

20 December 2013

Mr Peter Harris
Chairman
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Vic 8003

Email: infrastructure@pc.gov.au

Dear Mr Harris

CME submission to public infrastructure inquiry

CME is pleased to provide its report, *Investment in Resources Sector Infrastructure*, as a submission to the Productivity Commission's public infrastructure inquiry.

CME is the peak resources sector representative body in Western Australia. CME is funded by its member companies, which generate 95 percent of the value of all mineral and energy production and employ 80 percent of the resources sector workforce in the state.

The Western Australian resources sector is diverse and complex covering exploration, processing, downstream value adding and refining of over 50 different types of mineral and energy resources. In 2012-13, the value of Western Australia's mineral and petroleum production was \$102 billion, accounting for 89 percent of the state's total merchandise exports and thus representing the majority of Western Australia's 47 percent contribution to Australian merchandise exports.

To deliver successful projects the resources sector relies on a range of public and private infrastructure, including transport, energy, water, accommodation and social infrastructure. Recognising governments are unable to fund all infrastructure requirements, CME examined incentives and barriers for private sector infrastructure investment and sought to identify investment frameworks between industry, private financiers and governments, including the allocation of risk.

The report highlights the importance of:

- investment in efficiently built and operated resources sector infrastructure to support the financial viability of projects;
- long term, coordinated infrastructure planning to help avoid duplication and delays;
- the government strengthening its capabilities for the complex role of brokering partnerships to develop economic infrastructure;
- optimising commercial and financial structures of projects through viability gap funding, minimum guarantees, existing revenue streams and delaying demand risk transfer;
- recycling existing government assets to allow for investment in new, value creating infrastructure for the resources sector; and
- considering the taxation treatment of gifted assets and the structure and oversight of user contributions to reduce the impact on investments.

As the enclosed report has not yet been launched, CME requests it remain in confidence. The final report is proposed to be released in early 2014, at which time CME would be pleased to send a copy to the Productivity Commission to be made available on its website.

To discuss CME's report further, please contact Mr Andrew Winter, Manager – Infrastructure on a.winter@cmewa.com or 08 9220 8525.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Reg Howard-Smith', written in a cursive style.

Reg Howard-Smith
Chief Executive

Att.