26 February 2021

Mr Michel Masson | CEO Infrastructure Victoria

## Submission: Victoria's Draft 30-Year Infrastructure Strategy

Thank you for the opportunity to provide feedback to Infrastructure Victoria's Draft 30-Year Infrastructure Strategy (draft strategy).

Committee for Melbourne (the Committee) welcomes Infrastructure Victoria's (IV's) role in providing expert advice to the Victorian Government about Victoria's infrastructure needs and priorities.

The Committee acknowledges that the unprecedented growth in population, trade and visitors over the past decade has placed significant pressure on existing infrastructure across Greater Melbourne and Victoria. A suite of infrastructure policies, reforms and projects are required to accommodate further growth in the post-COVID environment.

The Committee is an apolitical, not-for-profit, member-based organisation that brings together over 140 organisations from Greater Melbourne's business, academic and civic sectors whose common purpose is to shape a better future for Melbourne.

As an independent organisation, the Committee represents no single interest group or political position but seeks to challenge conventional thinking and to develop innovative ideas to continue to enhance Melbourne's position as an economically prosperous and highly liveable global city.

The Committee commends IV on its draft strategy. Underpinned by extensive modelling and research, it offers practical recommendations to plan for Victoria's future, while attempting to balance the complexity of longer-term infrastructure planning with actions that could be delivered immediately during an uncertain period. IV's commitment to further research to better-understand the impacts of the COVID-19 pandemic is welcome.

The Committee's submission comprises two sections. Section one draws on existing Committee policy relating to IV's draft strategy, which has been formulated over time with the assistance of members. Section two incorporates ideas and comments made by members and stakeholders during three roundtable discussions, and which relate directly to draft recommendations associated with energy and sustainability, housing and transport. These comments reflect individual observations and company policies. Some issues addressed do not draw on documented Committee policy.

# Section one

There are strong synergies between the draft strategy and the Committee's existing policy. The following issues are particularly relevant to the Committee.

#### Integrating transport and land use

The Committee strongly supports IV's draft recommendation 33, which recommends that the Victorian Government "Immediately develop and publish Victoria's integrated transport plan" and for "transport and land use plans to align with each other."

In June 2020, the Committee published *Transporting Melbourne*, calling on the Victorian Government to design and publish an integrated transport plan, which considers land use and economic development (attached).

There is a gap between infrastructure planning and strategic planning. Developing, publishing and implementing an integrated transport plan would unlock many benefits for Melbourne and Victoria, and enable the effective implementation of many recommendations included in the draft strategy.



#### Free Tram Zone

The Committee respectfully disagrees with recommendation 47, which recommends that the Free Tram Zone (FTZ) be abolished. The Committee supports the FTZ and believes it should be extended, given the benefits it offers Melbourne, including:

- Enhanced visitor experience
- Improved standing as one of the world's great university cities
- Confirming the CBD as a premier shopping precinct
- Strengthened links between the CBD and Docklands
- Improved pedestrian and cyclist safety
- Reduced greenhouse gas emissions
- Reduced traffic congestion

In November 2020, the Victorian parliament's Legislative Council Economy and Infrastructure Committee called for the FTZ to be extended to include the Melbourne Convention and Exhibition Centre and the Arts precinct. The Committee provided a submission to the inquiry (attached) detailing the importance of the FTZ and its extension to the economic and brand viability of Melbourne's future.

The extension of the FTZ may enhance Melbourne's attractiveness as a visitor destination when domestic tourism re-emerges. Every advantage would be needed in the post-COVID environment.

#### Infrastructure costs

Infrastructure projects are necessary for sustainable development across Victoria. However, the escalating costs of major infrastructure is one issue the Committee believes was largely overlooked in the draft strategy.

Major infrastructure is very expensive in Victoria, which constrains our capacity to fund other important policies and projects. The Committee believes an extensive investigation should be launched into why major projects are costing so much and for measures to be taken that help reduce those costs.

A range of issues should be considered as part of an investigation, including tunnelling projects and costs, labour costs, bidding processes and procurement policies. It is imperative that the Victorian Government receives best value for money.

Contracting models and delivery management need to be re-assessed to ensure the right type of model is being applied for each project. For example, greater consideration of Public-Private Partnerships and how they can be facilitated to increase the delivery of infrastructure should be examined.

