits of investment in urban transport.

The South West Group believes that increased density is pivotal in establishing a sustainable public transport network as well as providing for increased housing choice.

Audit Findings 51 and 52

The national land freight task is expected to grow by 80 per cent between 2011 and 2031, with a large component of this task expected to be handled by road freight vehicles.

Accommodating this growth will require a focus on policy reform to enable the wider use of higher productivity heavy vehicles (such as B-triples), and selected investment (such as increasing bridge load limits and targeted safety improvements, aimed at improving the performance of national highway infrastructure).

The use of high productivity vehicles on nominated transport corridors is supported as well as the development of efficient intermodal terminals such as the one proposed for Latitude 32 (Kwinana Intermodal Freight Terminal).

Audit Findings 53 and 54

Demand for freight rail infrastructure is projected to grow, in particular for resource bulk commodity haulage in WA, Queensland and NSW.

Freight rail will need to play a growing role in the movement of goods between ports and inland freight terminals, and in the movement of containerised and general freight over longer distances.

The South West Group strongly supports the target of 30% of containers on rail from the Fremantle Inner Harbour as well as the retention of a high proportion of grain on rail to the CBH Terminal at Rockingham.

Audit Finding 55

Demand for container terminal port infrastructure and bulk terminal infrastructure are both projected to grow faster than GDP. Traffic through some ports is projected to significantly exceed current capacity by 2031.

The Inner Harbour at Fremantle is expected to reach capacity for handling containers by 2028.

Audit Finding 56

The nation's larger ports are operated as commercial enterprises, whether they are publicly or privately owned, or leased. Accordingly, investment requirements for these ports are expected to be met by user charges.

Whilst user pays is expected for most port users, there may be a case to support some port users (such as cruise ships) where there is a significant economic impact from attracting these port users. The provision of efficient land side road and rail facilities should involve investment by government, where there is a public good arising from these investments.

The South West Group provides the following observations and recommendations in its submission to the Australian Infrastructure Audit, which emphasis the pressing issues facing the South West Metropolitan region and the need for more investment in productive infrastructure to support the State and National economy.

GENERAL OBSERVATIONS

Ongoing Support for Infrastructure Funding Programs

The South West Group member Councils support the ongoing funding for Federally funded road safety and transport infrastructure grant funding programs such as the Blackspot and Roads to Recovery programs. These programs have been an important source of funding for the upgrading and improvements to local priority roads in metropolitan and regional areas in an apolitical manner and should not be consolidated to fund larger scale projects with the potential to be influenced for political purposes.

Community Connect South – Leveraging Shared Private and Public Investment

Community Connect South is one of the South West Group's regional priorities for 2015 centred around Cockburn Central, which has one of the most congested and fastest growing catchments in Australia. The Community Connect South initiative incorporates over 60 committed projects, with investments of \$90 million from Local Governments (Cities of Cockburn and Armadale) and \$25 million by the private sector providing co-contributions.

As a regional project with significant productivity and economic development benefits, Community Connect South is the type of project that has support from the State Government and is well aligned with Infrastructure Australia's investment objectives (refer to component projects identified in the Attachment).

Population Growth and Freight

The South West Metropolitan Region has been growing at an average rate of 3.4% since 2008 and is expected to continue to grow well in excess of the Australian average (1.6%). The region is strategically located and contains the main freight corridors linking the Kewdale Freight Hub to Fremantle Port.

The combination of high population growth and an expanding freight tasks places additional pressures on the road and rail transport infrastructure, thereby compounding congestion impacts and productivity losses caused by inadequate investment and inefficient use of infrastructure. Although it is recognised that Intelligent Transport Systems (ITS) have a role in improving the efficiencies of existing infrastructure, this will not be sufficient in addressing the compounding population growth and freight movement challenges facing the region.

Further investment in transport infrastructure upgrades and improvements in the South West Metropolitan Region will be required to ensure that the State's trade and economic benefits are realised.

Fremantle Outer Harbour

The proposed new container port in Cockburn Sound, or Fremantle Outer Harbour as it is known, has been planned for many years by successive State Governments and is essential to manage the growth of containers for WA into the future.

Timeframes for the orderly planning, construction and transitioning phases for the new container port are yet to be clearly articulated by the State Government, but are required to provide certainty and attract private sector investment in port and related infrastructure.

Given the AIA Report conclusion that Western Australia will be the fastest growing port in terms of container traffic, it is essential that Infrastructure Australia support and take an active role in the planning and development of the new container port in the Fremantle Outer Harbour.

Mass Transit Public Transport

Investment in public transport infrastructure is recognised as one of the most effective ways of transforming cities.

The South West Group supports the establishment of mass transit corridors throughout the region as a sustainable and efficient transport alternative that is able to significantly reduce congestion.

The State Government has recently released its draft Sub-regional Planning Frameworks for Perth and Peel @ 3.5 million which identify transport corridors to support mass transit forms of public transport such as light rail.

The Federal Government should be investing in mass transit infrastructure as transformative transport technologies to ensure that light rail and other forms of mass transit form priorities in the 15 Year Infrastructure Plan.

