



Council of Mayors
South East Queensland

12 February 2016

Mr John Alexander OAM, MP
Chair, House of Representatives Standing Committee
on Infrastructure, Transport and Cities
PO Box 6022, Parliament House
Canberra ACT 2600

Via email: ITC.reps@aph.gov.au

Dear Mr Alexander

**Inquiry into the role of transport connectivity on
stimulating development and economic activity**

On behalf of the Council of Mayors (SEQ), I am pleased to provide this submission to the House of Representatives Standing Committee on Infrastructure, Transport and Cities inquiry into the role of transport connectivity on stimulating development and economic activity.

The Council of Mayors (SEQ) is Australia's largest regional Local Government advocacy organisation, representing the South East Queensland (SEQ) region which is home to one in seven Australians, generates one fifth of the nation's economic growth and is a powerhouse of Australia's economic future.

The membership of the Council of Mayors (SEQ) includes eleven Councils of South East Queensland: Brisbane, Gold Coast, Ipswich, Logan, Redland, Lockyer Valley, Moreton Bay, Scenic Rim, Somerset, Sunshine Coast and Toowoomba Councils. Five of Australia's six largest Councils are located in SEQ.

The SEQ Experience

For the past four decades, SEQ has been a significant driver of economic growth, investment and innovation at a state and national level. SEQ accounts for approximately 75 percent of Queensland's growth, and continues to grow quickly from a larger, more mature base. Therefore, an incrementally higher level of infrastructure investment per capita is required to maintain this growth and the current standard of living.

Building future capacity for growth is the key to ensuring sustainable economic growth. The Council of Mayors (SEQ) believes this can be achieved through investment in productive transport infrastructure, securing a dynamic and sustainable economy in the nation's fastest growing region.

With a projected population growth to 4.4 million by 2031, SEQ faces the challenge of planning for, and delivering, the infrastructure and services needed to improve productivity

and reduce cost of living pressures, whilst maintaining and improving the liveability of the region.

With this in mind, the Council of Mayors (SEQ) speaks with one united voice, aiming to:

- **Advocate** for a better resourced SEQ Region with world standard infrastructure to support economic development
- **Influence** the other levels of government to ensure that their policy and legislative positions support SEQ Regional growth
- **Collaborate** in effective and innovative cooperative programs across the SEQ Region.

The Council of Mayors (SEQ) acknowledges the Committee's Terms of Reference for this inquiry:

The Committee is to inquire into and report upon the role of transport connectivity in stimulating development and economic activity both in major urban areas, and in regional Australia, in particular:

- *Identifying the likely impact on property values and property-related tax revenues as a result of transport connectivity;*
- *examining options for the application of value-capture mechanisms to sustainably fund transport infrastructure;*
- *considering means, including legislative and administrative actions, by which government and the private sector can best utilise value-capture funding mechanisms;*
- *considering the appropriate roles of each of the three levels of government in establishment sustainable value-capture funding mechanisms for planning and infrastructure construction;*
- *examining any international experiences of the delivery of high speed rail projects by value-capture methods and the impact of high speed rail on city and regional development;*
- *examining methods of implementing value-capture in both greenfield and brownfield developments; and*
- *examining ways to capture future value opportunity when reserving transport corridors.*

Transport Connectivity

In commenting upon transport connectivity, the Council of Mayors (SEQ) is supportive of modal neutrality and consistency in the methodology for evaluating and prioritising projects, to avoid any bias and to guarantee a transparent and reliable infrastructure planning system based on growth-enabling infrastructure.

The integration of infrastructure planning and land use planning is vital. This is critical to the cost effective provision of infrastructure and efficient urban form. It is the approach adopted by our member Councils in their Local Government Infrastructure Plans.

Integration across Three Tiers of Government

It is also desirable for there to be a strong, linking relationship between the national and statewide infrastructure planning, regional planning and local strategic planning. Only through this process will integrated planning and genuine, mode-neutral transport connectivity be achieved.

It is also important that Federal and State Governments draw on the experience and knowledge of Local Government in the planning and delivery of infrastructure, especially in the SEQ context of large and well-resourced councils with significant “skin in the game” of infrastructure provision.

As well as integration between infrastructure provision and land use, it is highly desirable for the planning of national and state infrastructure to be integrated with local infrastructure delivery and local land use planning to achieve the greatest possible efficiencies in:

- network planning from a high level to local works
- procurement and construction
- design integration
- local community outcomes
- co-funding and/or coordination of projects.

It is also important that infrastructure planning take into consideration opportunities for cross border collaboration at the state level. This is particularly important to the Gold Coast and Tweed as adjoining urban areas with the potential for efficiencies in the planning, delivery, and operation of shared infrastructure. Similar opportunities exist in other locations across Australia.

