

# **MELBOURNE – A CITY OF CHOICE AND OPPORTUNITY**

**Sir Angus Mitchell Oration 2013  
Rotary Club of Melbourne**

**Presented by Professor Roz Hansen  
Chair of the Ministerial Advisory Committee  
for the Metropolitan Planning Strategy**

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It is indeed a great honour to be invited to deliver the 2013 Sir Angus Mitchell Oration today and I thank you for this opportunity. Sir Angus Mitchell was not only an outstanding Rotarian but his tolerance, wisdom and dedication to community work, particularly with youth, has left a legacy which all Rotarians can be proud of.

As stated in the preface of Owen Parnaby's work titled '*Angus Mitchell History*' this notable Melbourne Rotarian saw young people as

*'the generation of tomorrow, and only if our generation gives them every opportunity to excel will we have a better world in the future.'*

I want to talk to you about what I hope the generation of tomorrow could be offered if we plan for metropolitan Melbourne as a 'city of choice and opportunity'.

The Victorian Government is currently preparing a new Metropolitan Planning Strategy (MPS) for Melbourne. This is a plan to the year 2050 – a plan for you, for your children and your grandchildren. A plan that will affect the lives of the generation of tomorrow. The Minister for Planning, the Hon. Matthew Guy, established a Ministerial Advisory Committee to oversee the preparation of this metropolitan strategy in May 2012. As chairperson of that Committee, more fondly referred to as the 'MAC', I would like to share with you some of the key principles and ideas proposed to be developed in more detail in the draft strategy to be released later this year for public comment.

As a conversation starter to the preparation of the new MPS the Committee in late October 2012 released a Discussion Paper – '*Melbourne, let's talk about the future*'. I hope some of you have had an opportunity to read this discussion paper and are enthused enough to lodge a submission either online or as hard copy to the Department of Planning and Community Development by 28 March this year. Contained in the Discussion Paper are nine principles and sixteen ideas as a catalyst for community wide comment.

The first five principles are what the MAC believes are Melbourne's core values – they are the essential ingredients of what we want the strategy to achieve. They are:

- Principle 1: A distinctive Melbourne
- Principle 2: A globally connected and competitive city
- Principle 3: Social and economic participation
- Principle 4: Strong communities
- Principle 5: Environmental resilience

Within this context there are four more principles, two of which address the broad spatial framework of future planning and development under the title 'What needs to change'. They are:

- Principle 6: A polycentric city linked to regional cities
- Principle 7: Living locally – a '20 minute city'

And probably the most important remaining principles are about 'Making it happen' with an emphasis on:

- Principle 8: Infrastructure investment that supports city growth
- Principle 9: Leadership and partnership

In our deliberations about these nine principles the MAC agreed that a 'business as usual' approach to planning metropolitan Melbourne over the next 40 years was unsustainable, inequitable and

irresponsible. Some of us may argue that there were good things in 'Melbourne 2030' and later in 'Melbourne @ 5million', being the most recent strategic planning documents guiding the future growth and development of our great city. But a strategy built mainly around housing and retailing, and without a clear implementation framework underpinned by a pipeline of infrastructure projects, is a short term strategy. A key criticism of Melbourne 2030 has been the lack of local government and community buy-in and commitment to make it happen.

In June and July 2012 the MAC began to identify what it believed are the building blocks necessary to provide a safe, healthy, socially inclusive, prosperous and good life for all Melburnians. The MAC believes that if we are to become:

- a globally connected and competitive city;
- a city that is proud of its distinctive qualities and attributes;
- a city that is resilient to flood, sea level rise, bushfires, drought and reduces greenhouse gas emissions; and
- a city that has a strong, healthy and community spirited population

then we will need to overcome the growing disparities in social and economic participation across our metropolis.

As planners, policy creators and decision makers we cannot view social issues as separate to economic issues. Social issues affect a person's capacity to contribute to the economy and community. If not addressed they will put a handbrake on productivity, impose direct and indirect costs on society such as increased health and welfare services, and marginalise even more the 'haves' and 'have nots' in our community. The Committee believes that having a job when you want and need one, and not feeling isolated and alone, are the foundations of a good quality of life and community success. Disadvantage has a knock-on effect to the rest of society. Employment brings pride and dignity, the ability to satisfy material needs and social contact.

These are fundamental issues influenced and shaped by metropolitan planning.

We know that at the moment not all areas of metropolitan Melbourne present equal opportunities for social and economic participation. Currently we have an inner urban area which is infrastructure rich (in comparison to other parts of the metropolis), offering a wide range of jobs, social facilities and business services which are reasonably accessible within a 20 minute journey.

