



Committee Secretariat
Standing Committee on Infrastructure, Transport & Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

The Committee for Geelong (CfG) is delighted to be provided with the opportunity to lodge a submission to the Standing Committee on Infrastructure, Transport and Cities into the role of transport connectivity in stimulating development and economic activity both in major urban areas and in regional Australia.

Please note that the CfG's submission is not confidential and we therefore give consent for it to be made public.

Thank you for taking the time to review our submission and we look forward to hearing from you soon.

Yours faithfully,

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COMMITTEE FOR GEELONG

SUBMISSION TO THE PARLIAMENT OF AUSTRALIA'S
STANDING COMMITTEE ON INFRASTRUCTURE,
TRANSPORT AND CITIES

ON

THE ROLE OF TRANSPORT CONNECTIVITY IN
STIMULATING DEVELOPMENT AND ECONOMIC ACTIVITY
BOTH IN MAJOR URBAN AREAS AND IN REGIONAL
AUSTRALIA

12 FEBRUARY 2016

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1 Introduction

The Committee for Geelong (CfG) is pleased to lodge a submission to the Parliament of Australia's Standing Committee on Infrastructure, Transport and Cities on the role of transport connectivity in stimulating development and economic activity both in major urban areas and in regional Australia.

Please note that the CfG's submission is not confidential.

The CfG is an independent, member-based organisation that advocates for the best overall long-term outcomes for Geelong. Our members represent the broad political spectrum and a breadth of industry both by sector and size. We work with members, leaders, stakeholders and governments to provide strategic leadership and influence to leverage the economic potential of the region to make Geelong a world-class place. As an independent advocate for Geelong, the CfG has a history of achieving genuine results by actively looking at ways to solve problems and confront challenges.

The CfG welcomes the opportunity to comment to the Standing Committee, which will consider the impact of transport infrastructure funding and its opportunity to for value-capture as a future funding mechanism for infrastructure development.

2 Background

Geelong is Victoria's second largest city with a population of approximately 220,000 people. The regional economy is diverse – health, education and service sectors are now the key employers, however manufacturing is still important.

The CfG believes that Geelong could better position itself as Victoria's 'second city'. Its infrastructure (the Port of Geelong, Avalon Airport, together with its road and rail connections), world class health and education services, employment and lifestyle opportunities are attracting many new residents and businesses to Geelong.

Reliable and improved transport connections are fundamental to facilitate the future growth of Geelong. On average 12,000 people commute to Melbourne from Geelong for work, with 4,000 commuting into Geelong. The CfG suggests that the projected growth of Geelong is a conservative estimate; the region is expected to increase to 500,000 people by 2040.

2.1 **'Second-Tier City' policy for Geelong**

The CfG supports the development of a strong national second-tier city policy for Australia's largest city economies (outside of the major cities in each State) which will benefit the nation's overall future economic performance. National and state policy agendas must be complimented by whole-of-government policies that formally acknowledge and support the development of Australia's second-tier cities, including transport infrastructure planning. With the Victorian Government formally recognising Geelong the State's 'second city' in its recently revised Plan Melbourne Refresh, together with representations made by the CfG to the 2015 national senate inquiry on the future role

and contribution of regional capitals, second-tier cities throughout Australia are becoming increasingly important in their role in addressing future growth.

2.2 Transport Connections

The CfG is actively seeking improved road and rail connections throughout Victoria, and particularly between Melbourne and Geelong. The CfG supports an integrated transport planning system which delivers a cost effective, efficient and sustainable movement of people and freight in and around the city and across the State.

The CfG's 'Geelong on Track' initiative aims to improve rail services between Melbourne and Geelong, and within Geelong. At present, approximately 12,000 Geelong residents commute to Melbourne for work and this number is expected to rise. Improvements to the road network and the further development of rail services, including the Regional Rail Link, should be complemented with more incentives for investment and job creation in regional areas, including Geelong.

Improvements to road infrastructure connections are critical to Geelong's future growth. Investment in the Western Distributor project will ease the traffic, and we encourage the government to continue to focus on long term solutions for connections from western Victoria to eastern Victoria.

The CfG lodged a submission to the Victorian Government's Regional Network Development Plan (RNDP) process in 2015. The RNDP will set the long term future transport requirements for Victoria and has not yet been released.

3 Response to Terms of Reference

The CfG provides the following responses to the Terms of Reference:

3.1 Identifying the likely impact on property values and property related tax revenues as a result of transport connectivity

Geelong's proximity to world-class education, health and lifestyle choices, together with its proximity to Melbourne, makes it an attractive and more affordable option for many. Improving access to Melbourne and around the region, is expected to have a positive impact on property prices in the region.

Increasing property related taxes to fund transport improvements could have a detrimental impact on housing affordability across the region. According to the HIA, Victoria has the highest municipal rates in Australia (HIA Research Note 2016). Furthermore, outside of the capital cities, the Barwon region (which includes Geelong) has the most expensive dwelling prices in Australia. The CfG would therefore be concerned that increasing taxation to fund transport from a local government level would have financial and social impacts on the community.

3.2 Options for value-capture mechanisms to sustainably fund transport infrastructure

A number of options exist to implement a value-capture mechanism to fund transport infrastructure, however each option needs to be carefully considered in the context of the proposal, location, stakeholders and importantly balancing the wider community interests.

The options include Public Private Partnerships (PPP) and Developer Contributions.