IV could consider recommending that the Victorian Government establish an inquiry into the escalating costs of major infrastructure projects.

# **Corridor preservation**

The draft strategy does address the issue of corridor preservation. This is very important and could be achieved through planning controls.

However, challenges concerning corridor preservation can arise when temporary users must give up their land, which can stoke community opposition. Part of the solution may lie in ensuring that temporary land uses do not generate community sentiment. This may include low-grade industrial uses or warehousing, in which people do not mind if these uses disappear.

Residential development should be avoided, while allowing use for temporary green space can mean that government is reluctant to use that land for the asset, leading to expensive tunnelling options.

# Social and affordable housing

The Committee commends IV for recognising social and affordable housing as important infrastructure for Victoria's future.



The Committee notes IV's focus on housing affordability for people renting on very low incomes. However, affordable housing across the spectrum of income needs should be considered.

The property sales boom has pushed people who would have been able to afford their own property, into the rental market. Gentrification of the inner-city suburbs has also put pressure on available housing stock. This broadening of the housing affordability problem creates an imperative to increase affordable housing across the spectrum of need (very low, low and moderate income households) and through the provision of both social and private affordable housing (as well as increasing the supply of rental housing stock more generally like BTR projects).

Affordable housing is essential infrastructure and there is a responsibility on all stakeholders, including government, the private sector and the broader community, in providing it. Maintaining a healthy stock of affordable housing ensures that Melbourne can uphold a reputation of an inclusive city made up of diverse communities and professions, no matter the level of income.

## Housing strategy

The Committee welcomes the recent announcement of the Victorian Government developing a 10-year strategy for social and affordable housing in Victoria. Submissions to that inquiry are due on 9 April 2021.

The Committee will recommend that the strategy should ensure that data is collected and targets set for social and affordable housing, and a range of policy levers are identified which might ensure supply across a spectrum of housing needs.

The Committee notes that there is recognition of the lack of data available regarding the gaps in supply for social and affordable housing. There is work being done in the private sector to fill this need. For example, Housing all Australians is an initiative supported by the Committee and a group of organisations including PWC, Quest Apartments, Shinewing, Adapt, Premier Technology Solutions, ARQ Group, Chambers & Partners, Norton Rose Fulbright and Design Labs - to undertake economic analysis of the housing market.

The Committee considers that strategies for generating supply of social and affordable housing need to be linked to the communities in which they are to be delivered. This is especially important for mapping the requirements for essential workers in given areas and ensuring that settlement strategies are cohesive.

#### Homes in established places

The Committee supports the identification of priority areas in established places, and the delivery of greater densification in areas where there is existing services and infrastructure available.

The Committee endorses Recommendation 33 in the draft strategy which requires the immediate development of Victoria's transport plan, which would include land use and transport plans aligning together. As IV notes "Plan Melbourne generally supports building new homes in good locations and delivering more housing closer to jobs and transport.....but does not specify how." Accordingly, it will be important to ensure that decisions around priority areas include more detail about the targets and how those might be achieved.

# Inclusionary zoning

The Committee recognises the need to deliver very low-income housing and notes recommendation 36 relating to inclusionary zoning.

With consideration for affordable housing across a spectrum of need, the Committee cautions against a focus on a narrow set of policy recommendations related to inclusionary zoning. This could place a significant burden for delivery of affordable housing on one sector of the economy, such as the private development sector.

The outcomes that the policy aims to achieve would need to be clear. This will ensure that amendments to planning rules can achieve those outcomes without unintended consequences. For example, if mandatory inclusionary zoning was applied across the state (e.g. dedicating a percentage of dwellings as social or affordable housing in a development, or making a payment in lieu), then the result may have the consequence that some developments may not go ahead or the costs will be passed on to the consumer.



Some alternative policies may offer viable opportunities when used in conjunction with a range of policy levers, particularly those that provide incentives to developers like planning and tax reform, and beneficial funding arrangements. The Homes 4 Homes model has demonstrated that voluntary participation models can raise funds to deliver affordable housing at scale. This model also ensures that affordable housing does not impose burdens on specific sectors of the community, but is community-lead, allowing all sectors to contribute through various means of support. Based on conservative economic modelling, \$1billion will be realised if just 3% of residential properties are registered with Homes for Homes by 2050. As donations flow in, Homes for Homes opens grant funding rounds, inviting any provider who can create social and affordable housing to apply. The Homes for Homes grant process has been designed to ensure funds raised will be used to make positive housing impacts for individuals and families in need.

