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Victoria's Draft 30-Year Infrastructure Strategy October 2016 – An Engineers Australia Response



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Response to Infrastructure Victoria's Draft 30-Year Infrastructure Strategy October 2016

Author: Herve Carlos, Division Manager, Victoria, Engineers Australia
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Engineers Australia
Level 31, 600 Bourke Street, Melbourne VIC 3000
Tel: 03 9321 1707
Email: HCarlos@engineersaustralia.org.au

www.engineersaustralia.org.au

Executive Summary

The Institution of Engineers Australia (Engineers Australia) is the peak body of the engineering profession. We are a member-based professional association with over 100,000 individual members, nationally and internationally. We are one of the largest engineering professional associations in Australia and across the globe.

Established in 1919, Engineers Australia is a not-for-profit organisation, constituted by Royal Charter to advance the science and practice of engineering for the benefit of the community.

As an example of our work, Engineers Australia:

- maintains the largest voluntary register for engineering, the National Engineering Register (NER);
- is the largest provider of Continuous Professional Development (CPD) to the engineering profession;
- represents Australia in the International Engineering Alliance and develops agreements for global professional mobility;
- accredits engineering qualifications against the international benchmarks on behalf of the profession;
- undertakes 10,000+ migration skills assessments on behalf of the federal Government each year; and
- is located in every state and territory, plus in our overseas chapters in Asia, UK and Middle East.

Engineers Australia has long called for the establishment of an independent body to advise government on critical infrastructure objectives to support long-term social, economic and environmental outcomes for our great State.

In this regard we congratulate Infrastructure Victoria for initiating this comprehensive consultation process to determine an infrastructure strategy designed to meet the challenges of creating a more sustainable and better living standards for all Victorians. We are particularly mindful of the significance of this document, which is the first of its kind to focus on a whole-of-State approach rather than a Melbourne-centric viewpoint.

Engineers Australia continues to advocate a vision for Victoria as an integrated system of large, successful international cities and centres which has, at its core, a focus on job creation and development, akin to Germany, where its regional cities such as Munich, Hamburg, Cologne and Frankfurt are seen to be as economically and socially vibrant as its capital, Berlin.

We support a flexible and adaptable approach to a 30-year strategy, noting the unpredictability of challenges created by future generations, governments and technologies.

To inform this submission Engineers Australia has identified five areas of focus:

- Exploring Infrastructure Funding Models
- Energy Security;
- Transport and Connectivity;
- Complementing existing Infrastructure; and
- Collaboration is Critical to Success.

Critical to any strategy of this magnitude, is an exploration of the barriers to progress. Engineers Australia believes a communications campaign is required that will identify the critical decision-makers at the federal, state and local government levels. An opportunity exists from the time the final strategy is delivered to government, and the 12 months, government has to respond.

Engineers Australia further believes that without an honest and transparent approach to community engagement about the role and responsibility of the major stakeholders, there will always remain a level of scepticism of authorities such as Infrastructure Victoria in achieving its overall objective of having the authority's recommendations implemented.

Exploring Investment Funding Models

Almost all political and social commentators would agree that good infrastructure is the cornerstone of a robust economy. Yet the challenge is in determining the level and source of investment to achieve this outcome.

It is clear Victoria is suffering from the consequences of long-term underinvestment in infrastructure. Victoria's population has grown by 700,000 in the past decade and yet there hasn't been a comparative increase in infrastructure funding.

Unfortunately, 'debt' is simply not in any government's lexicon, because of the invariable political fallout during every election cycle.

Engineers Australia recommends:

Consideration be given to the nation's superannuation funds as a safe, long-term investment option to fund Victoria's infrastructure strategy.

Energy Security

Underpinning a implementable and sustainable 30-Year infrastructure strategy requires a robust energy policy that will improve energy security and usage across Victoria. The relationship between the federal and state governments is worth examining to determine jurisdiction and the manner in which policies can complement desired outcomes. Where there are gaps, these need to be identified with the aim of seeking collaboration to achieve a common goal.

