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Infrastructure Victoria
Level 34, 121 Exhibition Street
Melbourne 3000

Dear Sir/Madam,

It is our pleasure to submit a response to Infrastructure Victoria's *Laying the Foundations* paper.

The Committee for Melbourne (Committee) has long held the remit to enhance the future prospects of Melbourne. Founded 30 years ago, the Committee is an apolitical, not-for-profit member network that unites a cross-section of our city's leaders and organisations to work together to enhance Melbourne's economic, social and environmental future.

Our members represent over 120 organisations drawn from the city's major companies, academic institutions and civic organisations across a broad range of industries. We represent no single interest and seek to challenge conventional thinking and develop innovative policy that continues to enhance the 'World's Most Liveable City.'

As part of these endeavours, the Committee established a *Shaping Melbourne Taskforce* in 2010 that produced a [three-volume series](#) investigating Melbourne's challenges and opportunities as the city and its population continue to grow. One key recommendation that came out of the taskforce was "to establish a permanent statutory body reporting to Parliament – a Victorian Infrastructure Commission – with the aim of providing assurance on the condition and performance of Victoria's infrastructure and long-term planning for future infrastructure needs, in line with defined economic, environmental and social objectives."¹ The report series informed the Committee's subsequent advocacy efforts for the establishment of an independent infrastructure entity in Victoria (i.e., Infrastructure Victoria). Many of its insights and recommendations are still relevant and instructive for Infrastructure Victoria's current work with regard to identifying and setting the objectives of its first 30-year infrastructure strategy.

Furthermore, the *Laying the Foundations* paper refers to our state's funding and financing challenges and indicates that future Infrastructure Victoria papers will address this important

¹ Committee for Melbourne, *Melbourne Beyond 5 Million – Volume 3: Physical Infrastructure and Connectivity*, October 2010.

issue. The Committee similarly believes this to be a critical challenge in the provision of a solid infrastructure pipeline and we encourage Infrastructure Victoria to refer to our 2012 paper [Moving Melbourne](#), which examines alternative funding and financing options that could be used to advance Melbourne's future transport needs.

A recurring challenge in the Committee's work is how to map the interconnectedness between different issues relating to the city's development. Infrastructure Victoria is dealing with a similar challenge in its grouping of the draft objectives. Therefore, it has opted neither to frame the objectives around specific sectors, nor to group the objectives under the themes of society, economy and environment, because they relate to all three in one way or another. In essence, the draft objectives cross sectoral lines and aim to improve social, economic and environmental outcomes in a range of areas.

The Committee recognises the challenge in prioritising objectives related to Victoria's long-term infrastructure development – all ten draft objectives are intimately linked to our future prosperity and liveability, and are essential building blocks for the future state of Victoria. However we also believe that the needs listed under each draft objective relate to multiple objectives. To illustrate this point we have attached a matrix which reflects this interconnectedness as an appendix to this submission.

The consultative approach that Infrastructure Victoria is taking with regard to developing its 30-year infrastructure strategy is of vital importance – it is ultimately up to the community to decide what its long-term socio-economic ambitions should be.

Priorities

Our response to Infrastructure Victoria's overarching question "What is most important to you in planning Victoria's infrastructure for the next 30 years?" is succinctly put in our "Melbourne Beyond 5 Million" series:-

"The bipartisan adoption of a 30 year infrastructure plan which is fully coordinated with Melbourne's long term land use plan, and which is independently audited every five years."

We recognise the inherent difficulty in predicting how Victoria will change over the next 30 years. As the great physicist and Nobel Laureate Niels Bohr said "*prediction is very difficult, especially if it's about the future.*" That said, we believe there are key principles that can help guide Infrastructure Victoria in further developing the needs in its 30-year strategy, which are outlined below:

- **Flexibility and adaptability**

We know that Victoria will be a very different place by 2046, but we do not know exactly how. As such, our infrastructure approach needs to be flexible enough to adjust to changing conditions. An agile approach is likely to serve us well in an age of uncertainty and change.

- **Decentralisation**

Melbourne's central business district (Melbourne City, Southbank and Docklands) contributes sixteen per cent of Victoria's Gross State Product and 21 per cent of the total economic output of Victoria.²

As our population and economy continues to grow, the pressure on Melbourne's CBD is likely to increase significantly. One way to help relieve some of this pressure is to facilitate a more decentralised infrastructural architecture that accommodates high-value economic activity to take place outside our city's CBD. The National Broadband Network is a good example of efforts in this direction. Not only can this reduce the economic and employment reliance on the CBD, it can also increase the liveability for employees. The Committee has previously touched on this subject in response to the Victorian Government's *Melbourne @ 5 Million* planning document:

"A city with distributed economies, as advocated in Melbourne@5 Million, needs an economic plan if the proposed Central Activities Districts (CADs) are to become economic magnets.

Such a plan needs a microsurgery approach, business-by-business, to provide a combination of advantages that make relocation to such centres viable and attractive."

To fully realise this potential will require efficiently connecting these potentially emerging economic centres into Melbourne's existing high-value CBD economy.

