

2 August 2019

Mr Jeremy Conway
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Dear Mr Conway

I write in response to your invitation for Business SA to submit to Infrastructure SA's 20-Year State Infrastructure Strategy - Discussion Paper. Business SA's views on infrastructure are informed by feedback from a diverse range of member businesses, including freight and passenger transport companies, engineering consultants, end users like manufacturers, infrastructure investors and technology providers to name just a few.

Executive Summary

- Business SA strongly supports completion of the North-South corridor, but encourages Infrastructure SA to consider how this project, and others, can facilitate and leverage connectivity more broadly across Adelaide
- Long-term projects such as duplicating the Augusta, Dukes and Sturt Highways may take several budget cycles, but still need to form part of the State's 20-Year Infrastructure Strategy to provide enduring confidence for businesses to invest and bring about much needed regional development outcomes
- Infrastructure SA is established to advise the State Government on overcoming what have often become intractable political challenges and should be considering ambitious proposals including an East-West link to the North-South corridor from the South Eastern Freeway
- Tourism infrastructure, including a more expansive and interconnected bike path network, should form part of Infrastructure SA's long term strategy

Should you require any further information or have questions, please contact Andrew McKenna, Senior Policy Adviser, on (08) 8300 0000 or andrewm@business-sa.com.

Yours sincerely,

Anthony Penney
Executive Director, Industry and Government Engagement



Why this matter is important to South Australian businesses

As South Australia's Chamber of Commerce and Industry, with a history dating back to 1839, Business SA is the peak business membership organisation in the State. Our more than 3,000 members are affected by this matter in the following ways:

- Business SA has long called for an independent infrastructure advice authority for South Australia, most recently in our 2018 pre-election Charter, and we recently hosted an infrastructure roundtable of members to help inform our contribution to the inaugural 20-year State Infrastructure Strategy
- The future economic prosperity of South Australia will be intrinsically linked to the ability of businesses to leverage from world class infrastructure to competitively deliver goods and services to interstate and international markets, particularly when the State exhibits an ageing population growing at half the national average
- Businesses foot freight bills from agribusinesses, manufacturers to retailers to name just a few and not only need competitive freight rates, but governments that deliver, optimise and maintain infrastructure efficiently to ensure taxes are also competitive; which should not be ancillary to any consideration of future infrastructure needs

Business SA makes the following points in response to the discussion paper:

1. When the Globelink proposal was initially released, Business SA welcomed the then Opposition's willingness to think outside the square and propose a bold alternative to overcoming some of the State's most intractable logistics challenges.

While we had some trepidations that a freight-only airport may not stack up on commercial grounds, considering most airfreight is carried by passenger aircraft, we recognised the need to consider long-term alternatives to freight routes which would direct heavy traffic away from otherwise congested areas of Adelaide. We also acknowledged the need to think forward to what infrastructure can support South Australia's population growth.

More recently, feedback from a range of members, including transport companies, suggests that an East-West link to the North-South Corridor should be more seriously considered as an alternative to constructing an Adelaide ring-road. While Business SA acknowledges this could take a range of possible routes, we are of the view that the most direct alternatives should be considered first, with secondary options beyond that. On this basis, we recommend Infrastructure SA consider all variants of an uninterrupted freeway along the path of Cross Road to link the North-South Corridor with the South Eastern Freeway. While

no one link will entirely remove heavy vehicles from otherwise congested arterial routes, improving access from the South Eastern Freeway to the North-South Corridor will significantly improve safety and travel times for heavy vehicles moving to and from Port Adelaide and the Northern Suburbs. It will also allow for more productive heavy vehicle combinations to move through Adelaide, for example handling multiple containers.

Importantly, alternatives to freight circumventing Adelaide will assist to allay long held safety concerns about heavy vehicle traffic on Port Rush Road, particularly B-doubles. The 20-Year State Infrastructure Strategy is an ideal opportunity for Infrastructure SA to focus on how to effectively remedy this protracted issue, with the scope to consider all alternatives without being constrained by a political narrative.

2. Business SA recognises the discussion paper appropriately describes the role of quality infrastructure in providing efficient access to markets around the world. We have long supported completion of the North-South Corridor, and in our [2018 pre-election Charter](#), suggested that future stage selection should strongly consider export freight paths first. With a plan to ultimately open up eastern access to Adelaide Airport, an upgrade of South Road from the Torrens River to Richmond Road should be prioritised in support of South Australia's growing airfreight exports.

Business SA members have raised concerns that if a tunnel option is used for remaining sections of South Road, this may not necessarily improve access for Adelaide's other key arterial routes which also need to benefit from improved connectivity through the North-South corridor upgrade. In other words, Infrastructure SA needs to consider how the North-South corridor can benefit other key arterials, not only how it will improve end to end access. Consideration of origin to destination, as opposed to just north-south or east-west is a useful construct to contemplate.

3. Although the entire North-South corridor upgrade is likely to be completed somewhere around the middle of the next decade, feedback from members suggests that broader connectivity across Adelaide is being forgotten in the narrow focus to complete this important project. While the remainder of the North-South corridor should still be prioritised, in doing so, the State Government should ensure that key arterial routes crossing South Road are both protected and enhanced.