Homes for Homes is a long-term, sustainable solution. Since 2018, more than \$1 million in property donations has already been received, with Homes for Homes granting \$940,000 to eight projects, housing 32 people.

The Committee notes that the City of Melbourne has finalised its *Affordable Housing Strategy 2030* outlining possible policy solutions to the affordable housing crisis. One of the mechanisms proposed in the City of Melbourne strategy to achieve greater supply of affordable housing is the creation of a levy that collects funds for affordable housing year-on-year. The fire services levy is an example of this sort of funding, which is applied at a low rate to all businesses and households in Victoria. However, the Committee raises concerns with the use of the levy and suggests that any consideration of levy funding should be considered very carefully and applied to *increase housing supply*.

An affordable housing levy would need to ensure the creation of governance frameworks and accountability mechanisms that would include industry involvement in decision-making and management of the use of levy funds. A stakeholder reference group that includes industry should be convened to consider any imposition of levy funds and appropriate governance arrangements about how they would be collected and managed.

# Green spaces

Strong support was evident for draft recommendations 37 (Develop an interconnected open space network) and 71 (Target 30% tree canopy coverage in new growth areas), with members and stakeholders recognising the benefits of a *greener* metropolitan-wide city.

There is an opportunity to further develop green spaces within Melbourne's CBD and other high-density precincts across Melbourne. By seeking collaborations with private building owners, a Committee for Melbourne Future Focus Group project team produced the *Grey to Green Project Survey Report* (attached), which has sought to understand ways to increase the amount of publicly accessible green space and amenity.

# **Section two**

The following table offers a summary of feedback from members and stakeholders relating to various recommendations in the draft strategy.

Recommendation	Comments and considerations
Accelerate the uptake of zero emissions vehicles	<ul> <li>The demand-side of electric vehicle (EV) uptake, including private vehicle ownership and incentives to encourage it, could be emphasised.</li> </ul>
	There needs to be an attractive market for auto manufacturers.
	<ul> <li>A nation-wide plan is required for charging infrastructure. Councils are installing their own charging infrastructure; the Federal and State Governments should be leading.</li> </ul>
	The lack of adequate charging infrastructure is hampering the transition from internal combustion engine vehicles



(ICE) to EVs. While the draft strategy recognises infrastructure, it is focused on regulation and design. Incentives for a government-promoted program could be considered.

A positive vision detailing the transition to EVs, with a corresponding strategy is required. A staged transition

- A positive vision detailing the transition to EVs, with a corresponding strategy, is required. A staged transition could be achieved with clarity in each step of the strategy.
- Refuelling stations across Australia will need to be supported by a stable energy transmission network.
   Greater urgency is required to create this environment.
- The benefits to the environment of EV uptake are minor unless they are powered by electricity generated by renewable energy.
- Pricing is not the sole incentive to ensure an effective rollout of EVs; behavioural factors could be assessed and addressed.
- Victoria should not 'go it alone' and set an end date for the sale and registration of ICE vehicles in Victoria. This could be determined by the Federal Government to ensure a clear, nationally consistent, staged approach.
- While the Federal Government is moving slowly on the issue of transitioning from ICE to EVs, we need to remain integrated with the NEM.
- The full gamut of electrification should be addressed; not just the end use.
- If wholesale electrification of the private motor vehicle fleet occurs, it will likely reduce the overall cost of driving relative to other modes and could lead to more vehicles on the roads. Road user charging will become more important in this environment.
- 2. Augment electricity transmission for renewable energy and resilience
- The electricity grid, including transmission systems, is susceptible to extreme climatic events. Work must be undertaken to address this vulnerability.
- Decentralised energy generation is becoming increasingly important. The draft strategy could address this issue in more detail.
  - The scale of electrification that the transport sector, and other sectors, will require means that new large-scale sources of energy and transmission support is needed. However, the prevalence and integration of Distributed Energy Resources (DER) and other forms of small-scale generation means planning and integration needs to consider both centralised and de-centralised generation.
- As we move to the digital grid, sensors will be an important as poles and wires. There could be more focus on sensors / DER in the draft strategy.