Value Capture and Wider Economic Benefits

Value capture has been identified as a complementary and possible alternative funding mechanism for investment in transport infrastructure by the private sector.

The South West Group lodged a submission to the Department of Infrastructure and Regional Development project appraisal framework paper in October 2014 supporting the use of value capture for project assessment by Infrastructure Australia, drawing attention to the Committee of Perth Report completed by Curtin University Sustainability Program (CUSP) in 2011.

A copy of the South West Group submission can be provided on request.

RECOMMENDATIONS

Fremantle Outer Harbour

- 1. Given the long lead time for port planning and the statement that Fremantle will be the fastest growing port in Australia for container traffic, Infrastructure Australia support the establishment of a clear timetable for the development of the new container port for Fremantle Outer Harbour in Cockburn Sound (Naval Base to James Point) and its associated intermodal terminal at Latitude 32 Industrial Area.***

Priority Projects in the Region

- 2. The AIA Report identifies the strong economic contribution of roads in the SWMR and the high economic impact of congestion from population growth and growth of the regional economy. The regional road, port and rail infrastructure projects listed at Appendix A should be considered for inclusion in the 15 year Australian Infrastructure Plan.***

Improved Passenger Rail Resilience – Cockburn Central to Thornlie Link

- 3. The existing cruciform layout of the heavy rail passenger network crossing in the Perth CBD makes it vulnerable to failure from train, power supply or weather events. Network improvements such as the \$320 million Thornlie Link and ultimate connection of Cannington through to Midland make the network more resilient as well as assisting deal with passenger loading from the New Perth Stadium. This rail project should be considered for inclusion in the 15 year Australian Infrastructure Plan.*

Rail Network Upgrades and Improved Efficiency by Double Stacking

- 4. The metropolitan freight rail network should be progressively upgraded to cater for 600 metre long trains and double stacking of containers as well as grade separating high volume roads to support the 30% containers on rail target.*

High Productivity Vehicles and Additional High Wide Load Routes

- 5. High productivity vehicles should be able to be used for access to the Fremantle Inner Harbour and to the new intermodal terminal at Latitude 32. The development of both Rowley Road and Anketell Road to the proposed Fremantle Outer Harbour container port in Cockburn Sound from Tonkin Highway is required.*

These corridors should be high wide load corridors to provide greater resilience to the network and ensure, when one road is being used for a slow moving load, an alternative route is available.

Transport Pricing and Road User Charges

- 6. Governments engage with the South West Group, regional industry and the community to investigate the economic and social impacts associated with the introduction of road user charges and congestion charges impacting on the region, particularly E-Tag tolls over bridges, well before any impost of charges.*

Higher Density in Activity Centres and Corridors

- 7. The South West Group supports higher urban density along connecting corridors between activity centres*

I trust that Infrastructure Australia will find the responses in this submission useful in the future planning and delivery of vital infrastructure for the nation.

The South West Group has also prepared summaries of the main AIA Report and the Traffic Modelling Report (Veitch Lister Consulting), specific to the South West Metropolitan Region of Perth, should this be of interest to Infrastructure Australia.

If you require further information regarding this submission or the South West Metropolitan Region infrastructure priorities listed in Appendix A, please contact the Director South West Group (Mick McCarthy) on ph: (08) 9364 0631, mob: 0478 325 469 or email: director@southwestgroup.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jim O'Neill', written in a cursive style.

Mayor Jim O'Neill
Chair South West Group

APPENDIX A

South West Metropolitan Region Infrastructure Priority List A Pipeline of Infrastructure

Category	Project	Stage	Date	Value
Transforming Our Cities	<i>North Lake Road Bridge and Freeway Interchange Linking Armadale Road and North Lake Road*</i>	Threshold	2017	\$160M
	<i>Additional lane northbound on Kwinana Freeway Beeliar Drive to Roe Highway*</i>	Ready to Proceed	2017	\$100M
	<i>Dual carriageway on Armadale Road between Verde Drive and Anstey Road*</i>	Threshold	2018	\$130M
	<i>Thornlie Link Heavy Rail between Thornlie and Cockburn Central</i>	Real Potential	2020	\$320M
	<i>Fremantle Traffic Bridge</i>	Threshold	2022	\$260M
	<i>Canning Bridge Transport Interchange</i>	Real Potential	2026	\$150M
	<i>Priority Light Rail/Mass Transit Transport Corridors</i>	Real Potential	By 2031	
National Freight Network	<i>Grade Separation Stock Road south of Phoenix Road and additional Lanes</i>	Real Potential	2024	\$250M
	<i>Latitude 32 Intermodal Terminal</i>	Real Potential	2028	
	<i>Rowley Road between Mount Brown and Tonkin Highway</i>	Real Potential	2028	
	<i>Anketell Road between Rockingham Road and Tonkin Highway</i>	Real Potential	2028	
	<i>New Container Port at Fremantle Outer Harbour and associated infrastructure</i>	Real Potential	2028	\$4B - \$5B
Competitive International Gateways	<i>Rail Upgrades Fremantle Port to Kewdale to provide for double stacking passing lanes and 600 metre trains</i>	Threshold	2024	\$150M

**Denotes those projects that form part of the Community Connect South Initiative*