

ADVICE ON THE GOVERNMENT'S DRAFT 5-YEAR INFRASTRUCTURE PLAN

October 2017



Advice on the Government's draft 5-year infrastructure plan

1. Request for advice

On 27 September 2017, the Special Minister of State requested that Infrastructure Victoria review the draft *Victorian Infrastructure Plan* (which includes the Government's 5-year infrastructure plan and response to *Victoria's 30-year Infrastructure Strategy*) and provide advice on the recommendations from *Victoria's 30-year Infrastructure Strategy* that we believe should be priorities for the next annual update of the Government's 5-year infrastructure plan. This request for advice was made as legislated under the *Infrastructure Victoria Act 2015*. The Minister requested that this advice be provided by 9 October 2017.

2. Methodology

Victoria's 30-year Infrastructure Strategy (the 30-year infrastructure strategy) provided Infrastructure Victoria's considered, evidence-based recommendations for meeting Victoria's infrastructure needs. Collectively, the recommendations aim to achieve the 30-year infrastructure strategy's objectives and needs. We balanced recommendations across intervention types, needs, sectors and geographic areas. We also considered cost implications. All of the recommended projects, policies and reforms are important, but we recognised that not everything could, or needed to, happen at once. Therefore, the recommendations were sequenced over the 30-year period.

This advice is provided in response to the Minister's specific request to identify recommendations from the 30-year infrastructure strategy we believe should be priorities for the next annual update of the Victorian Government's 5-year infrastructure plan. Our advice in response to this specific request should not be interpreted as a derogation from the recommendations or otherwise superseding the 30-year infrastructure strategy.

In preparing this advice, we have considered:

- the draft *Victorian Infrastructure Plan* (including the 5-year infrastructure plan) and supporting Technical Report
- which recommendations in the 30-year infrastructure strategy require action as a matter of priority in 2018, particularly to prepare for their implementation or build upon proposed actions in the draft *Victorian Infrastructure Plan*
- the Government's intention to update its 5-year infrastructure plan with each State Budget, providing the opportunity for additional commitments to be made in each update in an optimal sequence
- what steps could be taken in 2018 to support implementation of the top three recommendations and common communications infrastructure link identified in the 30-year infrastructure strategy and further elaborated in the *Options Book*

- how the priorities already identified by the Government in the draft *Victorian Infrastructure Plan* will contribute to achieving the social, economic and environmental objectives stated in the 30-year infrastructure strategy
- the extent to which the actions already identified by the Government will deliver the identified priorities in each sector
- whether there are opportunities for the Government to take additional or supplementary actions in each sector that will significantly contribute to delivering its priorities
- whether there are opportunities for the Government to accelerate delivery of recommendations in the 30-year infrastructure strategy.

In light of the Government's proposed commitments in the draft *Victorian Infrastructure Plan*, we have identified specific actions that should be included in the next annual update of the 5-year infrastructure plan to support implementation of the recommendations in the 30-year infrastructure strategy. These actions have been identified on the basis that they are **in addition** to existing Government commitments. We have focused this advice on priority next steps that can be taken to progress the top recommendations identified in the 30-year infrastructure strategy and meet the pressing infrastructure needs of areas across Melbourne and regional cities that are experiencing strong population growth.

3. Next steps on our top recommendations

All of the recommendations outlined in the 30-year infrastructure strategy have been identified as priorities by Infrastructure Victoria following a rigorous process of assessing many options. We did, however, nominate the top three most important actions for the Government to take in the short to medium term as:

- increasing housing density in established areas and around employment centres to make better use of existing infrastructure
- taking action to manage demand on the transport network, including through implementation of a pricing regime
- significantly increasing the supply of social and affordable housing for vulnerable Victorians.

We also nominated communications infrastructure and digital connectivity as a common link that will assist in meeting multiple infrastructure needs.

We have identified actions that the next annual update of the 5-year infrastructure plan should include as priority areas for implementation of the top recommendations and common communications infrastructure link.