	<ul> <li>Renewables have 'won the battle' over fossil fuels.         Infrastructure stability and positive market signals are required to ease the transition.</li> <li>The size and location of future energy generation will determine where transmission is needed. Victoria should have a position on its future generation mix so these investments are well informed.</li> </ul>
	<ul> <li>The electricity grid in its current form is unable to support the transition to renewable energy. This is a lost opportunity for households and businesses.</li> </ul>
	Clarification is needed on the make-up of Victoria's future energy system, with enabling infrastructure to be constructed accordingly. There are large transition questions around assets.
3. Identify and coordinate priority Renewable Energy Zones	New major transmission lines have not been developed significantly for many years. They may take six years to develop with current planning and approval requirements. A state significant type of project vehicle may be needed to expedite and enforce compulsory easements.
	New interstate transmission connections, upgrades and Renewable Energy Zones need to be planned and sequenced in the context of robust cost/benefit assessment and national processes. A new agency is not necessary - AEMO plans Victoria's transmission network. Where possible compliance with national rules should be encouraged and Victoria should return to a leadership in a nationally consistent agenda.
	<ul> <li>Work is needed to determine how to soak up excess electricity generation from solar during the warmer months.</li> </ul>
7. Reduce peak electricity use with demand management pricing	The former peak/off-peak pricing model could be explored, as well as enabling early adopters to shift to a more market-based pricing model.
	<ul> <li>Consideration of the energy needs for precincts and communities could be considered more holistically.</li> <li>Shared generation, storage and transmission throughout communities will need to be facilitated.</li> </ul>
8. Allow new gas-free housing estates and review current gas policies	Gas transmission in this strategy could be emphasised. There is a heavy reliance on gas by households, small and medium businesses. It is not clear how we are going to transition from gas to electricity.
	The Victorian Government should urgently review how Victoria will transition from gas to electricity.
	A gas transition plan is needed. This is a very big deal for Victoria in the sense of individual and system costs.



	<ul> <li>Given Victoria's reliance on gas, a moratorium on gas installations is not ideal.</li> </ul>
	<ul> <li>Clearer signals to investors are needed regarding our transition from gas.</li> </ul>
Specify climate scenarios and carbon value in assessing infrastructure	Climate projections should be included in all infrastructure risk assessments for upgrades of existing infrastructure and development of new infrastructure.
	<ul> <li>The provision of guidance and instructions will enable planners and developers to understand and assess their climate risks and support better decision-making.</li> </ul>
	<ul> <li>More consideration of the lifecycle of major infrastructure projects in relation to carbon emissions is needed. The UN's Sustainable Development Goals (SDGs), including carbon impact for SDG13, should be included in the lifecycle costing of mode selection – over the life of the infrastructure.</li> </ul>
11. Consider all water supply sources	<ul> <li>A focus on all water sources (including recycled water) is positive. More detail concerning implementation would be welcome.</li> </ul>
17. Prepare for increasingly automated vehicle fleets	The Victorian Government needs to consider a plan for future technologies, including autonomous vehicles (AVs).
	<ul> <li>AVs require consideration in the transport plan over a 15 to 30-year horizon. AVs are unlikely to solve inner-city congestion but will help solve some suburban and regional transport challenges.</li> </ul>
	A plan that addresses the distinct challenges of inner-city and inter-city AV transport should be considered.
	<ul> <li>Infrastructure should be built for the future; ready to accommodate AVs and other smart technologies.</li> </ul>
	<ul> <li>Road safety is an area overlooked in the draft strategy. A recommendation concerning the need to upgrade road safety standards is worth considering, especially with EVs and AVs expected to penetrate the market.</li> </ul>
18. Facilitate integration of public transport with new mobility services	Accurate and timely information for multimodal journeys will be paramount to ensure confidence in the system.
26. Purchase land for Melbourne's future freight terminals	<ul> <li>An efficient, sustainable and cost-effective freight and logistics industry is vital to serve Melbourne and Victoria's growing freight task.</li> </ul>
	<ul> <li>Victoria must have a comprehensive, strategic integrated transport plan, which considers Victoria's growing freight task. Currently there are minimal planning protections in place to accommodate growing freight volumes.</li> </ul>
	<ul> <li>Efficient intermodal freight connectivity is critical. Thought should be given to planning and zoning around inter- modal sites. Unlocking the full benefits of inter-modal</li> </ul>



