2012-2013 Assessment Brief

Recommended rating:	**Threshold**
Status in 2012 report to COAG:	**New submission**
Initiative Name:	M80 Ring Road Upgrade
Geography:	Melbourne, Victoria
Proponent:	Victorian Government
Project description:	

The Victorian Government is seeking Commonwealth funding for the widening of four sections of the M80 Ring Road from two to at least three lanes in each direction. The M80 Ring Road is Melbourne's orbital freight route linking the West Gate Freeway and Princes Freeway with the Western Freeway, Calder Freeway, Tullamarine Freeway, Hume Freeway and Greensborough Highway.

Widening of three other sections of the M80 Ring Road and the installation of an intelligent transport system along the ring road has been provided through the National Building 1 program and is under way.

Objective:

The principal aim of M80 Ring Road Upgrade is to reduce freight transport delays and transport costs, improve economic efficiency, and provide safer travel conditions for freight and passenger vehicles. The M80 Ring Road will improve accessibility and movements on an important orbital freight route which links the major industry and multi-modal activity areas in north and west of metropolitan Melbourne.

Problem:

The proponent states that the problem is very high demand on road capacity at peak periods on the M80 Ring Road. Periods of stop-start conditions, exacerbated by traffic entering and moving across lanes, causes severe congestion and prolonged delays. Congestion, delays and journey time reliability will worsen in the future due to population growth and increasing freight movements.

Solution:

The current submission requests funding for widening the remaining four sections of the M80 Ring Road to provide at least three lanes in each direction along these sections:

- Princes Freeway to Western Highway (5.0 kilometres);
- Sunshine Avenue to Calder Freeway (3.8 kilometres);
- Sydney Road to Edgars Road (4.0 kilometres); and
- Plenty Road to Greensborough Highway (2.6 kilometres).

Proponent's capital cost estimate (nominal):	$1,050 million
Contribution sought by Proponent including requests for project development funding (nominal):	Not provided
Project timing Start/Completion by Proponent:	2013/2017
BCR stated by proponent:	2.2

Strategic alignment summary

Alignment with Infrastructure Australia's strategic priorities:

The project aligns with Infrastructure Australia's strategic priorities to 'increase Australia's productivity', 'expand productive capacity', and to a lesser extent 'improve social equality and quality of life' by providing additional freight capacity in the outer Melbourne industrial region.

The M80 Ring Road is identified by the proponent as an important freight route and is part of the National Land Transport Network. The proposal will increase freight productivity by enabling the use of more productive vehicles, in this case extended B-doubles capable of carrying a third more than standard B-doubles.

Alignment with state strategies:

The Victorian Government is in the process of developing the Victorian Freight and Logistics Plan which is due for release in 2013. This plan should outline the integration, sequencing and relative priority of the various freight projects currently proposed by the Victorian Government.

The submission is aligned with policy statements set out in a strategy document entitled Victoria's 2012 Priority Infrastructure Submission to Infrastructure Australia. This document assigns priority to 'providing high-capacity connections to export gateways, business centres and freight precincts to better connect Melbourne and regional Victoria to the world and improve on Victoria's global competitiveness'.

The M80 Ring Road is identified in transport strategies of the previous government, including the Victorian Transport Plan.

Problem assessment summary

The problem identified is travel time delays and rising operating costs stemming from congestion and stop-start traffic conditions on the identified sections of the M80. This is reducing the efficiency and productivity of road users, including freight operators.

The submission illustrates the severity of the problems and provides evidence on how these problems will get worse in the future due to population growth, port expansion, growth in the freight task, and increasing use of light commercial vehicles.

The route currently carries up to 130,000 vehicles per day, of which 16 percent are freight vehicles. By 2031 it is expected that 34 percent of vehicles on the M80 Ring Road will be freight vehicles. The growth in demand for the M80 Ring Road will be partly driven by the increase in volume of container freight handled at the Port of Melbourne, which is forecast to quadruple by 2035.

The causes of the problem could be further explored for longer term planning. For example, the impact of a lack of road pricing, land use planning decisions and the lack of public transport alternatives. The individual impacts of these causal factors have not been quantified or presented strongly.

Funding has already been provided for widening of the first three sections of the M80 Ring Road and implementation of intelligent transport systems along the entire road. As such, this submission should focus on the scale and impact of the residual problem after taking into consideration the upgrades for which funding has been provided.

Solution assessment summary

The identified solution is to provide additional road capacity to a minimum of three lanes for the remaining four sections of the M80.

A narrow range of options (one option with five variants on a base option) is proposed and evaluated. Whilst a road-based solution is a reasonable response to the problem in the short term, reform options and alternative modes to provide an integrated transport system in the longer term should be considered. It is unclear whether the solution proposed would remain the same if efficient road pricing was implemented.

Alternative mode options (rail freight, public transport) and efficient pricing or land use measures should be assessed as either clear alternatives or as complementary measures to the proposed solution of increasing the numbers of lanes and applying intelligent transport systems.

BCR appraisal conclusion

A stated BCR of 2.2 has been provided. The methodology used to generate this could be considered a relatively robust rapid economic appraisal.

The proponent has identified further analysis that needs to be undertaken on demand forecasting (capturing induced demand) and scoping on each of the four sections which make up the full project. The inputs, assumptions and outputs of the demand modelling should be clearly described.

Based on the initial analysis presented by the proponent, and assuming no major changes in project scope, costs, demand forecasts or economic methodology, the strong initial BCR and nature of the project (major urban road with strong freight demand) suggests that the BCR should remain above 1.0. This observation should be confirmed upon the receipt of updated information from the proponent.

Infrastructure Australia Priority List recommendation

The Office of the Infrastructure Coordinator recognises the importance of the M80 Ring Road as a freight corridor servicing the Port of Melbourne, and the need for adequate freight links with the port.

It is recommended that the project be included on the Infrastructure Priority List at **Threshold** with the following conditions:

- The proponent provides demand models to determine whether the project would still be economically viable in the presence of efficient road pricing, and includes user charging at a rate that reflects efficient pricing as part of any road based solution.

Attachments

Figure 1: Proposed M80 Ring Road Upgrade