3.1. Increase housing density in established areas and around employment centres to make better use of existing infrastructure

Greater densification of housing in established areas that are already well serviced with infrastructure is more efficient than providing new infrastructure in new areas and gives better access to jobs, services and activities. As there is a range of interests and views on residential

intensification, it is important that the Victorian Government plays a leadership role in nominating areas for change.

We recommend the following actions in the next annual update of the 5-year infrastructure plan to increase housing density in established areas and around employment centres to make better use of existing and proposed infrastructure:

- in partnership with local governments, initiate planning reforms to enable **intensification of medium density housing in established areas of Melbourne and regional cities** that are already well serviced with infrastructure (Recommendations 1.1.1; 10.1.1). This should include identification of areas that:
 - are well serviced with existing infrastructure, particularly public transport infrastructure
 - require additional detailed land use and infrastructure planning
 - require a more consistent application of zones that will enable intensification of housing.
- in partnership with local governments, initiate planning reforms to enable **intensification of medium to high density housing around employment centres and the transport corridors** that feed them (Recommendations 1.1.2; 10.1.2; 11.1.1). This work should:
 - include the preparation of regional/subregional framework plans for growth that better align land use with infrastructure provision and investment
 - be state-led to set clear development objectives for employment centres and associated major transport corridors by considering centres within a regional/subregional context
 - determine areas for intensification and land use change, and infrastructure investment priorities, such as current and future major transport connections.
- undertake investigations to better understand the **capacity of the tram network to service greater housing density** along tram corridors (Recommendations 1.1.1; 1.1.2; 10.1.1; 10.1.12; 11.1.1).

3.2. Take action to manage demand on the transport network

It will be necessary to deploy the full range of available approaches to effectively manage increasing transport demand, optimise network performance and address congestion. Particular focus is needed in locations where people currently have few travel options. While we think the introduction of a comprehensive and equitable pricing regime forms part of the longer term solution, we recommend the following priority actions in the next annual update of the 5-year infrastructure plan to build on existing actions and assist in managing demand on the transport network:

- undertake public transport network improvements, in particular:
 - **expanding and providing service enhancements to the SmartBus network** (Recommendations 1.3.3; 11.5.3) with prioritisation of the western suburbs and inner city routes

- expanding the availability of open-source, **real-time public transport information** to enable creation of applications that allow more people to more confidently use public transport (Recommendation 10.4.1)
 - **implementing timetable changes** to increase capacity on overcrowded rail lines in the west of Melbourne to fully utilise capacity created by Regional Rail Link as soon as possible (Recommendation 10.4.2)
 - developing a transparent process for prioritising **transport interchange upgrades** beyond current commitments (Recommendations 6.1.2; 10.4.3; 11.3.2)
 - identifying and prioritising **metropolitan rail network upgrades and enhancements** including removing physical and operational constraints (Recommendation 10.4.4)
 - pursuing **reform of the metropolitan bus network** to deliver more targeted services with existing resources (Recommendations 10.4.5; 11.3.4)
 - preparing to **roll-out further high capacity signalling** on key sections of the metropolitan rail network (Recommendation 10.4.7) with a priority on lines operating through Clifton Hill
 - implementing whole-of-life asset management approaches to **metropolitan rolling stock** (Recommendation 10.5.1) to meet demands of increasing patronage
 - preparing to **upgrade the Doncaster bus system** (Recommendation 10.6.4) to support increased demand and improve reliability
 - providing on-road priority and airport access for the **Melbourne Airport bus** (Recommendations 10.9.1; 11.4.1) to provide fast and predictable travel times
 - commencing feasibility planning of **mass transit bus or light rail networks** that feed into major employment centres and connect with existing heavy rail lines (Recommendation 11.5.4), with an initial focus on the Monash, Latrobe and Sunshine NEICs
 - investing in prioritised upgrades to improve **resilience of critical public transport infrastructure** to all hazards (Recommendation 19.1.3).
- accelerate changes to **allocation of road space** that enhance the capacity of the road and public transport networks (Recommendations 10.6.3; 11.3.5). This should include implementing changes at locations where modal priorities have been identified such as the Hoddle Street/Punt Road corridor, SmartBus corridors, tram routes in the northern suburbs, untreated sections of the CBD and access routes to major employment centres. Early planning and consultation with stakeholders and the community should be undertaken to prepare for further prioritisation of road space allocation changes and ensure transport network benefits and local urban outcomes are both considered.
 - accelerate investment in transport infrastructure in high population growth areas where there is the opportunity to set in place more efficient and integrated land use development patterns, in particular:
 - prioritisation of **growth areas local bus networks** for expansion (Recommendations 1.3.2; 11.5.2) to support local trips and feed into trunk services
 - undertaking **Geelong/Werribee/Wyndham rail upgrade** scoping and sequencing (Recommendations 1.3.4; 10.8.2; 12.3.1)
 - identifying priority locations for **upgrades to congested outer metropolitan arterial roads** (Recommendations 1.3.5; 11.5.5)