	connectivity depends on minimising the number of container movements. Warehousing development around sites requires consideration.
	<ul> <li>Freight corridors are required to move goods upon arrival.         They should be identified and reserved, with consideration of freight on rail to be prioritised over roads. This would have significant benefits for the freight and logistics sector, as well as the community.     </li> </ul>
	<ul> <li>Private sector infrastructure investment would aid the freight and logistics sector. Applying appropriate models to entice private investment is important.</li> </ul>
30. Address barriers to recycling and reducing waste	Stronger minimum recycled content requirements are needed. There should not be a 'where feasible' option, but always applied where technically feasible.
	<ul> <li>Much of the CBD building infrastructure is not fit for modern purpose. Adaptive reuse could be incentivised for building owners and developers. If a building needs to be demolished, the materials should be recycled as much as possible.</li> </ul>
32. Produce public plans for priority infrastructure sectors	The development of public plans that include the alignment of transport and land use is welcome.
	Decisions around priority areas should include detail about the targets and how those might be achieved.
	The social housing and social services facilities plan could be expanded to include affordable housing.
	Strategies for generating supply of social and affordable need to be linked to the communities in which they are to be delivered. This is important for mapping the requirements for essential workers in given areas and ensuring that settlement strategies are cohesive.
33. Publish Victoria's transport plan	The Committee supports this recommendation. Please refer to text on page one.
35. Support more homes in priority established places	The Committee supports this recommendation. Please refer to text on page four.
36. Deliver very low income housing with inclusionary zoning	The Committee comments on this recommendation on page four.
38. Partner with local governments to fund pedestrian infrastructure	The focus on active transport is welcome, as is the prioritisation of various active transport initiatives over the next 18-24 months.
	<ul> <li>Consideration for funding to audit station walk access, to identify the problems and then target solutions for every station.</li> </ul>
39. Transform cycling in Melbourne, Ballarat, Bendigo and Geelong	<ul> <li>Improved cycling infrastructure, including bike racks at major transport hubs, would be welcome.</li> </ul>



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41. Reallocate road space to priority transport modes	<ul> <li>A comprehensive, accessible public transport network supported with active transport infrastructure would minimise road network congestion and enable road spaces for other uses, including active transport, dining and tree canopies.</li> </ul>
	Consideration for Local Government funding and training to encourage tactical urbanism approaches.
42. Redesign tram routes	Segregating the tram tracks from traffic interference should be addressed and prioritised.
	Consideration is needed for a new tram depot based in Melbourne. Fishermans Bend is a site worth considering.
43. Activate urban renewal with new tram links	Fishermans Bend does not appear to be a priority for the Victorian Government. Stronger wording on its role in supporting Melbourne's growth would be welcome.
	There appears to be a focus on the northern section of Fishermans Bend. More consideration for the southern section would be welcome.
	The tram link is needed to better connect Fishermans Bend with the CBD, but a metro is needed to increase capacity and allow the precinct to develop to its full potential. Stronger wording on this matter (and the need for Melbourne Metro 2 sooner) would be welcome.
	There will need to be greater investment in manufacturing trams to accommodate new tram links.
	Major challenges loom for Sunshine if the Victorian Government does not ensure the right capacity and configuration.
44. Plan for public transport accessibility, including tram stop upgrades	The Committee endorses the need for better public transport accessibility, including a program of tram stop upgrades.
	Disability Standards for Accessible Public Transport (DSAPT) compliance is an issue for existing public transport infrastructure. Currently there is no plan to address issues of compliance.
	<ul> <li>More funding for ramp access at many train stations is required. Ramps need to be installed at these stations by 2022. This could be a 'high priority action' endorsed by IV.</li> </ul>
47. Abolish the free tram zone	The Committee does not support this recommendation.  Please refer to text on pages 1-2.
50. Increase and extend the Melbourne Congestion Levy on parking	The MCL is inefficient. Many people who use parking do not pay for it; their employers do. While the MCL is supposed to target peak car commuters, it is more of a tax on CBD employment.