A domestic energy consumption policy should focus on all sources of energy used in Victoria, as too often discussions on energy consumption is narrowed to electricity use to the exclusion of other, equally important, energy sources.

Engineers Australia believes policies focussed on energy efficiency improves energy productivity by reducing the amount of energy required for powering homes, businesses, vehicles and industries, which in turn reduces the amount of energy required.

The federal and state governments should be encouraged to achieve an energy efficiency improvements of 30 per cent by 2030. This considered approach would provide a cost effective step towards Australia achieving its emissions reduction target and containing the cost of restructuring energy use in Australia towards lower or zero emissions, without detriment to economic growth.

Engineers Australia recommends:

A collaborative approach between the federal and state governments to ensure a defined strategy around the pivotal aspect of fuel security. Fuel literally drives movement of people and transport of products across all sectors of Victorian and Australian society, as well as internationally. It is an essential component of infrastructure, and is just one simple example where the federal and state government can work cooperatively to achieve a common goal.

Transport and Connectivity

Improving Victoria's transport connectivity is critical to exploiting national and international markets, which has a direct impact on our State's economic prosperity.

Transport infrastructure policies should ensure all major projects achieve a net economic, social and environmental outcome with a sustainable framework for the future.

Engineers Australia supports the proposal for pricing reform, especially as it relates to transport network pricing for the transport of freight and improving the efficiency of freight supply chains.

The key element of any transport model is the land use assumptions that underpin movement patterns. Without a vision for future urban form, there is limited ability to understand if projects will deliver positive outcomes. Densification was identified as a key outcome of the Strategy, and where that density is directed will be determinant in many transport projects requirements.

Engineers Australia recommends:

The link between transport planning and integrated land use cannot be overstated, and should be examined in great detail, in consultation with a transparent public engagement strategy that outlines a clear a vision of how this strategy will be delivered.

Complementing existing Infrastructure

Engineers Australia believes that in some of our outlying suburbs, building multi-purpose infrastructure that complement local communities can have a dual effect of boosting economic and social activity, as well as reduce the need to travel, therefore lowering transport costs.

These areas can be defined by:

- affordable public housing;
- a quality 150-bed hospital;
- a building to house law and local council chambers;
- a library or learning centre;
- retail and outlets;
- aged-care facility;
- a primary and secondary school supported by a branch of TAFE; and
- surrounded by green space for recreation.

Engineers Australia recommends:

Point Cook and Eltham are examples of neighbourhoods that can be transformed into sustainable, self-supporting communities with the right level of government and private sector investment.

Collaboration is Critical to Success

How do we foster partnerships and investment in major projects. Government has a role, not only in determining which projects are given priority, but also in creating incentives for encouraging on-going private sector investment.

Confidence in government decision-making beyond the election cycle has historically proven to be a obstacle to long-term private sector investment. The 'Road versus Rail' debate that dominated the 2014 election campaign, and its aftermath, is one example of the commercial sensitivities surrounding political decision-making on building infrastructure in Victoria. A political and economic fallout which is yet to be realised.

Engineers Australia recommends:

Infrastructure Victoria become the independent conduit from project inception to project delivery.

Conclusion

Engineers Australia remains a strong supporter of Infrastructure Victoria.

We believe the success of Infrastructure Victoria's 30-Year Infrastructure Strategy is very much dependent upon clearly identifying and aligning jurisdictions that exist among stakeholders across all levels of government. These are the decision-makers who will determine the success or failure of any long-term strategy.

While we understand Infrastructure Victoria's role is to *provide expert advice and guide decision making on Victoria's infrastructure needs and priorities*, it also has a responsibility as an independent authority to be open and transparent in what projects it believes are probably, and what is only possible, given the relationships that currently exist between our three levels of government.

When finalising its 30-Year Infrastructure Strategy, Infrastructure Victoria must consider projects that have the greatest capacity to impact all Victorians, on both a social and economic level.