- commencing a **Wollert transport links** feasibility study (Recommendations 1.3.9; 10.8.6)
- commencing planning for a **Fishermans Bend tram link** (Recommendations 1.2.1; 10.8.1) to open up Australia’s largest urban renewal project.
- continue to upgrade and expand **advanced traffic management systems** (Recommendations 10.6.2; 13.2.1), with a focus on key arterial routes where investment will benefit freight reliability and traffic flows
- facilitate active transport opportunities, in particular:
 - finalising planning and accelerating investment in **cycling corridors and walking network improvements**, prioritising the central subregion of Melbourne or where Victorian Government has ownership of the land or roads (Recommendations 4.1.3; 10.3.2)
 - commencing pilots to retrofit **cycling and walking facilities in established areas** (Recommendation 4.2.1) that have high levels of car dependence
 - identifying priority locations for **improvements to active lifestyle facilities** (Recommendation 4.2.2) that will contribute to uptake of active transport.

3.3. Significantly increase the supply of social and affordable housing for vulnerable Victorians

The Government has indicated it will make further investments in public housing under its *Homes for Victorians* plan. A large scale of investment and reform is required to meet the housing needs of vulnerable Victorians. If the Government wishes to build on its existing actions to further meet the demand for social housing, it could explore additional early action to deal with the existing maintenance backlog, divestment of outdated public housing in addition to focusing on renewal and reforms to support investment by the private sector. Victorian advocacy to the Commonwealth to increase resourcing for this sector will also be important.

We recommend the following actions in the next annual update of the 5-year infrastructure plan to significantly increase the supply of social and affordable housing for vulnerable Victorians:

- undertake investigations to **identify and quantify the type of housing support that is required in Victoria**, ranging from rental subsidies through to fully supported accommodation (Recommendations 7.4.1; 7.4.2; 7.4.3)
- **improve asset management practices** to manage existing public housing stock, including obtaining a strong knowledge of the asset base’s existing condition and functionality then developing a costed strategy for the management of the assets (Recommendation 7.2.1)
- progress the adoption of an **inclusionary zoning approach for Victoria**. This should include determination of the detail of the approach and the affordable housing requirement that could be reasonably applied and not have the perverse effect of limiting development (Recommendation 7.3.2).

3.4. Improving communications network infrastructure

Communications infrastructure and digital connectivity have been identified in the 30-year infrastructure strategy and the draft *Victorian Infrastructure Plan* as a common link that will assist in meeting multiple infrastructure needs. The need to improve digital access, in particular in regional and rural areas, has been identified as a key issue. The draft *Victorian Infrastructure Plan* indicates an intention to improve internet and mobile phone connectivity across Victoria by using the Victorian Government’s existing communications infrastructure base and significant purchasing power to maximise benefits. In addition, the recently released *Cyber Security Strategy* is relevant to the secure management of communications and critical infrastructure control systems.