Infrastructure SA should also focus on how future projects will generally improve freight productivity. In the example of one Business SA member operating a fleet of waste recovery trucks collecting 200 bins per hour, general congestion around Adelaide, particularly on key arterial routes, can cost significantly over the course of a day. If just one truck is slowed down by an hour over the course of the day, it's 200 bins less productive, costing approximately \$150 per hour. While considering one truck might seem insignificant,

multiplying that across thousands of freight tasks throughout the city forms a picture of just how much freight productivity can impact the cost of doing business. Strict fatigue laws control the hours of drivers and ultimately transport companies rely upon infrastructure improvements to boost their own productivity, and that of the economy more broadly.

Business SA recognises that improving freight productivity is unlikely to grab headlines, but it genuinely improves the ability of South Australian businesses to compete in interstate and international markets as their freight costs reduce. With this in mind, Business SA was a strong advocate ahead of the funding of the Northern Connector project in 2015, particularly as it tied in with the Northern Adelaide Irrigation Scheme which we also supported on the basis of finding a more productive use for excess winter recycled water pumped into Gulf St Vincent. From our perspective, both projects were intrinsically linked with supporting sustainable growth of South Australia's export markets.

4. Future regional development opportunities to leverage from new and existing rail freight infrastructure should also be considered within the State Infrastructure Strategy, particularly to the Riverland. Infrastructure SA should also investigate less capital intensive options to improve port access through upgrades of existing rail connections.

While Business SA is mindful that companies such as grain handler Viterro have steadily reduced rail operations in both the Murray Mallee and Eyre Peninsula grain growing regions for commercial reasons, Infrastructure SA still needs to have an eye to where states such as Victoria provide wide-spread rail freight access, including to northern cities such as Mildura which recently benefited from upgrades under the \$440 million Murray Basin Rail Project.

5. It is critical that technological advances are adequately considered for in the development of South Australia's future road infrastructure. Adelaide is fortunate to have companies such as Cohda Wireless leading the world in vehicle to vehicle technology. Business SA recognises that projects such as the O-bahn are already making use of such technology to enable communications between buses and infrastructure, including boom gates, and all future projects under consideration by Infrastructure SA should have appropriate regard to how increased penetration of vehicle to vehicle technology, and ultimately autonomous vehicles, can be accommodated.

Business SA is mindful that specific technological platforms are still being considered in this particular field, and that Governments need to be careful in locking themselves into any one technology option aimed at achieving a similar outcome. Notwithstanding, having the future ability to integrate technology into existing infrastructure should be considered well in advance to reduce likely installation and ongoing operational costs.

6. Business SA has progressively increased its focus on promoting regional business issues over the past decade, including through our 2016 and 2018 Regional Voice reports. This has occurred in tandem with regular events we run across all regions of South Australia, and our annual Regional Chambers conference. Part of our agenda is to ensure regional business issues are appropriately elevated to reflect the strong economic contribution regional South Australia makes to the entire state, particularly export sales.

In our 2018 Regional Voice survey, which over 450 businesses responded to, the top 3 issues businesses nominated for their region were:

- Electricity costs (19%)
- Economic infrastructure requirements (13%)
- Skills availability (9%)

In the example of regional economic infrastructure, a long-term Government plan to develop key strategic freight routes with say, a minimum of freeway access, would underpin future growth in key areas such as the Riverland, South East and Iron Triangle. This should include staged plans to duplicate the Sturt, Dukes and Augusta highways, similarly to the long term planning which eventually resulted in duplication of the Hume Highway between Melbourne and Sydney.

Duplicating the Dukes highway would benefit South Australian agribusinesses and manufacturers increasingly reliant on East-coast markets which are growing much faster than South Australia's. Interestingly, upgrading Victoria's Western Highway from Stawell through to the South Australian border is considered by the Federal Government as a national road of strategic importance, but the South Australian Government has not chosen to similarly promote further upgrading the Dukes highway through to Adelaide. Considering the rapid population growth in Victoria compared with South Australia, the State Government should be looking to develop its own long-term plans for improved interstate connectivity.

Infrastructure SA should also be mindful that regional development more broadly is impacted by the ease and safety of access to regional destinations. In a recent example, the Riverland West Chamber of Commerce indicated their increasing concern with the growing number of trucks on the Sturt Highway and how difficult that makes travel to and from Adelaide, including for residents and tourists. Again, if the Government genuinely wants to promote regional growth, it needs to consider that people who may otherwise have extended family in Adelaide are going to be influenced by the ease and safety of travelling to regional towns and cities.

While all these types of projects require considerable investment and will not happen over one or two budget cycles, businesses thrive off confidence about long term policy direction.

