



**RESPONSE TO THE
METROPOLITAN TRANSPORT
PLAN**

February 2005

1.0 Approach being taken to the Metropolitan Transport Plan (MTP)

This report has been prepared by the Melbourne 2030 Implementation Reference Group (IRG). It provides a considered response to the Metropolitan Transport Plan (MTP). The report considers the implications of the MTP for Melbourne 2030 and canvases which programs provide the most significant opportunities to support Melbourne 2030 implementation.

Melbourne 2030 stated a vision for change that the MTP does not adequately convey, particularly in terms of the sense of urgency for change. Without serious attention and substantial investment in transport, Melbourne faces some very serious threats to its economic competitiveness and liveability.

Although the MTP could be criticised for not containing specific details, timing or funding commitments, the IRG recognises that it includes many good actions and projects that will support Melbourne 2030 implementation. The key issue, therefore, is to ensure that funding is committed by the State Government to get the MTP implemented and in particular, the actions that have the greatest potential to contribute to Melbourne 2030 implementation. The May 2005 State Budget in particular, and future State Budgets, provide opportunities for the Victorian State Government to make significant ongoing investments in transport to demonstrate its commitment to the MTP and Melbourne 2030.

The current disaggregated approach to transport and land use planning and implementation is not delivering the outcomes it should. The IRG urges the Government to consider further institutional reform to ensure that it can deliver on its commitments, as articulated in Melbourne 2030, the MTP, and through targets such as the 20% by 2020 public transport target.

Some elements of the MTP are not directly related to Melbourne 2030. However, the focus of this report is on the MTP and its relationship to Melbourne 2030. The IRG has identified the critical importance of transport provision to the implementation of Melbourne 2030 in its two reports to Government so far, these being:

- the Priority Issues report; and
- the Challenges to the Implementation of the Activity Centre Policy report.

The primary recommendations (amongst many) of these two reports are for:

- provision of a substantial increase in the allocation of State Government funding for improvements to the public transport system to ensure targets can be met (e.g. 20% by 2020); and
- the integrated transport plan (Metropolitan Transport Plan) to be released with guaranteed funding for implementation and delivery.

The IRG has assessed the MTP against the priority actions the Melbourne 2030 Implementation Reference Group has identified in its two reports so far.

The IRG supports the direction of the MTP, the programs, proposals and initiatives identified, as well as supporting the four key strategic directions of:

- a safer transport system;
- managing congestion: strategies for inner and established suburbs;
- managing metropolitan growth: strategies for outer areas; and
- supporting economic growth by supporting the efficiency of freight and commercial traffic.

We remain convinced that the provision of expanded transport services and infrastructure is critical to the successful implementation of Melbourne 2030 and to public, business and local government's perception and understanding of the State Government's own commitment to Melbourne 2030.

The IRG believes that confidence in Melbourne 2030 would be enhanced by direct badging or branding of State expenditure for the implementation of Melbourne 2030, i.e. that transport funds that support Melbourne 2030 be identified as such.

The IRG believes there is a need for co-ordinated long term planning between Government departments and agencies. In particular, it will be critical to ensure that the MTP and Melbourne 2030 are implemented in an integrated manner, with matters such as reservations for future transport infrastructure planned on a regional basis. The IRG urges the Government to consider institutional reform to ensure integrated land use and transport planning and implementation can be delivered.

While the MTP focuses on strategies and actions for the next 4 – 5 years, the IRG believes there is a critical need for long term planning (i.e. covering the period 2010 – 2030) to support and deliver Melbourne 2030 in its entirety. For example, successful implementation of Melbourne 2030 will require long term planning to ensure that public transport is provided to Melbourne's growth areas and necessary reservations are put in place for future transport infrastructure provision.

The IRG understands the importance of making the MTP a living document, constantly updated and extended to take on board additional factors including social policy and the role that it will play in prioritising investment. A key aspect will be developing a consultation strategy to underpin the plan – engaging stakeholders on what's proposed and investing in dialogue with local governments over tram priority/road space management.

2.0 Alignment with Melbourne 2030 and Implementation Reference Group priorities

In providing a considered response to the MTP the IRG's interest is the fit between the MTP and Melbourne 2030, and getting infrastructure alignment to work better.

The IRG has identified priority transport concerns through two previous reports to the State Government. The Challenges to the Implementation of Activity Centres Policy report and the Priority Issues report both identify priority transport issues.