	<ul> <li>Evidence suggests that this levy acts to increase off-peak parking costs and reduce the effectiveness of CBD retailing, which is not the aim<sup>1</sup>.</li> </ul>
51. Incorporate congestion pricing for all new metropolitan freeways	<ul> <li>Congestion pricing could also be considered for existing freeways.</li> </ul>
52. Trial full-scale congestion pricing in inner Melbourne	There is considerable congestion in middle to outer Melbourne. Consideration is needed on how to reduce congestion in other areas.
54. Price parking at major public transport hubs, all train stations and park-and-rides	Consideration is required when pricing parking at suburban stations as it might reduce the attractiveness of public transport. High parking costs may encourage people to drive to work rather than use rail services.
	Inner-city transport hubs should charge for car parking (where available) to encourage use of other modes.
	Consider linking parking costs to improvements in parking security and enhanced parking capacity. Could also include benefits for shared rides in parking prices.
62. Reshape the metropolitan bus	The Committee strongly supports this recommendation.
network	Buses are more flexible than other forms of public transport. Improving service frequency and route design could significantly help reduce congestion.
	<ul> <li>Consider strengthening wording around the need for reform, including opportunities for bus rapid transit and alternative technologies like trackless trams.</li> </ul>
63. Connect suburban jobs through premium buses and road upgrades	There could be an opportunity to trial the trackless tram.
premium buses and road upgrades	A fleet of autonomous, zero emission buses that are manufactured locally would be welcome.
64. Increase suburban rail corridor services and capacity	Continued development of rail is important.
services and capacity	<ul> <li>Mapping corridors and reserving land should be prioritised. This will help create more certainty in Victoria's direction and encourage private investment.</li> </ul>
66. Prepare for Melbourne Metro Two	Greater urgency may be required. The development of Fishermans Bend depends on Melbourne Metro 2. Trams alone will not provide the capacity needed, while the road network is already congested and confined.
67. Protect a future option for a new cross-city motorway	Arguably there is no need for additional freeways.
68. Prioritise and oversee infrastructure delivery in growing communities	<ul> <li>Collaboration between Government and the private sector will be critical in the delivery of infrastructure projects.</li> <li>Consideration for the models of engagement between parties is needed to ensure effective delivery.</li> </ul>

<sup>&</sup>lt;sup>1</sup> Hamer P, Currie G and Young W (2012) 'Do long stay parkers pay the Melbourne congestion levy?', Transport Policy 21, pp 71-84.



	Public transport is the backbone of Melbourne's transport needs. For high capacity and accessibility, there should be not just greater investment in public transport infrastructure (including maintenance), but new vehicles and energy systems.
73. Set targets to grow social housing	The Committee supports this recommendation with qualifications. Please refer to text on pages 2-3.

#### Additional considerations

There were additional items discussed by members and stakeholders worthy of consideration.

# Air transport

There was no specific recommendation around investment in air transport, other than transport links for freight purposes.

While recognising that air transport is largely a federal responsibility, there is merit for consideration of airport expansion, maintenance or land development around Victoria's two major airports; Tullamarine and Avalon.

## **Energy**

More detail surrounding the potential benefits and opportunities of hydrogen and battery storage could be considered in the draft strategy. Encouragement and support for hydrogen-fuelled freight EVs could be one element to consider.

#### **Prioritisation**

While the draft strategy identifies 'high priority actions' that could be implemented over the next 18-24 months, what comes after this period is important. The Victorian Government will have the challenge of marshalling limited resources and deciding what activities to pursue and when. Guidance from IV on this would be welcome, following completion of further research and modelling.

# **Acknowledgements**

Committee for Melbourne acknowledges the contribution made by its members and stakeholders:

**GHD** Metro Trains Accenture Toyota Grattan Institute Arup Monash University Transurban Ashurst Grimshaw Nous Group Warren & Mahoney Assemble Homes for Homes Port of Melbourne Yarra Trams

City of Melbourne Jacobs RACV
Deakin University McKinsey & Company RPS Group
Deloitte Melbourne Water Telstra

The Committee thanks IV for providing the opportunity to offer feedback on its draft strategy.

Yours sincerely,

Martine Letts CEO

