



Victorian
Chamber of Commerce
and Industry



Infrastructure Victoria Laying the Foundations Discussion Paper

Victorian Chamber of Commerce and
Industry Submission

March 2016

Introduction

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission to the initial 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 underpinning and 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.

Better long-term planning needed to underpin liveability

Major infrastructure development is a medium to long term endeavour. Australia'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.

The breadth of these considerations highlights the extent to which infrastructure planning needs to be comprehensive, responding to not only visible gaps in 'hard' infrastructure like transport, hospitals and schools but also less visible water, energy and telecommunications infrastructure. So too, 'soft' infrastructure in areas like the arts, recreation and law and order must be incorporated in infrastructure planning and assessment given their contributions to wider social cohesion and development.

On developing an infrastructure vision, it is also important that the vision is communicated effectively and supported by a clear and transparent mechanism for the assessment and prioritisation of projects.

Proposed projects must be subject to thorough cost benefit analyses, which should include an assessment of wider benefits such as the impact on jobs, trade, productivity and investment. Project assessments must also set out the cost of inaction, in order to broaden community awareness of the short and long term consequences of doing nothing.

Community consultation and engagement must occur early in the process to build a strong consensus around infrastructure priorities among decision-makers, business and the wider community.

The development of a long term infrastructure plan, and the resulting pipeline of projects, will provide greater certainty to the community, business and firms involved in infrastructure provision.

Project priorities

The Victorian Chamber's recent submission to the Infrastructure Australia Audit highlighted the following key transport priority projects for Melbourne over the medium term:

- The Metropolitan Ring Road (Greensborough to Ringwood).
- 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.

All of these initiatives were included in Infrastructure Australia's priority list. The Victorian Chamber encourages Infrastructure Victoria to consider these initiatives in the development of its options paper.

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 and investigation of the feasibility of the duplicating the train line between Ballarat and Melbourne.
- 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.

Support for these projects is vital to ensure Victoria's regions continue to experience strong economic growth, increased employment and rising liveability.

Commonwealth-State cooperation

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.

In this context, it is vital that Infrastructure Victoria and Infrastructure Australia work collaboratively. Infrastructure Victoria needs to do more than 'take into account' Infrastructure Australia's *Australian Infrastructure Plan*. Both organisations need to share information, expertise and analysis to ensure that Victoria's infrastructure needs are progressed.

It is equally important that governments do not seek to politicise the advice of either organisation or cherry pick advice for political purposes.

Focus on outcomes

The focus on outcomes in *Laying the Foundations* is encouraging. Such an approach recognises that infrastructure is not an end in itself. It ensures that infrastructure priorities are targeted at the most pressing areas of need and enables non-build solutions that facilitate the more efficient use of existing assets to be evaluated against proposals for new assets. An emphasis on the lifecycle costs of infrastructure will also facilitate better value for money outcomes.

Of the ten draft objectives canvassed in *Laying the Foundations*, the priorities of the Victorian Chamber are:

- **Responding to population growth and change** – This is particularly important to address infrastructure gaps in high growth areas.
- **Enabling workforce participation** – We need to address infrastructure deficiencies that are preventing workers from efficiently travelling to where the jobs are.
- **Lifting Victoria's productivity** – Enhancing the efficiency of freight supply chains is vital to lifting productivity and competitiveness.
- **Supporting Victoria's changing, globally integrated economy** – It is necessary to facilitate stronger international engagement and increased tourism visitation and spending through improved tourism infrastructure and stronger education and training assets.

- **Supporting vibrant, health safe and vibrant communities** – We need to enhance Victoria’s liveability by investing in community infrastructure and public spaces.

The discussion paper also states that objectives 1 (Respond to population growth and change) and 2 (Support healthy, safe and vibrant communities) were originally combined under the title ‘Maintain Victoria’s liveability’. While the Victorian Chamber acknowledges the reasoning behind separating these out, we contend that liveability should be prioritised as an objective for infrastructure planning.

In addition to integrating its research and analysis with Infrastructure Australia, it is important that the work of Infrastructure Victoria takes into account concurrent work on:

- The plan Melbourne refresh.
- The development of regional growth plans.
- The development of strategic plans for the Victorian Government’s six priority growth sectors.

A framework for assessing and prioritising projects

With particular reference to economic infrastructure, the Victorian Chamber suggests the following criteria be incorporated into Infrastructure Victoria’s assessment methodology for prioritising projects. Individual projects should be assessed on their capacity to:

- **Materially increase State economic activity and output by:**
 - Generating new investment and employment growth.
 - Raising the productive capacity of business and industry.
 - Acting as a catalyst to attract new private sector investment.
 - Improving the efficiency with which existing resources are used and services delivered.
- **Improve business competitiveness by:**
 - Lowering costs.
 - Enhancing Victoria’s competitive economic and industry strengths.
 - Increasing business productivity, and productive capacity.
 - Overcoming freight and transport bottlenecks.
 - Improving industry access to markets, whether local, national or international.
 - Facilitating new technologies and their commercial application.
- **Enhance liveability and environmental outcomes by:**
 - Improving the quality, efficiency and accessibility of public infrastructure services.
 - Reducing congestion and improving end-user safety and amenity.
 - Have the potential to make both short and long term contributions to economic activity.
 - In the case of transport infrastructure in particular, demonstrate a high degree of integration with existing infrastructure.
 - Provide State-wide benefits, rather than local solutions alone.

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 its options paper and final strategy.

Infrastructure Victoria's capacity to provide independent advice and rigorous analysis of infrastructure options will be critical to identifying a future pipeline of infrastructure projects for Victoria.