The high order issues previously identified can be summarised as: -

1. Provide a substantial increase in the allocation of State Government funding for improvements to the public transport system to ensure targets can be met (20% by 2020)
2. Resources for initiatives to encourage cultural change in relation to travel behaviour
3. Provide guidelines on the preparation of integrated transport plans that are required for all new major residential, commercial and industrial developments
4. Develop a new partnership between State Government, local governments, police and transport operators to visibly improve safety and perceptions of safety on and around public transport
5. Ensure the Urban Development Program informs and influences government agency infrastructure planning.
6. Require a Melbourne 2030 consistency check for all state government infrastructure investments.
7. Ensure that infrastructure is provided to new estates in a timely manner and that the planning of fringe developments maximises access to pedestrian networks, public transport and bicycle networks
8. Release the integrated transport plan (Metropolitan Transport Plan) with guaranteed funding for implementation and delivery
9. Provide ongoing assistance for activity centre development including appropriate infrastructure investment and roll out of the Principal Public Transport Network
10. Ensure the Principal Public Transport Network is rolled out

While all are important to Melbourne 2030 implementation some have a clearer relationship to the MTP.

The MTP provides a basis on which to achieve the modal shift to 20% of motorised trips by public transport by 2020. However, the Government needs to be clear that if it doesn't fund all projects in the MTP then we don't believe it will achieve the 20% by 2020 target.

The MTP represents a short-term plan but a plan that can support the longer-term vision of Melbourne 2030. In particular, it is important that Government recognises the significant role that transport can play in leading and supporting more sustainable forms of metropolitan growth. The IRG believes that significant delivery on transport projects could substantially change the way in which Melbourne 2030 is viewed by the public, the business community and local governments.

Whilst the focus of the MTP is on metropolitan Melbourne, the IRG notes that rural Victoria is the subject of even less forward planning for public transport improvements and faces important choices about priorities for future transport spending.

3.0 The importance of land use and transport integration

3.1 The relationship between land use and transport

Land use and development are a fundamental determinant of the form and type of transport provided to serve the movement needs of people and goods. In turn, the availability, capacity and mode of transport shapes the types of land uses that are likely and the scale and form of development that occurs.

'The form of urbanisation has a strong influence on the transport network and, conversely, transport systems have a structural effect on urban development'
- *WA Planning Commission (2003) Greater Perth: Integrating Land Use and Transport, p.4*

As a consequence of this relationship, decisions about land use and transport significantly influence:

- the economic efficiency of urban areas;
- the amount of energy consumed;
- the equity of access for people;
- the overall health of communities;
- the social and economic opportunities in different parts of an urban area;
- the level of safety and service; and
- the quality of the environment, ranging from issues such as pollution to the level of noise.

By promoting and planning compact urban forms, closely linked to efficient transport systems capable of supporting high volumes of movement of people and goods, metropolitan strategies are able to reduce the need for travel and enhance the quality of urban living.

The planning of metropolitan areas needs to be based on a goal of increasing the integration of land use and transport. Critical elements in the urban form include the location of places where people come together for work, shopping, entertainment, and education, and the means by which they move from where they live to these places of activity concentration and between such places. Where transport and land use are not planned and provided in an integrated manner, that movement is likely to take longer, cost more, pollute more and generally lead to an inefficient city with lower levels of service and amenity.

Ideally, the transport system should be a function of the land use pattern and the two should be planned in an integrated manner. The transport mode should be the most appropriate to the needs defined by the land use. In the development of urban areas, some parts of the transport infrastructure often precede the expansion and growth of urban areas and the intensification of land uses. Likewise the broad land use pattern can be established well ahead of the provision of adequate transport capacity. A consequence of this lack of integration is that transport is generally dominated by motor vehicles and land use by lower densities.

Where development is planned and integrated with public transport, there is a greater capacity to support higher density and mixed use developments. Urban forms and land uses, both in existing and new areas, which provide for higher density and mixed uses can reduce the need for travel and the distances that need to be travelled.

3.2 Melbourne 2030 and Metropolitan Transport Plan must be integrated

With the MTP, Melbourne is exposed to the serious issues of implementation and integration.

It is instructive to contrast the structure and responsibilities that are evident in Melbourne 2030 to the absence of commitment in the MTP.

Within the MTP the State Government appears to be saying that matters of regional planning and regional transport provision should continue as separate activities. A reference to Appendix 1 of the MTP, listing the responsible agencies, shows that DSE is not involved. It is the Group's view that this arrangement will produce failure.

