

Levy to pay for Melbourne Metro a bad idea, says lord mayor Robert Doyle

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London does it. New York does it. Even the Gold Coast does it.

But a special levy on commercial property owners who will benefit from a proposed rail tunnel under Melbourne is a bad idea, lord mayor Robert Doyle says.

The Andrews government will next week put \$1.5 billion towards the proposed Melbourne Metro, an underground rail line to run from Kensington to South Yarra.

This money is only for planning and property acquisition – the government cannot say how it will pay the remainder of the \$11 billion price tag.

One idea floated this week, including by one of the world's biggest engineering and project management firms, is placing a special levy lasting decades on commercial properties within walking distance of the planned rail line.

Such a levy helped pay for the City Loop, the Sydney Harbour Bridge and is used regularly on international rail projects.

The \$28 billion [Cross Rail](#) project being built under London at the moment will have 28 per cent of its construction cost paid for by an annual increase in commercial property rates around stations.

AECOM Infrastructure Advisory director Joe Langley, who has worked on Melbourne projects and on a recent federally funded study of high-speed rail between Brisbane and Melbourne, said this sort of "value capture" was the best way to make those who directly benefited from a transport project help pay for it.

In London's Cross Rail project, the extra charge on rates bills is set at 2 per cent on non-residential properties worth more than £55,000 (\$A105,000), he said. "It puts that over a 30-year period into a kitty, into an infrastructure fund, and that fund then pays for the project over time. It identifies where there is a beneficiary and it monetises it."

Mr Langley said that property owners who had buildings that lay along the proposed Melbourne Metro route would be "rubbing their hands with glee" because of the lift in property prices for their area.

Mr Langley, an urban planner from America who has worked here for many years, said value capture was an accepted part of building new public transport infrastructure in the United States. "If you are a property owner right next to one of these stations," Mr Langley said, "you are going to have enormous benefit from the property values [growing]."

Treasurer Tim Pallas would not be drawn on how Victoria could pay for Melbourne Metro, his spokesman saying only that the project's planning and execution "will be careful and considered".

But Cr Doyle said he did not support a rates levy to help pay for the Melbourne Metro.

"Melburnians already pay GST, council rates, stamp duty and a plethora of other taxes: we already tax people to within an inch of their lives," Cr Doyle said.

"What's next? Do we have a tax on households where we are going to build a new primary school because they're going to be the beneficiary of that infrastructure?"

He said new infrastructure should not see one section of the community singled out to pay for it. Asking residents or businesses to stump up for a project because they would benefit was not right, he said. "We are all going to be the

beneficiaries."

Committee for Melbourne chief executive Kate Roffey though backed a special levy over many years on city property owners to help pay for the Melbourne Metro.

"We used use it for the Loop," she said. "Businesses in the area get value capture from getting shunted around the city more efficiently."

She pointed to Town Hall railway station in Sydney, where there is a Woolworths supermarket above the station.

"Every time I go to Sydney I watch the volume of people who check out of the Woolworths and into the station. You cannot say they should not be making a contribution to the railway station."

This story was found at: <http://www.theage.com.au/victoria/levy-to-pay-for-melbourne-metro-a-bad-idea-says-lord-mayor-robert-doyle-20150429-1mw8ha.html>