

Time for a comprehensive assessment and reprioritisation of Victoria's infrastructure spend

"In the lead up to the Victorian State Election in November, Committee for Melbourne calls for our politicians to commit to a major reprioritisation of Melbourne's infrastructure spend," said Mark Melvin, CEO, Committee for Melbourne.

"In assessing the practical range of possible infrastructure projects that might be undertaken by our State Government, it remains clear that we need to put all Government infrastructure expenditure on the table and determine the most productive, effective and timely outcomes from the use of significant taxpayer dollars," said Mark.

The imperative is now

"With significant pressures on our economy including economic, geopolitical, environmental, skills shortages and of course the COVID-19 pandemic, this throws all the major spending commitments into a new perspective."

"Victoria already has the largest public debt compared to all the other Australian states. In an environment where interest rates are rising, this makes the cost of debt significantly higher."

"With the economy facing significant pandemic-induced skills shortages, we need to ensure that the projects we invest in, will not be an inefficient drag on skills. We need to also ensure there are sufficient skills available for crucial sectors of the economy such as health, visitor economy, research, technology and innovation."

"Our recent *Benchmarking Melbourne 2022* report also shows that our technology uptake and digital infrastructure connectivity could be improved, with productivity and economic benefits associated with greater uptake in those areas."

"Post-COVID travel patterns and freight movements should be assessed to determine whether there are new transport connectivity imperatives that need to be considered."

"The incoming government must therefore balance its spending promises to deliver on the challenges facing the city and the community. All infrastructure spend should be put on the table – including digital, energy, housing and transport infrastructure – to determine the most productive use of taxpayer dollars going forward."

"Our infrastructure scheme must be assessed, with a revised consideration of the comparative cost-benefit ratios for taxpayer spend, as well as the skills requirements and timeliness of delivery, to ensure that competing challenges can be balanced," said Mark.

Two-pronged approach to assessing infrastructure spend

"The Committee considers that a comprehensive assessment of Victoria's infrastructure spend could take a two-pronged approach, with a consideration of how to make better use of existing assets alongside an assessment of all committed and planned projects, to determine the most effective and efficient direction for government expenditure going forward," said Mark.

In its 30-Year Infrastructure Strategy 2021-51, Infrastructure Victoria undertook a robust analysis of transport infrastructure, including looking at how to make better use of existing assets as well as a focus on specific transport projects, like the Melbourne Metro Two rail project, which would open up Melbourne's west and provide a transport link to Fisherman's Bend.

"Reviewing our existing assets could include increasing the efficiency and effectiveness of our existing transport system, for example through transport-user charging and significant bus reform. These relatively cost-effective reforms might increase connectivity across the whole of Greater Melbourne whilst having the added benefit of reducing congestion and carbon emissions."

"Reviewing our committed and planned projects, should ensure that the most productive future projects are prioritised and that they also take into account all economic infrastructure like social and affordable housing and digital connectivity."

“In addition, the full range of levers should be considered to increase construction productivity so that projects become more cost effective,” said Mark.

In February, the Committee released its *Benchmarking Melbourne 2022* report, which highlighted Melbourne as the 6th most unaffordable metropolis for housing in the English-speaking world. With the recently released report by Housing All Australians, *Give me Shelter*, demonstrating more than a 2:1 cost-benefit ratio for investment of taxpayer money by government in social and affordable housing in Greater Melbourne – then an assessment of all planned and committed infrastructure spend should include a comprehensive cost-benefit analysis of taxpayer spend across all economic infrastructure.

“Whilst there are already significant spending commitments on social and affordable housing in Victoria, there is no doubt that additional spending is required if we are going to ensure there is sufficient affordable housing for those in need, including key workers,” said Mark.

Call to action

“We don’t need to reinvent the wheel. We already have an independent agency in Infrastructure Victoria set up for this very purpose, to help guide decision-making and ensure taxpayer dollars are spent wisely,” said Mark.

“The Committee supported the establishment of Infrastructure Victoria, because it was important to ensure there was an agency that could undertake an independent analysis of infrastructure priorities.”

“Let’s make use of the expertise of Infrastructure Victoria and the comprehensive work they have already done through their 30-year strategy and have them put all current and future infrastructure spend on the table for assessment.”

“The incoming State Government must be bold. With such significant public debt facing the State, and looming economic, global and environmental challenges, then taxpayer dollars must be treated with care and must be directed to the most productive, effective and timely infrastructure projects for Melbourne’s future,” said Mark.

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Election priorities paper

With many areas across the economy requiring attention and a plethora of opportunities for policy action, the attached paper touches on just some of those that our members believe should be prioritised. The Committee’s calls on the incoming Victorian Government to focus its attention on policy areas such as those outlined in the paper.

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