

International Education

Australia's response to the COVID-19 pandemic has caused significant disruption to Victoria's international education sector. Thousands of international students enrolled in a Victorian tertiary institution have been unable to return; impacting the vibrancy of our cities and regions, and various economic sectors.

Victoria depends on international education more than any other state in Australia, having earned \$12 billion in export income in 2019. Working alongside the Federal Government, the Victorian Government could consider a three-step approach to enable the timely return of international students to Victoria.

Step one could entail establishing a robust, dedicated quarantine system, including consideration of a specific hotel quarantine facility. We are aware the government is considering this policy. The proposal to establish this facility somewhere like Avalon Airport has merit.

Step two could include educating the community on the importance of Victoria's international education sector. This education program could highlight the contribution international students make to our community, the need to encourage inclusion and to provide a safe, welcoming environment.

Step three would involve welcoming international students back to Victoria and working with industry bodies to provide an experience which is better than that experienced by students before the pandemic.

Given the importance of international education to the state, the Victorian Government should work with the Federal Government on the development and delivery of the proposed *Australian Strategy for International Education 2021-2030*, to ensure it meets the needs of Melbourne and Victoria.

Arts, Culture and Tourism

The Committee called for and welcomes the recent implementation of a reciprocal voucher program encouraging regional Victorians to visit and spend in Melbourne. This initiative will help reinvigorate Melbourne's visitor economy, particularly for arts and culture organisations.

With that, of the 200,000 vouchers provided as part of the \$465 million *Victorian Tourism Recovery Package*, announced in the last budget, 40,000 vouchers have been offered under the *Melbourne Travel Voucher Scheme*. The Melbourne Travel Voucher Scheme applies across 26 local government areas across Melbourne. The Committee considers that the Melbourne Travel Voucher Scheme should be extended with more of the recovery package being directed towards Greater Melbourne.

Given the co-dependency between Greater Melbourne and the regions, and that Melbourne acts as a gateway to the regions, the development of a tourism strategy that includes promotion of attractions throughout Greater Melbourne would be welcome.

The Committee encourages the government to consider opening a formal dialogue with local visitor economy groups to determine a *road to recovery* strategy that will encompass a connected plan for Greater Melbourne and regional tourism.

Melbourne requires a comprehensive, integrated events and activities calendar, which reflects a coordinated response between all areas of the visitor economy. The maximisation of domestic visitation will not occur if local major events, attractions and organisations are competing for footfall and revenues. An oversight body could bring industry players together to create broad-based incentives to help drive visitation and participation across Melbourne. Visit Victoria in conjunction with Creative Victoria could be well-placed to deliver this.

In December 2020, the Committee's Visitor Economy Reference Group launched its *Road to Recovery: Greater Melbourne's visitor economy* report, with recommendations for the recovery of Melbourne's visitor economy (attached). The Committee has provided two previous submissions to government:

1. the Legislative Council Standing Committee on Economy and Infrastructure's *Inquiry into the impact of the COVID-19 pandemic on the tourism and events sectors* (attached).

2. the Victorian Government's Regional Tourism Review in 2019 (attached),

The report and submissions provide a range of short, medium and long-term actions that the Victorian Government should take in supporting the tourism and events sectors.

Housing

After calling for greater investment in social and affordable housing to accommodate vulnerable individuals and *key workers*, the Committee welcomed the government's significant investment in social housing in last year's budget.

Injecting \$5.3 billion into constructing around 12,000 social and affordable homes as part of the *Big Housing Build* was a strong sign of intent. However, much work remains. In 2016, as part of its 30-Year Infrastructure Strategy, Infrastructure Victoria identified building approximately 30,000 new social and affordable dwellings was needed in 10 years, while recognising it would not fully meet demand. The anticipated and ongoing repercussions of the pandemic will likely fuel demand for social and affordable housing given job losses and wage reductions.

