



Victorian
Chamber of Commerce
and Industry



Infrastructure Victoria

Draft 30-Year Infrastructure Strategy

Victorian Chamber of Commerce and
Industry Submission

October 2016

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission on Infrastructure Victoria's draft 30-year infrastructure strategy. We consider the strategy provides a comprehensive assessment of Victoria's infrastructure needs and valuable guidance on future priorities.

The Victorian Chamber has been a strong supporter of the establishment of Infrastructure Victoria as an independent body to provide advice on key infrastructure priorities and projects.

As Victoria's leading business organisation, the Victorian Chamber has consistently sought to highlight the vital role infrastructure plays in supporting long term economic growth and liveability. Front and centre of our advocacy agenda are projects that address growing population pressures and improve business productivity and competitiveness across the state.

Focus on liveability and competitiveness

The Victorian Chamber is encouraged by the focus of the strategy on improving liveability across the state. Liveability is a core and important feature on any modern economy. Victoria is fortunate that its liveability credentials are already strong:

- Melbourne has consistently been ranked as the world's most liveable city.
- We have a modern health system.
- Our world class higher education system has strong links with industry.
- We have open spaces for a healthy living environment.

Growing our liveability credentials will depend in no small part on continuing to invest in and refresh not only important 'hard' infrastructure like transport, hospitals and schools but also 'soft' infrastructure in areas like the arts, recreation and environment.

The interdependence of liveability and competitiveness is such that we must continue to invest in capital to respond to population growth, enable workforce participation, lift productivity and support Victoria's changing, globally integrated economy.

In this context, the Victorian Chamber welcomes the priority in the strategy given to projects including:

- North East Link.
- Outer metropolitan ring road.
- Melbourne Airport rail link.
- Intensifying development in and around employment centres.
- Education infrastructure.
- Providing planning protection for existing and future freight precincts.
- Upgrading regional rail infrastructure and rolling stock.

However, we note that the strategy misses the opportunity to provide a more definitive position on a new airport in Melbourne's south east.

North East Link

The Victorian Chamber is encouraged by the support contained in the strategy for the North East Link. The North East Link will provide accessibility through some of the most congested parts of the road network and improve access to major employment centres. Less congestion cuts the cost of doing business in Victoria.

However, we consider the proposed timeframe for the project to be constructed within 10-15 years is too long. Infrastructure Victoria's modelling and economic analysis of the project indicates it is a high performing project offering substantial benefits in terms of linking people to employment across the city and improving freight reliability and travel times.

The Victorian Chamber recommends that the timing for the completion of the North East Link be bought forward so that the benefits can be delivered sooner.

Prioritisation and sequencing

The Victorian Chamber's previous submission on Infrastructure Victoria's *All things Considered* options paper stressed the importance of providing policy makers with a clear direction for future infrastructure investment.

Both the breadth of policy areas being considered and the types of options in the draft strategy are extensive, with 134 discrete recommendations addressing 19 needs, ranging from social housing to freight supply chains to healthy waterways.

The strategy recommends projects that will provide a pipeline of new initiatives to cater for a growing population and economy. It also contains important measures designed to get better use out of existing infrastructure. A mix of solutions is needed to ensure we can get the best outcomes with limited resources.

The timeline diagrams provided for each infrastructure need are instructive. They differentiate between new or expanded assets and behavioural change initiatives, and show the recommended timeframes for the completion of various options.

However, the strategy would benefit from an overarching prioritisation of projects across the multiple infrastructure needs.

The draft strategy also shows that options relating to the better use of existing infrastructure dominate the early years of the 30-year outlook, while major transformative infrastructure projects such as the North East Link are assigned to the middle and outer years of the strategy.

We acknowledge that the Victorian Government's current infrastructure program is significant, encompassing the Level Crossing Removal Project, the Metro Tunnel and the Western Distributor project, and that many better use initiatives need to be implemented prior to commencing the construction of new or expanded assets. However, the approach in the draft strategy risks leaving governments with limited options for near term investments and unnecessarily delaying decisions regarding transformative major projects.