We recognise that it is no accident that highly knowledge-intensive and specialised jobs tend to be concentrated in CBDs across the globe. Improved transport options for our city's commuters will be needed to support a decentralised infrastructural architecture. Finding the right balance will be a real challenge, but will be vital for our prosperity and liveability.

In addition, we are witnessing a trend towards the decentralisation of our utilities. For example, technology is allowing households and organisations to increasingly go off-grid. This will have a significant impact on the future development and maintenance costs of our utility networks and will need to be considered in our infrastructure planning.

- **Productivity**

Successful economies evolve over time and change their composition in line with their competitive advantage(s). Productivity plays an indispensable role in this and it is important to understand the implications this has for our ability to sustain our extraordinary levels of prosperity.

² PwC, *Big City Analytics: Identifying Melbourne's economic, employment and population Centres of Gravity*, April 2015.

Our prosperity is largely determined by that portion of the economy which is exposed to international competition. The relative productivity of employees in that specific portion determines which economic activity occurs in Australia and the compensation that is subsequently awarded. Disruptive technologies and falling transportation costs will significantly increase that portion of the workforce that is exposed to international competition, which will further place a premium on our productive capacity.

A good example of our evolving transport infrastructure needs is summarised in a recent report by Committee for Melbourne Member PwC³:

"The most productive transport infrastructure investment in a country is one that supports the economy's key needs. This pattern plays out consistently through history, with Australia being no exception.

Primary production and resource extraction requires rail and port infrastructure designed for the transport of bulk primary products. Modern manufacturing (secondary industry) usually requires the use of containerised freight and the associated road and port infrastructure to allow for its movement.

The success and competitiveness of service (tertiary) economies rests upon the labour market. People are the key inputs to production, with the ability to efficiently move these people to, and between, dense urban clusters of economic activity the cornerstone of a successful service sector supply chain.

Because of change in the structure of all economies, the most productive investment in transport infrastructure 20 years ago is not necessarily the most productive investment today and almost certainly won't be in 2040. Flexibility and foresight are required."

It is therefore vital that we recognise the competitive advantage our infrastructure needs to provide and that this is reflected in the understanding of our future infrastructure needs. In order for us to achieve our key long-term social and environmental objectives, having the economic capacity to underpin those ambitions is indispensable.

- **Liveability**

Maintaining our mantle as one of the world's most liveable cities is important and we must strive to continue to provide exceptional healthcare and education services, strong sport and recreation as well as arts and cultural sectors that provide access and opportunity for all residents in a safe and welcoming city. This goes to the core of what it means to be a great place to live and must be recognised when we discuss our infrastructure objectives and subsequent needs.

³ PwC, *Better public transport. Better productivity*, November 2014.

Furthermore, in a world where competition is global and innovation cycles are shortening, businesses and countries are all fishing in the same pool of highly skilled and mobile talent. As such, it is imperative for Melbourne's businesses to be able to attract and retain this highly skilled and talented workforce. In this respect, being one of the world's most liveable cities is a major competitive advantage for our economy.

In conclusion

We know that great cities do not happen by chance – they grow and develop through visionary thinking and long-term planning.

In line with this, the Committee for Melbourne has established four key policy platforms to guide its agenda:

1. Future Economy
2. Infrastructure
3. Urban Optimisation
4. Liveability

Over the next year, the Committee will continue to focus on important issues affecting our four key policy platforms and as our city moves towards eight million people, our infrastructure arrangements will become increasingly important if we are to maintain our extraordinary standard of living.

The creation of an independent infrastructure entity in Victoria has long been a key goal of the Committee for Melbourne. Now that Infrastructure Victoria has been established, it provides us with great confidence to see its robust and well-considered approach to the development of its first 30-year infrastructure strategy.

The Committee is encouraged by Infrastructure Victoria's efforts to date and the positive signal that the call for contributions sends to the public. Engaging the community in this important debate is of vital importance and the Committee for Melbourne will continue to be at the forefront of this debate and is eager to work with Infrastructure Victoria, government, as well as our community leaders, to safeguard our bright future.

Please do not hesitate to contact the Committee to expand on any of the points touched on in this submission.

Regards,



Martine Letts
Chief Executive Officer
Committee for Melbourne

Appendix – Objectives & Needs Matrix

Objectives	Needs																								
	1A	1B	1C	2A	2B	2C	2D	3A	3B	3C	4A	4B	4C	5A	5B	6A	6B	7A	7B	8A	8B	9A	9B	10A	10B
1. Respond to population growth and change	*	*	*		*		*		*		*	*	*	*	*		*	*	*	*	*				
2. Support healthy, safe and vibrant communities		*		*	*	*	*	*					*								*		*	*	*
3. Reduce disadvantage	*	*	*		*	*	*	*	*	*	*	*	*				*								
4. Enable workforce participation	*							*			*	*	*		*	*	*							*	
5. Lift Victoria's productivity	*										*	*		*	*		*							*	
6. Support Victoria's changing, globally integrated economy														*	*	*	*					*	*		
7. Promote sustainable production and consumption												*		*				*	*	*	*	*	*		
8. Protect and enhance natural environments					*														*	*	*	*	*		
9. Support climate change mitigation and adaptation																				*	*	*	*		
10. Build resilience to shocks																								*	*