It is a fundamental issue that transport and land use planning need to be integrated in ways that capture the momentum of infrastructure planning and also harness private investment plans in the optimum way.

Corridor development needs to have fully integrated transport planning rather than the absence of planning (and responsibility) that is now evident. It is not helpful for the State Government in the MTP to expect local governments to be able to introduce regional road reservations through their plans and statutory documents (as proposed in Strategy 3.1). No local government is able to take on the land acquisition and compensation costs that would arise from placing major road reservations over private land in the absence of guaranteed funding from the State. Equally, many of the transport initiatives will not be achievable unless land use solutions are negotiated at regional and local levels.

The Group believes that unless a fully integrated approach is taken on transport and land use planning then neither Melbourne 2030 nor the MTP stand much prospect of success. Indeed, the production of the MTP, with changes to government management, should be used to "breathe life" into Melbourne 2030. The Melbourne 2030 "brand" or "image" needs serious refreshment and the MTP offers Government a way to achieve this.

A critical benefit of integration would be that the economic evaluation of capital expenditure infrastructure projects (such as a new bus network) can draw on land use and development outcomes, rather than the normal base of transport cost comparisons.

3.3 The Transport Plan must have a program of implementation to be a "Plan"

Without the inclusion of a program for implementation, the Group is unable to be as supportive as it would like to be of the MTP.

3.4 Institutional Arrangements

The current disaggregated approach to transport and land use planning and implementation is not delivering the outcomes it should. As submitted, the IRG is of the view that the current system of (i) 31 local governments; (ii) under-serviced Built Environment divisions within DSE and (iii) a number of separate road transport, public transport, and infrastructure planning organisations, is unlikely to be able to implement either Melbourne 2030 or the MTP successfully.

The Government has demonstrated a preparedness to change institutional arrangements to achieve more sustainable outcomes, for example through the establishment of the Melbourne 2030 sub-committee of Cabinet. The IRG urges the Government to consider further institutional reform to ensure that it can deliver on its commitments, as articulated in Melbourne 2030, the MTP, and through targets such as the 20% by 2020 public transport target.

In particular, there is a need to avoid institutional arrangements that are based on disciplinary silos, do not integrate transport decisions, and limit interest in holistic transport outcomes except on a "special projects basis", like Tram 109.

4.0 Transport Infrastructure: Priority Projects

4.1 MTP framework

The MTP's approach to the development and management of Melbourne's transport infrastructure is essentially based on the philosophy of getting more out of the existing system. Only limited new investment is proposed, and even this seems to be linked to the annual budget cycle, wherein projects would be considered on their merit as they are presented.

While there is some hint of longer term projects (eg a third track on the Dandenong rail line between Caulfield and Dandenong or the even vaguer mention of "integrated transport solutions" in the Westgate Corridor), the document lacks a broader vision outlining Melbourne's long term transport infrastructure.

The IRG is concerned at this lack of long term vision, and the apparent unwillingness of the Government to acknowledge, much less commit to, major transport infrastructure projects. The IRG considers that there are a number of major transport infrastructure projects which need to be undertaken, but which are not under active consideration (let alone commitment to action) by the Government.

4.2 Transport system management

Notwithstanding the points made in 4.1 above, the IRG endorses the general thrust of the MTP, and in particular it's four strategic directions:

- a safer transport system;
- managing congestion: strategies for inner and established suburbs;
- managing metropolitan growth: strategies for outer areas; and
- support economic growth by supporting the efficiency of freight and commercial traffic.

Similarly, the IRG recognises and supports the proposition that the performance of the existing transport system can be enhanced through improved management and system integration. In particular, we recognise and endorse the proposals (including implicit or explicit relatively routine investments within the annual budget cycle) of:

- improving the reliability and flow of road based public transport, including the various priority actions proposed such as traffic signal systems that give priority to trams and buses at selected intersections (strategy 2.1);
- making existing roads operate better, including enhanced traffic management, better information, encouragement of higher vehicle occupancy, and management of kerbside parking (strategy 2.2);
- improving public transport service coordination, integration and customer interface, including an enhanced ticketing system and integration of public transport services under the MetLink banner (strategy 2.3);
- promoting sustainable travel through better demand management, including TravelSmart (strategy 2.4);
- improving outer metropolitan arterial roads to benefit not only private transport but also public transport and freight, and to relate this to Transit Cities (strategy 3.1);
- increasing access via public transport in middle and outer suburbs, including rollout of the SmartBus network and improved local bus services (strategy 3.2);

- improving access via the passenger rail network, including priority actions listed on page 48 (see section 4.3 below) and the proposals for integrated transport in the Mitcham-Frankston corridor (strategy 3.3.);
- improved access to key freight areas, including the specific port development projects listed on page 60 (strategy 4.1); and
- improved national, regional and cross town freight connections, including the proposals for enhanced road and rail, and the removal of key cross town bottlenecks (strategy 4.2).