7. For the driest state on the driest continent, Business SA encourages Infrastructure SA to consider all options for expanded water infrastructure, particularly to provide further opportunities for agri-businesses to use recycled water. As an organisation, we long supported construction of the Norther Adelaide Irrigation Scheme. This was twofold, one to ensure the costs of disposing of treated waste water passed back to SA Water customers could be minimised and two, because South Australia has a competitive advantage in horticulture and the State Government should do what in can to support growth in export orientated sectors. While we recognise the pricing of recycled water must be competitive, ultimately pumping treated waste-water into Gulf St Vincent is a lost opportunity. With the potential for future expansions of NAIS, and potentially other similar schemes, Infrastructure SA should also investigate how a broader pool of capital can be tapped to fund any supporting infrastructure, particularly given all additions to SA Water's regulatory asset base (RAB) flow straight back to the broader customer base through potable water prices.

Business SA made several submissions to the now finalised State Water Price Inquiry, largely on the basis of ensuring SA Water's RAB was set in an appropriate manner in accordance with best practice principles, including treatment of previously contributed assets. While the Inquiry ultimately found the RAB was up to \$870 million overvalued, and potentially further if principles from the National Water Initiative were followed, the outcome demonstrated the importance to South Australian consumers, including businesses, of having access to competitively priced water.

8. Business SA's broader membership has long been open to the potential for toll roads to expedite road infrastructure, but we recognise the commercial reality of such proposals and the need to justify material customer demand.

We also acknowledge that the debate on tolls is often predicated on the perceived cost, and that concerns exist amongst our own membership if say heavy vehicle tolls in Adelaide ultimately matched those in Melbourne, which can be in excess of \$50 for a return trip.

From a business perspective, the debate about user pays still has merit, but the extent to which users would contribute will be the deciding factor. Notwithstanding, Infrastructure SA should remain open to considering all funding options for future projects, and if there is a possibility that the project might attract broader funding options, including through the superannuation sector, then some level of toll contribution may be appropriate. We recognise that existing Government balance sheets have a limit, and that the State Government is already on track to reach record levels of net debt in the forward estimates

period, so continuing to completely rule out user pay options may not necessarily be a choice we continue to have.

9. For many years South Australia has touted itself as the cycling State and Adelaide, the cycling capital of Australia, leveraged by the success of the Tour Down Under (TDU).

Well-planned and maintained infrastructure is necessary to attract cycling tourism in both metropolitan and regional South Australia. For instance, hundreds of kilometres of abandoned rail tracks provide a prime opportunity to continue expanding existing cycling tracks, providing safe routes for cyclists. While this has already been achieved in part within South Australia's prime wine regions, Business SA acknowledges the much wider opportunity to develop regionally based cycle tourism which should be considered within the 20-Year Infrastructure Strategy.

We recognise the commitment made by the State Government to work with the Victorian Government on a Great Southern Bike trail, however, a broader, State-wide strategy needs to be implemented, including linking up key regions and actively promoting an expanded network of cycling paths.

10. Business SA remains open to the potential for the State Government to bid for a major sporting event such as the Commonwealth Games, but we are cognisant that any associated infrastructure spend is carefully assessed for its ongoing use and that we consider a package of potential events, not hinge our entire sports infrastructure plan on successfully attracting one particular event or another.

As Fremantle in Western Australia experienced from hosting the 1987 America's Cup yacht race, major events can be a catalyst for urban renewal and any future plan to bring a major sporting event, or events, to South Australia with Government investment should have a strong focus on leveraging secondary benefits.

11. Consistent feedback from Business SA's regional members in relation to skill shortages conveys the difficulty in attracting entire families to relocate to regional areas. It is often the case of limited job opportunities for one partner, to the general concern about lack of access to necessary health services.

In Infrastructure SA's consideration of future infrastructure development in the regions, health, education and community recreational infrastructure, also need to be considered for as part of a broader package to ensure that economic infrastructure requirements recognise the broader elements needed to achieve sustainable economic growth outcomes.

12. Business SA is mindful that improving digital and telecommunications infrastructure will continue to be an important factor to assist the competitiveness of South Australian businesses, recognising the additional concerns of regional businesses. In consultation with regional Chambers of Commerce, Business SA recently provided feedback to the State Government ahead of its mobile black spot funding application to the Federal Government to highlight the commercial impacts of mobile black spots.

In light of the State Government's current initiative to expand the Adelaide Gig City initiative to Whyalla and Mt Gambier, it is important for Infrastructure SA to contemplate how improved digital connectivity can better leverage commercial outcomes throughout the economy, and how future regional development will need to occur in tandem with ensuring appropriate levels of internet and telecommunications access.

13. The only expansion of Adelaide's tram network on the Premier's priority list for Infrastructure SA to consider is within the CBD. In Business SA's 2018 Charter, we recommended the next State Government consider future stages of the proposed AdeLINK network based on leveraging economic outcomes. In the medium term, a tram link to support both Adelaide Airport and city access to Henley Beach should remain in contemplation. Ongoing expansion plans at Adelaide Airport, and future development plans to leverage from the Henley Square upgrade all bode towards building a case for improved city connectivity, including to boost the State's tourism appeal. This is also important to consider now in light of the progressing completion of the North-South corridor which will need to facilitate future public transport alternatives.

A tram expansion through to O'Connell Street, North Adelaide should also remain under consideration, including to enhance the pre-game build-up experience and leverage from the recent line extension to Adelaide Oval.