Building on the existing actions in the draft *Victorian Infrastructure Plan*, we recommend the next annual update nominate a lead agency or group that will be authorised, resourced and accountable for overarching strategic development and delivery of the following actions to improve Victorian **communications network infrastructure** (Recommendations 12.1.3; 19.1.2) in major economic centres and rural and regional areas:

- partner with Victorian Government departments and agencies, other levels of government and the private sector to identify and pursue opportunities to provide better services including by:
 - coordinating with large scale private sector and Commonwealth infrastructure programs (such as the NBN rollout) to maximise mutual benefits for the State and the program provider
 - stimulating the private sector to provide improved internet performance for government services and business, particularly in regional areas, through partnership models that leverage government owned telecommunications infrastructure (such as mobile communications towers, fibre assets and spectrum), passive assets (such as tram and light poles, conduits and land parcels required as infrastructure corridors) and service demand
 - working with Regional Partnerships to identify priority communications infrastructure gaps and strategic responses.
- develop data sources on regional broadband demand, accessible services, and map existing infrastructure to assist evidence based policy development and commercial investment in regional digital infrastructure
- deliver better planning and regulation to encourage development of Melbourne’s digital infrastructure, as identified in the Plan Melbourne 2017-2050 Implementation Plan, preparing Victoria for emerging technologies (such as 5G)
- participate in resolving policy, regulatory and coordination barriers which exist at both a State and Federal level to ensure that regional telecommunications policies, cross-subsidies and spending are targeted and utilised most efficiently
- investigate potential opportunities arising from the expected transition of emergency management communications from existing traditional radio networks to new mobile systems that will enable greater interconnectivity and data sharing.

Under such an approach, Victorian government departments and agencies would still be responsible for developing and implementing their specific communications requirements.

4. Infrastructure in high population growth areas

Plan Melbourne 2017-2050, the *Regional Growth Plans*, the draft *Victorian Infrastructure Plan* and the 30-year infrastructure strategy recognise that infrastructure in the fastest growing areas of Melbourne and regional cities is under significant pressure. 2016 Census data shows that Victoria's population growth was the highest of all the States and is continuing to track above forecasts. This is felt acutely in some regions. For example, Melbourne City recorded a 45 per cent population increase to 136,000 people, up from 94,000 people in 2011. Wyndham, located on the western edge of Melbourne, was the State's next fastest growing region, with its population increasing by 56,000 people to 222,000 people (up 34 per cent) since 2011. Early action is important as there is an opportunity to set in place more efficient and integrated infrastructure and land use development patterns. Therefore, we consider that meeting the pressing needs for infrastructure in inner Melbourne, outer suburban, peri-urban and regional city growth areas should be a priority of the Government.

In addition to the work already underway to better integrate land use and infrastructure planning, we recommend the following actions in the next annual update of the 5-year infrastructure plan to help meet the infrastructure needs of areas experiencing or planning for significant growth:

- accelerate investment in transport infrastructure in high population growth areas as detailed in section 3.2 above
- provide funding for **relocatable infrastructure** for areas in urgent need of community facilities (Recommendations 1.4.3; 5.4.1; 19.2.3), including permitting them to be an allowable item under developer contribution mechanisms
- provide additional funding for **public libraries** (Recommendations 1.4.5; 5.4.3; 9.4.3), including permitting them to be an allowable item under developer contribution mechanisms
- mandate the ongoing **sharing of school and community facilities** along with clear details around funding arrangements to enable joint planning and co-investment (Recommendations 1.4.7; 2.3.3; 5.3.1; 9.3.3), supported by the standardisation of **shared use agreements** with supporting tools and guidelines (Recommendations 1.4.2; 2.3.1; 5.2.2)
- better support local government and community organisations to **refurbish or rationalise cultural, sporting and community assets** that are no longer fit for purpose (Recommendations 1.4.4; 2.3.2; 5.4.2)
- in finalising the Metropolitan Open Space Strategy further consider the leadership role that the Victorian Government can play in delivering **green infrastructure** with a particular focus on areas experiencing high demand for land (Recommendations 1.4.6; 4.2.3; 16.3.1). This includes the opportunities that result from an **audit of public land across Melbourne** (Recommendations 1.4.1; 5.2.1)
- supplementary to the Regional and Metropolitan Partnerships, nominate a lead agency that will be authorised, resourced and accountable for establishing area-based **integrated service and infrastructure planning** across Victorian Government departments and agencies (Recommendations 1.5.1; 2.4.1; 11.1.2).