The PPP approach has been applied for larger scale transport in metropolitan areas, but has not extended to transport projects in the Geelong region. Whilst there are merits in pursuing this option, the potential returns may not be great for private sector investors in transport infrastructure in regional areas. PPP should therefore not be considered the only option in funding future transport infrastructure in Australia.

Developer Contributions could fund transport infrastructure improvements at a local level, however a new governance and financing arrangement would need to be put in place. PPP would also be encouraged.

3.3 Legislative and administrative actions to best utilise value-capture funding mechanisms

The Victorian planning and development system provides some mechanisms for value-capture funding for infrastructure projects. The Growth Area Infrastructure Contribution (GAIC) and Development Contributions (DC) (both established under the power of the *Planning and Environment Act 1987*) provide mechanisms for roads and public transport infrastructure funding (amongst other items).

The GAIC only applies to growth area land in Melbourne which is zoned for urban development. It does not apply to Geelong. All funds raised by the GAIC are used to fund State infrastructure, including public transport infrastructure.

The Development Contribution scheme has limited ability to fund public transport infrastructure. Increasingly, there is concern that Development Contributions are negatively impacting on housing affordability.

Increased funding for public transport projects through DC or GAIC could further erode housing affordability in the region.

3.4 Appropriate roles for Local, State and Federal Government in establishing sustainable value capture funding mechanisms for planning and infrastructure construction

The CfG believes that funding of large-scale public transport projects is beyond the resourcing and financial capacity of local government. Investment in public transport should be supported by both State and Federal Governments, and in some cases funded through PPP and partial DC contributions. The scale of the project would largely influence the best mechanism.

The CfG supports a new governance and funding mechanism for second-tier cities, which would encourage an innovative approach to transport funding in the City. Improved funding

connections outside the city (i.e. connections to Melbourne) should fall under the responsibility of State and Federal Governments. Again, PPP is supported if it can deliver projects in a timely, cost effective and sustainable manner.

3.5 International experiences in delivery of high speed rail projects through value capture and impact on city and regional centres

In 2015, the CfG undertook a study tour to the UK to review the high speed rail link between Kent and London. Following this study tour, and in its submission to the Victorian State Government's RNDP, the CfG recommended that the following service improvements be included for future implementation to attain higher speed rail between Geelong and Melbourne:

- Planning for faster - i.e. higher speed up to 160 km/hr - rail connections by eliminating constraints and improving rolling stock;
- Express passenger services from Geelong to Melbourne, and to some destinations to the west of Melbourne - e.g. Werribee - with the ultimate aim of achieving a 45 minute service to and from Geelong /Southern Cross before the end of 2017, or at least a commitment for this;
- Replacement or duplication of the Geelong tunnel to provide the possibility of double tracks - one standard gauge and one broad gauge - or dual gauge tracks to provide a standard gauge track to Warrnambool and broad gauge access to the proposed Waurn Ponds maintenance depot and stabling.

In addition, the CfG is currently researching international second-tier cities to develop an understanding of the governance, funding and economic opportunities. Second-tier cities are defined as those situated outside capitals but are sufficiently important to affect the performance of the national economy (Parkinson et al. 2012). Strong transport linkages to the capital city are an important characteristic of second-tier cities.

Eindhoven, Netherlands is an emerging European city that is serviced by a fast rail network between Amsterdam and Eindhoven. The ability to frequently travel 123kms in approximately the same time as the 75km service between Melbourne and Geelong, has further opened its research and investment opportunities. The CfG hopes to visit Eindhoven later this year to review the fast rail network.

3.6 Methods of implementing value-capture for greenfield and brownfields developments

Currently, mechanisms for applying DCs in both a greenfield and brownfield developments have limitations. The DC applies new developments. While Councils have the ability to introduce special rates schemes, these initiatives are often politically unpalatable and met with significance resistance from land owners and businesses. As mentioned, DC also has limitations as they currently expect a level of government support. PPP should be encouraged, but the potential impact on affordability and fairness (i.e. not just the more recent parties providing the funding) needs to be considered.

3.7 Capturing future value opportunity when reserving transport corridors

Long term transport planning necessitates designating land for future transport uses. Preserving rail and transport corridors for development in the future is critical, but consideration should be given to accommodating 'temporary' uses during the period when the land is not being used for the designated purpose. Leasing land owned by the relevant agencies is the most logical option, but a clear understanding about the future use of the land is required.

The CfG has identified the need for a long term Passenger and Freight Rail Strategy (20 to 50 years) to complement the Geelong's 50 year Port and Land Freight Infrastructure Strategy. If land is required to realise these visions, it should not be locked out for interim uses.

Alternatively, if Governments decide not to acquire the land but provide strategic direction on its protection; clear guidelines on its use and development must be specified.

Sometimes, land may not be developed for 50 years. As our cities continue to grow, a sustainable and viable use of the reserved land should be adopted to address short to medium term needs of the city without jeopardising the long term transport needs.

4 Conclusion

The CfG welcomes the Parliament of Australia's Standing Committee on Infrastructure, Transport and Cities on the role of transport connectivity in stimulating development and economic activity both in major urban areas and in regional Australia. We look forward to continuing to work with all levels of Government to leverage the economic prosperity of our region.


5 Recommendations

The CfG recommends that the Standing Committee on Infrastructure, Transport and Cities:

- 5.1 Includes a specific recommendation to support transport infrastructure in 'second-tier cities' to facilitate growth.
- 5.2 Investigate a new governance and funding model for transport delivery in second-tier cities.
- 5.3 Support PPP and DC, where appropriate.
- 5.4 Continue investment in transport infrastructure in Australia.

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