The Victorian Chamber recommends that:

- **The final strategy include an overarching priority ordering of projects across all infrastructure needs. This will provide policy makers with a clear direction on relative priorities and a strong pathway for future investment.**
- **Infrastructure Victoria review the sequencing of projects so that the early years of the strategy provide a mix of options relating to new or expanded assets as well as better use of existing infrastructure.**
- **Where major transformative projects are specified for the outer years of the strategy, identify where planning activities, bridging projects or land acquisition could be undertaken earlier.**
- **Clarify what milestone the timeframes specified for each option refer to i.e. planning, funding, build or completion.**

Second container port

As the Victorian Chamber has indicated in previous submissions to Infrastructure Victoria, a second container port will be needed in coming decades to ensure that Victorian businesses are not disadvantaged by capacity constraints at the Port of Melbourne.

Ports are complex pieces of infrastructure. The development of a new port and associated road and rail infrastructure is costly and has very long lead times. Planning must therefore be undertaken well in advance of a new facility being required in order to ensure that a new port comes on line prior to the Port of Melbourne reaching capacity.

In this context, the Victorian Chamber acknowledges the separate work currently being undertaken by Infrastructure Victoria to provide advice on the merits of developing a second Victorian container port, and options for the location of this facility, including at the Port of Hastings and Bay West. We look forward to the release of the evidence base and ensuing consultations in the first quarter of 2017.

Road user pricing

The Victorian Chamber notes Infrastructure Victoria's recommendation to introduce a transport network price regime within 5-10 years to reduce congestion and crowding and enable faster travel times for high-value trips.

We acknowledge the potential for road user charges to manage demand and change behaviour but stress that any regime must be carefully implemented so as to not damage business competitiveness through higher costs and disadvantage lower income groups and individuals.

As such, we look forward to a more detailed examination of the practicalities and implications of this recommendation in Infrastructure Victoria's forthcoming discussion paper on transport network pricing options, challenges and opportunities for Victoria.

Better integration of land use and infrastructure planning needed to underpin liveability

The Victorian Chamber supports Infrastructure Victoria's focus on aligning land use planning with infrastructure planning. Land use planning informs infrastructure requirements and infrastructure provision enables the achievement of land use objectives.

Major infrastructure development is a medium to long term endeavour. Victoria's ability to deliver high standards of living and economic development depends on the ability of governments to develop and deliver a clear vision for our future cities and regional centres. This vision needs to encompass considerations of future population growth, changes in the way we live and work, business and trade needs, structural changes in the economy and community expectations about the quality and type of services needed to underpin high levels of liveability.

Infrastructure Victoria suggests that over time the 30-year infrastructure strategy will become an important input to future land use plans and that new land use plans will inform future updates to the 30-year strategy, leading to better integration.

While we note cross agency dialogue is strong and growing, it may not be enough to achieve the desired level of integration and there is a risk that land use plans and infrastructure plans will continue to be developed by different parts of government with different objectives.

The Victorian Chamber suggests that Infrastructure Victoria give further consideration to the creation of a formal, institutional link between infrastructure and land use planning. This work could be undertaken through Infrastructure Victoria's research program.

Commonwealth-State cooperation

The Victorian Chamber takes this opportunity to restate our view that Commonwealth-State cooperation in infrastructure planning and development is vital. State governments do not have the capacity to fund all of their major infrastructure needs without Commonwealth financial support.

The 30-year Infrastructure Strategy will sit alongside Infrastructure Australia's *Australian Infrastructure Plan* to guide future investments by Victorian and Federal Governments.

The Victorian Chamber hopes that the combined advice of Infrastructure Victoria and Infrastructure Australia will build consensus on priorities that can prevent future conflicts, such as the current dispute over project priorities and payments to Victoria under the Commonwealth's asset recycling scheme.

Continued consultation and engagement

Infrastructure Victoria's focus on broad consultation with community and business is welcome and will be critical to the acceptance of a 30-year strategy. The Victorian Chamber looks forward to the delivery of Infrastructure Victoria's final 30-year infrastructure strategy and to working with the Victorian Government on the development of its response.