The Committee welcomes the development by the Victorian Government's Homes Victoria of a 10-yr social and affordable housing strategy and was pleased to make a submission to the consultation process. However, more is needed to develop a long-term pipeline of social and affordable housing (over at least 40 years). The Committee therefore supports the creation of a 10-yr social and affordable housing strategy for Victoria, as part of an extended 40-year strategy. Five key elements for an affordable housing strategy proposed by the Committee are:

1. Engage the community on the importance of an adequate supply, mix and quality of housing for Australia's future prosperity.
2. Collect centrally and make accessible, comprehensive data on housing mix (including social and affordable housing needs).
3. Set appropriate long-term housing targets across a range of housing types, including affordable key worker housing, aligned to an integrated transport plan with an appropriate governance framework for implementation.
4. Review the value of a levy to sustainably fund in perpetuity affordable housing with appropriate governance arrangements for the management and distribution of such a levy. Such a review should be undertaken by a representative stakeholder group (including representatives from both sides of politics). The disbursement of an affordable housing levy should be placed in the hands of an independent organisation/group of trustees, to oversee and distribute the funds according to the housing targets which have been set. Transparent governance and reporting should be included in the role of such an organisation/fund.
5. Set policies and initiatives, which clearly show how they will help meet housing targets. A suite of possible policy levers is discussed in the submission (attached) under the following headings: Finance and Taxation; Planning; Transport; Unlocking excess government land; Build-to-rent (BTR) and Private Rental Sector.

Innovation & Technology

Melbourne's economic prosperity hinges on the continued success of key sectors including healthcare, advanced manufacturing, education, creative industries and the experience economy – all of which can be underpinned by effective use of Artificial Intelligence (AI).

Victoria should aspire to be at the forefront of the research, development, adoption and deployment of AI. Without significant government investment, this will not be achieved.

The Committee would welcome direct funding allocated for research and development related to AI. This may include the establishment of an AI hub to enable greater networks and collaboration across

Greater Melbourne and potentially facilitate pilot programs to test and implement AI-backed initiatives. There are precincts in Melbourne suited to this purpose, including Fisherman's Bend.

The Committee also recommends that The Victorian All-Party Parliamentary Group on AI (VAPPGAI) be re-convened in 2021.

Energy

a. Renewable energy

The Committee welcomed the Victorian Government's focus on renewable energy and energy efficiency in last year's budget. The \$1.6 billion pledged to improve grid infrastructure, to make buildings and homes more energy efficient, as well as the creation of renewable energy zones, was welcome. These initiatives will create jobs while simultaneously addressing the challenges associated with mitigating, and adapting to, the impacts of climate change.

The proposed 300MW battery near Geelong is an ambitious and visionary investment. It will help stabilise Victoria's energy grid as the state's reliance on wind and solar power increase, and ageing coal-fired power stations retire.

To encourage continued private investment in renewable energy projects across Victoria, integration and transmission of renewable energy must be reliable and efficient. Renewed focus on ensuring adequate grid access for national and foreign investors would be welcome.

The Committee welcomes the creation of *Solar Victoria* and the solar battery rebate. While the security and reliability of the electricity network is paramount, ensuring that solar power from home and business PV systems does not go to waste is important. The installation of solar batteries to absorb surplus solar power helps address this challenge.

While incentivising households and businesses to invest in batteries is positive, the Victorian Government could consider accelerating its commitment to investing in "precinct-scale" energy storage demonstration projects across Victoria, as outlined in the Renewable Energy Action Plan. As household batteries remain relatively expensive, sharing the batteries amongst local communities would allow customers to make the most of their investment in solar.

There are additional opportunities in the renewable energy sphere. The Victorian Government's current renewable energy target is 50% by 2030. A significant renewables export industry could be developed should this target increase to beyond 100%, including the export of renewable energy, as well as related products and services. Urgency is needed to position the state for success.