For the most part, these strategies, and the infrastructure improvements implicit in them, are sensible and worthwhile proposals, and are supported by the IRG. We believe however that a firm Government commitment to implementation, including funding at an adequate level, is needed to ensure that these worthwhile enhancements can be carried out.

The IRG hesitates to prioritise these proposals, partly because we believe that they are all important, but partly also because we understand that the Government is developing procedures for project evaluation which are themselves aimed at identifying priority investments. Nevertheless, we recognise the critical importance of:

- public transport priority for trams and buses at critical locations;
- enhanced traffic management including parking and access management;
- outer metropolitan road upgrades;
- improved local bus services including SmartBus;
- enhanced traveller information including real-time information;
- upgraded public transport ticketing systems;
- port development and enhanced port access for both rail and road; and
- enhanced cross-town links for freight, public transport and private travel.

In addition, we believe that high priority needs to be given to the development of a process to ensure that the many worthwhile initiatives outlined in the MTP actually reach fruition. Initiatives such as smart bus, public transport priority, and kerbside parking controls touch many stakeholders, and could easily be frustrated or delayed by special interest groups. While acknowledging the need for consultation and due process, the focus should be on developing a process to seek “win win” outcomes and to ensure the timely delivery of these initiatives, so that the community benefits that they offer can be realised.

4.3 Major transport infrastructure projects

As noted above, the IRG is very concerned that the MTP does not acknowledge the inevitable need for major transport infrastructure improvements which will enhance Melbourne’s transport network and cater for the increase in population and economic/social activity envisaged in Melbourne 2030.

In particular, the IRG believes that the Government must show commitment to action and early delivery of major transport infrastructure projects. While clearly any such project would need to be evaluated against explicit economic, social and environmental criteria before a commitment to proceed is given, the IRG is concerned that there is no process for generating such proposals in a systematic way. The sorts of major projects (not an exhaustive list) which may need to be

considered and, depending on evaluation, receive high-level, multi-year government commitment include:

- upgrading of signaling and train control systems on the metropolitan rail network to maximise capacity;
- provision of a third track on the Dandenong rail line;
- public transport extensions to developing growth corridors, such as Epping North, South Morang, and Rowville;
- new roads in growth areas;
- real time information systems for public transport services;
- elimination of level crossings;
- rail to Doncaster;
- completion of the orbital transport corridor by connecting the Metropolitan Ring Road at Greensborough to the Eastern Freeway;
- key freight efficiency projects, such as those listed on page 56 of the MTP;
- providing a linkage between the Eastern Freeway and Tullamarine Freeway; and
- urgent attention to the emerging critical capacity constraints in the Westgate-Monash corridor.

On a related issue, the IRG welcomes and supports the need to identify future transport requirements, and secure these in land use reservations. We believe that this is an essential component of Melbourne 2030.

5.0 Funding Transport Infrastructure

5.1 Funding, charging, and pricing

The glaring issues absent in the MTP are the lack of a time program and a funding commitment.

The IRG does not accept that the Victorian Government is committing sufficient of its own resources to transport infrastructure investment. We note, for example, that the Victorian Government from its own sources invests only about one half on a per capita basis the road investment of the New South Wales and Queensland Governments. Similarly, while recognising and acknowledging the substantial commitment of the Victorian Government to public transport operating expenditure and the substantial capital expenditure on regional fast rail, we do not believe that this is matched by the corresponding commitment to metropolitan public transport infrastructure investments.

Notwithstanding these comments, the IRG recognises that the issues of transport funding, transport pricing (including road user pricing) and the role of private sector funding needs to be examined. We endorse the comments made on page 34 of the MTP, but believe that this issue needs to be pursued as a matter of priority, addressing such aspects as:

- the role of infrastructure bonds and public sector debt;
- the role of the private sector in infrastructure funding (including toll roads);
- road user charging, including congestion charges;

- equity and efficiency in public transport fares; and
- alternative funding sources, including betterment levies.

