



Victorian
Chamber of Commerce
and Industry



Infrastructure Victoria *All Things Considered* options paper

Victorian Chamber of Commerce and
Industry Submission

June 2016

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission to the second stage of Infrastructure Victoria's process to develop a 30-year infrastructure strategy for Victoria.

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.

Ensuring that the 30 year strategy provides a clear roadmap for future infrastructure investment

The Victorian Chamber supports the broad, long-term approach to infrastructure planning taken by Infrastructure Victoria but stresses the importance of providing clear direction for future infrastructure investment.

The options paper takes a very broad approach to the development of a 30-year infrastructure strategy. Both the breadth of policy areas being considered and the types of options canvassed in the options paper are extensive.

The 19 'infrastructure needs' used to frame the options cover virtually all areas of government activity. They extend to water, energy and many areas that are the responsibility of local government. Of the more than 200 options under consideration, many would not traditionally be considered in the context of infrastructure planning as they relate to behavioural change, demand management and changes in the way existing assets are used.

The Victorian Chamber recognises the benefits of taking such a broad approach as it allows Infrastructure Victoria to compare competing uses of public funds in different portfolios, consider service and technology alternatives to new infrastructure and consider complementary or related investments in different areas of government.

In keeping with its broad remit and 30 year time horizon, the paper also looks at options which might seem far-reaching or require very significant reforms (such as those relating to automated vehicles or nuclear power generation). In addition, many of the options, especially those relating to service reforms, overlap with the traditional work of government departments.

However, in taking such a broad approach, the resulting range of options risks being overly complex or academic.

The Victorian Chamber therefore urges Infrastructure Victoria to ensure that the subsequent infrastructure plan presented to government provides a clear pathway for future infrastructure investment. This can be facilitated by the provision of a ranked priority list of projects similar to that produced by Infrastructure Australia.

In developing its 30 year strategy we consider Infrastructure Victoria should focus its expertise on:

- The provision of independent advice and analysis on major, expensive, potentially controversial proposals that may have significant community or environmental impacts.
- Planning for a growing population so that infrastructure is not playing catch up.
- Strategic linking of infrastructure planning with economic objectives.
- Planning and coordination between portfolios.

The key priority for Infrastructure Victoria should be on providing a clear direction to government on the most significant, major economic infrastructure investments for the state.

In hindsight, had an independent advisory body such as Infrastructure Victoria been in place, much of the protracted and counterproductive public and political debate on projects such as the East West Link, the desalination plant, airport rail and a second container port, would have been avoided.

Looking forward, Infrastructure Victoria needs to ensure that its work on a much broader agenda does not distract from its ability to deliver clear direction to governments on the most important economic infrastructure projects.

Better long term coordinated planning

The Victorian Chamber supports the closer integration of land use planning and infrastructure planning, consistent with the findings of Infrastructure Australia's *Australian Infrastructure Plan*.

Land use planning has significant implications for where and how population growth will be concentrated and what infrastructure will be required to service those populations. To date, infrastructure development has not kept pace with urban growth in outer metropolitan Melbourne, resulting in people having limited access to services and transport. Governments are now under pressure to close these gaps.

The 30 year infrastructure strategy provides an important opportunity to examine whether there is a better way to integrate land use planning and infrastructure planning in Victoria.

A 30 year infrastructure strategy will also allow governments to use the planning system to reserve land that may be required for future infrastructure projects so that future governments do not lose the ability to pursue infrastructure options due to the lack of suitable land.

The Victorian Chamber's priority infrastructure projects

The Victorian Chamber has identified a number of infrastructure projects that are needed to improve the competitiveness of Victorian business.

First and foremost is the North-East Link. This project was the number one infrastructure priority outlined in the Victorian Chamber's *2016-17 State Budget Submission* and has the strong support of the Victorian Opposition, the RACV and the Victorian Transport Association. The Victorian Treasurer has also indicated that the project has merit.

This project will help address the growing freight truck traffic from the Dandenong area to the Hume and Western Freeways and relieve congestion in Melbourne's north-eastern suburbs. Less congestion cuts the cost of doing business in Victoria and increases the ability of workers to go where the jobs are.

This link is also of significant importance to the freight industry, connecting industrial sites in the south east, particularly around the Dandenong area and ultimately the Port of Hastings, to the Hume Freeway. The Metropolitan Ring Road will also provide a major new connection to and from Melbourne airport for residents and businesses in Melbourne's east.

Given the strong case for such a project and increasing levels of public and political support, it is critical that this project is closely examined by Infrastructure Victoria for inclusion in the 30 year infrastructure strategy.

The Victorian Chamber's initial submission to Infrastructure Victoria also highlighted the following key transport priority projects for Melbourne over the medium term:

- New road infrastructure for Melbourne's west to improve port access and provide a second river crossing.
- The Melbourne Metro Rail project.
- The removal of level crossings.
- Upgrades to roads connecting growth corridors in northern Melbourne and the Port of Melbourne.

In addition, the Victorian Chamber's recent 2016-17 State Budget Submission also highlighted a number of regional infrastructure priorities, informed by member input and participation in the Victorian Chamber's *Victoria Summit 2015 – Regional Victoria*. These include:

- Increasing rail passenger and freight services between Ballarat and Melbourne (noting that the budget provided \$518 million to duplicate the line from Deer Park to Melton).
- The upgrade of freight connections from the Geelong Ring Road to the Port of Geelong.
- Completion of the duplication of the Princes Highway from Traralgon to Sale.
- Finalisation of a site for Melbourne's third major airport.
- Construction of a rail freight link to Logie Wodonga, and the Goulburn Valley Freight and Logistics Centre (GV Link) in Shepparton.
- Relocation of the Mildura intermodal freight hub to Mildura South.
- Progression of road bypasses in and around Traralgon, Shepparton, Rutherglen and Mildura.

The Victorian Chamber is pleased to see that a number of the following projects have been incorporated into the options paper:

- Metropolitan level crossing removal completion (MLC).
- Regional rail electrification (RRE2) – Electrification of passenger rail services to Geelong, Ballarat and Bendigo to increase line capacity and reliability.
- International airport in the south-east of Melbourne (IAS).

As the international airport in the south-east of Melbourne proposal is listed as requiring further development, the Victorian Chamber urges Infrastructure Victoria to ensure that this further work is undertaken as a priority.

We note that the Western Distributor and Melbourne Metro projects are not covered by the options paper as these projects are currently being progressed by government.

Advice on a second container port

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.

In this context, the Victorian Chamber supports Infrastructure Victoria's recently announced role in providing 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.

This is an issue that has long been in need of expert, independent advice and the Victorian Chamber urges Infrastructure Victoria to find a constructive way forward that prioritises the needs of Victorian business.

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.

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 working with Infrastructure Victoria in the development of the final strategy.