As a potential export earner, as well as future fuel for industrial, transport and household use, hydrogen has exciting potential. The Committee welcomes the announcement of the new Hydrogen Hub in Melbourne's south east, as well as the HESC project in the Latrobe Valley. Continued investment exploring the feasibility and commercial viability of hydrogen production would be welcome.

b. Gas

Victoria's heavy reliance on gas presents a significant challenge for the Victorian Government. With Victorian households consuming two-thirds of all residential gas used in Australia, the state is more reliant on gas than other Australian states.

Policies that help drive down gas prices are necessary for economic health. The Committee notes the decision by government to restart drilling for onshore conventional gas in 2021, which may help reduce prices for Victorian households and businesses. While this may be a necessary initiative, it is at odds with the Victorian Government's commitment to achieve net zero emissions by 2050.

To achieve this target, Victoria needs to transition from its reliance on natural gas to renewables-based electricity and other low-emitting energy sources. A transition away from gas reliance would not be

simple. The expense to replace household gas appliances with electric ones would be significant, as would the infrastructure upgrades to cope with increase in peak demand.

To help address this complex situation, the Victorian Government could consider devising a long-term, strategic plan to manage the state's transition away from its heavy reliance on natural gas.

Action 18 in the Victorian Government's Renewable Energy Action Plan is to 'Advocate to deliver secure, reliable and fairly priced gas for renewable energy generation'. The Victorian Government could consider being more ambitious; a gas transition plan is needed that does not damage the economy.

In its Draft 30-Year Infrastructure Strategy released in December 2020, Infrastructure Victoria recommended that the Victorian Government "should begin a public review of the future of natural gas in Victoria."ⁱ This is most urgent.

c. Electric vehicles

Electric vehicles (EVs) have a major role to play in helping Victoria and Australia transition to cleaner transport and reducing carbon emissions. The Committee would welcome a suite of policies and investments which would incentivise greater uptake in EVs.

Demand for EVs is increasing in Victoria. However, there are few incentives which encourage greater private uptake. The Victorian Government could explore a range of incentives and tax breaks that reflect EVs' comparatively higher purchase costs and their reduced levels of emissions.

Devising a positive vision detailing the transition to EVs, with a corresponding strategy, will be needed to help accelerate uptake. Part of this strategy would involve a plan for charging infrastructure. The lack of such infrastructure is hampering the transition from internal combustion engine (ICE) vehicles to EVs. Councils are currently installing their own charging infrastructure, with no apparent state-wide oversight.

Infrastructure Victoria, in its Draft 30-Year Infrastructure Strategy, emphasised the importance of accelerating the uptake of zero emission vehicles, which use electricity or hydrogen. Amongst the key considerations was the need for the Victorian Government to utilise its available policy levers to phase out ICE vehicles in the next 30 years.ⁱⁱ

Acknowledging that the Federal Government will play a role in facilitating greater uptake, the Victorian Government should work constructively with Canberra on this matter.

d. Worker support

Energy Australia has announced that the Yallourn coal-fired power station in the Latrobe Valley would close in 2028. It follows the 2017 closure of the Hazelwood Power Station, also in the Latrobe Valley.

While much of the public conversation has revolved around whether the retirement of these coal-fired power stations too slowly or potentially too quickly, there needs to be great focus on supporting individuals, families and communities impacted by the closures.

Approximately 1000 direct jobs were lost following Hazelwood's closure, including 800 full-time positions. Yallourn directly employs 500 people. The impact of Hazelwood's closure on individuals who lost jobs and their families, as well as the broader Gippsland community, has been profound. As the economy transitions away from traditional industries, there are opportunities to upskill workers across the economy with new skills.

The Victorian Government, working alongside the Federal Government, should be planning for worker transition across the whole economy including in relation to known issues such as the Yallourn closure in 2028. This includes career transition support services, as well as the encouragement of business investment in the region to help ensure there are jobs available.

Micro-credential qualifications recognised by government and industry could help ease transitions across the workforce. Courses that focus on developing peoples' *soft* and technical skills, could play a

major role in enabling individuals to remain employable and take advantage of opportunities as they arise. Micro-credential courses would need to be supported with government funding to ensure accessibility for jobseekers.