Australian governments are currently facing a major challenge in funding the increasing demand for new and upgraded infrastructure.

A survey on public infrastructure by Engineers Australia found alarmingly poor levels of public infrastructure and new investment in public services. Rating our public services like a school report card, it found Australia scored a D average.

The quality of transport infrastructure will be critical for growth and economic prosperity and the achievement of a quality environment. In the new economy, places will be selected around the world for the combination of global connectivity, quality of life, safety and security, access to capital, technical expertise, and availability of knowledge workers. There needs to be a whole-of-government focus on achieving high ratings in these factors.

The Property Council of Australia commissioned nationally respected researchers Allen Consulting to consider the ways in which Australia's economic backbone will be provided.

The report looks at the raft of options that are available to fund infrastructure, undertakes a qualitative and quantitative analysis of the various options and highlights where the findings raise implications for changes in policy settings and approaches.

5.2 Public urban infrastructure and its role

There is compelling evidence that investment in public infrastructure, including roads and public transport infrastructure is linked with productivity growth and economic prosperity. Failure to provide sufficient or appropriate infrastructure undermines the competitiveness of a place and its social and environmental sustainability.

Public investment by Australian governments as a share of GDP has not kept pace over recent decades. Governments in Australia appear to have squeezed infrastructure spending to achieve essential fiscal consolidation. And now, there is growing evidence of an emerging infrastructure deficit in key areas of the Australian economy.

The challenges are most pronounced at the state and local level. These levels of government have constant pressure to provide or facilitate the delivery of essential infrastructure services, yet have modest means. Recent publicity for both New South Wales and Queensland indicates that these States are facing up to the need to commit greater resources to infrastructure. These State Governments are aggressively exploring ways that this might be funded.

5.3 Current infrastructure funding approaches

Over the years, Governments have implemented a host of measures to raise funds to meet the needs of their constituent communities, such as:

- state and local taxes;
- user charges;
- producer or developer levies;
- government debt through bonds or other debt instruments; and
- Special Purpose Vehicles (SPVs) including Public-Private Partnerships.

Governments at the Commonwealth, state and local level currently eschew the use of debt and taxes to finance infrastructure. This reflects emphasis placed upon fiscal responsibility, macro-economic stability and community preferences to constrain the tax burden. It also reflects structural factors that constrain access to efficient sources of revenue.

The Allens' study showed that Government bonds and debt instruments were the most effective way to fund infrastructure. Using bonds to fund infrastructure allows the economy to obtain the benefits of the infrastructure and pay for it as those benefits are realised.

5.4 Is this affordable?

Increases in public sector debt of the amount analysed in the modeling are unlikely to result in a downgrading of Victoria's credit rating or increased interest rates on Allens' assessment. In any case it is not proposed that governments exceed the requirements of prudent fiscal policy. It is recognised that failing to maintain fiscal discipline resulting in a blow-out in the budget will lead to credit downgrading and impose significant offsetting costs.

The current level of debt to GSP is 1.1%, which is expected to grow to 1.4% in 2007. Project funding of the order modeled by Allens would add less than 0.5% to debt as a percentage of GSP. This would still leave the State significantly under the likely threshold where a downgrade would be considered given that the ratings agencies were satisfied to apply a AAA rating in the past when the net debt level was three times the forecast level with the additional debt.

A further reason why the Victorian debt credit rating would not be adversely impacted by an increase in debt incurred to fund infrastructure is that the credit rating agencies (and debt markets) have accepted elsewhere the desirability of accommodating borrowing to finance investments while preserving a prudent fiscal stance. It is therefore likely that they would extend that view to Victoria.

5.5 The implications for policy makers

Government at state and local levels should view recapitalising our cities as essential to maintaining and enhancing economic, social and environmental sustainability. It is economically "unsustainable" that many public infrastructure projects have been analysed exhaustively and found worthy, but are on hold because of a lack of funds.

The case for the greater use of government bonds is very strong. Public infrastructure typically involves long-term assets and it seems rational that they should be financed over time. Bonds provide the highest gains in output and jobs from infrastructure investment.

Fundamental public finance arrangements need to be revisited. The challenge at this level is to restructure revenue raising approaches to allow community bodies to capture financial benefits from infrastructure sufficient to pay for it. Solutions are likely to involve relaxation of current constraints on borrowing and caps on increases in municipal rates.

In the case of transport projects, the use of Government bonds would allow a program of the projects in the MTP to be funded within a medium timeframe.