Given the importance of Federal funding to most major infrastructure projects, it is critical the State and Federal approaches to infrastructure are coordinated. Accordingly, the evaluation of projects at the State level could draw on the processes of Infrastructure Australia (IA) to ensure efficiency in the use of bids and business cases at both levels, especially as IA moves towards its 15-year urban funding model.

Better Utilisation of Current Assets

The Council of Mayors (SEQ) supports the better utilisation of existing assets maximising benefits of existing investments. Our recent feedback to the Queensland Government’s review of the SEQ Regional Plan highlighted a preference for supporting a more compact urban form and limiting the number of growth fronts, focussing on regional capacity for growth rather than specific ‘greenfield versus brownfield’ targets.

This approach respects the significant amount of local planning Councils have undertaken in their planning scheme development as well as the challenges of funding urban infrastructure across multiple growth fronts at a time when funding is limited.

Infrastructure Prioritisation

In relation to a prioritisation of infrastructure requirements in the South East Queensland region, I refer you to our document *A Shared Future: Collaborative Opportunities for South East Queensland* for the current priority projects for the region.

This document outlines a suite of infrastructure projects across SEQ which together will significantly improve productivity, quality of life, and the economic contribution of our region.

A copy of the document is attached, and it is also available online at:

http://segmayors.qld.gov.au/wp-content/uploads/2015/11/FINAL_Federal-Advocacy-Documents-15-16_print.pdf

Infrastructure Funding

We note the Committee's Terms of Reference significantly focus on innovative infrastructure funding models (particularly value capture) rather than transport connectivity per se.

The Council of Mayors (SEQ) is acutely aware of the challenges of funding infrastructure at the local, state and national levels. Infrastructure funding options in Queensland are limited, and a lack of a viable infrastructure pipeline is becoming a drag on an economy already suffering from the decline of the resources capital investment boom.

It is the fear of the Council of Mayors (SEQ) that this lack of funding will damage confidence around growth in the private sector, stymie investment and constructive risk-taking, and see significant private investment target southern states at Queensland's expense. Such a result may see the state, and SEQ, miss an entire growth cycle, with disastrous impacts on employment growth and quality of life.

It is our submission that the greater funding of prioritised, growth-focused infrastructure in SEQ is an absolute necessity and this funding would benefit from consideration of alternative funding approaches. Infrastructure funding should not only be considered in relation to responding to forecast growth and development, but should also be considered as a catalyst for planned development (e.g. opening new development opportunities) and preferred urban development scenarios (e.g. a significant modal shift to public transport use).

For these reasons the Council of Mayors (SEQ), in partnership with the Property Council of Australia (Qld) and the Queensland State Government (via the then Department of State Development Infrastructure and Planning), engaged KPMG in 2014 to undertake a review of the UK City Deals approach to funding public infrastructure.

This review provided a report, *An Economic Growth Partnership Model for Queensland*, assessing the UK Cities Deal tax increment financing model and how it may be amended to operate successfully in a Queensland context. The report is attached for the Committee's consideration.

This work showed the strength of Local, State and Federal Governments, working together with industry to resolve the challenges of funding the ongoing growth of both the South East Queensland region, and ultimately the whole of the state.

Importantly, such a funding model may respond well to two serious issues within this policy area: the insufficiency of funding available for infrastructure at the state and local level in Queensland, and the current impasse between the Queensland and Federal Governments regarding the funding of major infrastructure.

Further work is required to define how such a model will work in Queensland and nationally, with specific project based modelling now required. Some of the funding required to progress this important work into alternative funding has been allocated in the 2015-16 Budget of Council of Mayors (SEQ), and we have confirmed the ongoing commitment of the Property Council of Australia to partner in the next phase of work.

We continue to seek engagement and partnership with the State and Federal Governments to allow us to urgently move towards an SEQ City Deals style infrastructure funding trial program.

Through the previous work with KPMG and ongoing discussions with key stakeholders, it is apparent that progressing to an SEQ City Deals funding model will not be easy, however we firmly believe that working with both tiers of government and industry we can lead the country in the implementation of such a model.

The outcome of this project will be the first of its kind in Australia. It will enable Queensland to pilot the approach within a strong and coordinated region and should it be successful, may form a model for expansion into other growth areas nationally.

The involvement of the Commonwealth Government in this next stage as a partner would be most welcome, and instructive as to a future infrastructure funding and prioritisation approach of national value. Such an approach – potentially partnering Federal, State and Local Governments, and industry – is a real opportunity to investigate a better way forward for infrastructure funding.

Should you have any questions or wish to discuss any aspect of our submission in this vital policy area, please contact me at peter.olah@seqmayors.qld.gov.au or (07) 3040-3460.

Yours sincerely

Peter Olah
Executive Director

Attachments:

- *An Economic Growth Partnership Model for Queensland*
- *A Shared Future: Collaborative Opportunities for South East Queensland*