Transport

a. Integrated transport plan

A Committee report *Transporting Melbourne: A call for an integrated transport plan* released last year (attached) calls on the Victorian Government to design, publish and implement a comprehensive integrated transport plan for Greater Melbourne, which incorporates land-use and economic development planning.

Given the range of transport projects underway across Melbourne, or being considered, a publicly available integrated plan would ensure greater transparency and certainty regarding the direction of Melbourne. Furthermore, it would allow for project business cases to be developed and assessed prior to their announcement.

The Committee recognizes that the Suburban Rail Loop (SRL) is a city-shaping project with the potential to improve connectivity, as well as unlocking economic and social opportunities. However, greater transparency surrounding this project would be welcome. The government's investment in this project comes despite the lack of an independently verified business case. It did not feature on any plan prior to its announcement.

A transparent, integrated transport plan will provide certainty for the settlement, investment and development activity that is essential for the economy and societal wellbeing. If Melbourne is to decentralise to identified metropolitan and regional growth precincts, there must be widespread understanding of which key precincts will be developed, how they will be developed and when. This added certainty for investors will enable the growth and development of innovative, high-tech, value-adding precincts; essential for Melbourne and Victoria's future prosperity. These creative precincts will enable the growth in local advanced manufacturing capabilities as we emerge from this pandemic – a priority for both the Victorian and Federal Governments.

The Committee notes Infrastructure Victoria in its Draft 30-yr Strategy 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.”ⁱⁱⁱ The Committee strongly supports this recommendation.

b. Free Tram Zone

The Committee supports the Free Tram Zone (FTZ) and believes it should be extended to include some of Melbourne's most important sporting and cultural institutions, including the:

- Arts Precinct
- Melbourne Convention and Exhibition Centre (MCEC)
- Melbourne Cricket Ground
- Melbourne Museum, and
- Melbourne & Olympic Parks

Extending the FTZ would lower the barriers to enjoyment of these institutions and enliven them further. 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.

In November 2020, the Victorian parliament's Legislative Council Economy and Infrastructure Committee called for the FTZ to be extended to include MCEC and the Arts precinct. Attached is the Committee's submission made to the inquiry.

c. Melbourne Airport Rail Link

The Committee welcomes the Victorian Government's announcement in March of plans for the design and construction of the Melbourne Airport Rail Link (MARL). The Committee has long been calling for a MARL as an essential piece of infrastructure for Melbourne's future connectivity.

The MARL should deliver an efficient solution which provides speed, world class amenity and improved connectivity for Greater Melbourne and the regions. Given its strategic importance, a sense of urgency should be maintained for this project's completion. By adequately transporting large and growing volumes of people between Melbourne Airport, and key metropolitan and regional centres, in a timely and predictable manner, the MARL will help improve Melbourne and Victoria's national and international competitiveness.

d. Fishermans Bend

The Committee notes the absence of investment in public transport to better connect Fisherman's Bend. Given the imperative for greater connectivity to Fisherman's Bend to foster investment and development of the precinct, transparent plans concerning its connectivity would be welcome.

Manufacturing

Manufacturing is a critical sector for an advanced, modern economy. Policies that encourage local manufacturing businesses to invest in engineers and scientists, new technologies, or which prompt business capability development or further research, would be welcome.

With the Federal Government recently flagging the need to advance sovereign capabilities in defence and health, Victoria is well-positioned to capitalise. Given the state's advanced manufacturing capabilities in aerospace, defence, medical devices and pharmaceuticals, additional State Government support could amplify Victoria's strategic value.

Incentives which help local manufacturers scale-up and build competitiveness will be important. Not only will it improve sovereign capability, integrating more locally manufactured, higher-value goods into global supply chains will help create higher value, higher paying jobs in the *new economy*.

ⁱ Victoria's Draft 30-Year Infrastructure Strategy, Volume 1, Infrastructure Victoria, Melbourne, 2020, p. 48.

ⁱⁱ Ibid. p. 40.

ⁱⁱⁱ Ibid. p. 105.