In contrast, we have outer urban suburbs and growth areas which are lacking essential urban infrastructure, with people having to travel considerable distances to access not only jobs but basic services such as schools, hospitals etc. Too often we are seeing those areas with the greatest demand for social support services being left behind. Communities that are not well connected to jobs or services limit the ability of residents to balance family and caring commitments with work and community life.

This widening gap between 'choice rich inner suburbs' and 'choice poor outer suburbs' is a significant challenge that must be addressed, not only in the context of the new MPS but across all levels of government and with assistance and partnerships involving the private sector.

Another challenge facing the next metropolitan planning strategy is not merely the size of our metropolitan population – estimated to be between 5.6 and 6.4 million people by 2050 – but a larger city geographically with a different demographic profile with many more of us in the 65+age group. A city of 6 million people functions differently to a city of 4 million people. To my knowledge, in the ranking of cities in terms of liveability there are no cities of 5+million that have been Number 1.

Whichever way you interpret liveability, as a concept it is well worth aspiring to in my opinion and many Melburnians brag about living in the most liveable city in the world.

There is much talk in the media and the powerhouses of this nation about the role of Australia in the Asian Century, particularly with the anticipated growth in the middle class – up from 28% in 2009 to 54% in 2020. Considerably more people in the Asia Pacific Region will be looking for quality food, healthcare and education as well as international tourism destinations and places to invest. Australia is strategically well positioned to capture the economic and investment opportunities associated with this phenomenon and Victoria, in particular, will need to be ready to attract as bigger slice of the action as possible. Skills and infrastructure will be critical.

The blueprint to be outlined in the new MPS will take this city through to the middle of the 21st century. So what will Melbourne need to do to compete in a smarter, more innovative and highly productive way within the global marketplace and secure our economic prosperity?

Cities are engines of productivity and places of opportunity. The MAC believes we need a metropolitan framework based on jobs. Within this context a number of areas within our city have an important role to play in Melbourne's employment future and global competitiveness such as:

- A strong attractive Central City with potential to expand to create an 'arc of major urban renewal' from Fishermens Bend through to Southbank, Docklands, E-Gate, Arden McAuley and then onto Footscray – an opportunity not offered by capital cities such as Sydney;
- Consolidation and growth in existing nationally significant employment and innovation clusters such as Monash/Clayton and Parkville, together with new centres;
- Major facilities and employment generators such as Melbourne Airport and Avalon Airport – both have international airport status; and
- Freight and logistics routes networked with freight terminals including the Ports of Melbourne and Hastings.

A key challenge is how to bring more jobs to where people are living and, more people to where the jobs are located. In this regard one of the ideas in the MAC's Discussion Paper is about '*unlocking the capacity of the established suburbs*'. These middle ring suburbs are well endowed with good quality hard and soft infrastructure and, in many instances there is capacity to intensify both jobs and housing in these areas. These well-established suburbs are likely to play a greater role in providing a diversity of jobs which are reasonably accessible, not only to residents living in or close to these suburbs, but people living further out on the fringe of metropolitan Melbourne, provided, of course that the road connections and public transport services are dramatically improved.

Further development within the established suburbs will assist in slowing down the growth on the fringe of Melbourne and, assuming we stand firm on the current Urban Growth Boundary, will assist in a more contained, compact and sustainable metropolis.

Whilst 30% of our current jobs are located within Central Melbourne (many of which are in the professional services and financial/insurance sectors) the remaining 70% are distributed throughout our middle (50.4%) and outer suburbs (18.6%). If we adopt the current DPCD population projections for the period 2011-2031 and we apply the 'business as usual' trend approach to population growth and job location then the eight growth area municipalities will accommodate almost 60% of future population growth during this twenty year period but provide less than 20% of all metropolitan jobs. This outcome has huge social and environmental, as well as economic consequences, for our city.

One could say that the Growth Areas Authority target of one job per household in the urban growth suburbs is unrealistic. At present there is only one job for every two workers in the outer areas and so we have thousands of people travelling outside their municipality to access a job.

In the Casey Cardinia Region almost 90,000 workers are travelling every workday out of the region to access employment. The growing congestion on roads and public transport in this part of Melbourne is similar to that occurring in the western and northern suburbs. Travel times and travel costs are contributing significantly to a less productive workforce, a more expensive lifestyle and less time for family and caring responsibilities as well as leisure time. That is why improvements to public transport need to be given high priority in the new strategy with a growing reliance on buses to offer the flexibility of movement, especially for local trips and cross town movements.

The prosperity of metropolitan Melbourne and Victoria as a whole is, and will continue, to be driven largely by exports. The work being undertaken to date on the MPS highlights the following:

- Market forces alone will not produce satisfactory outcomes in terms of productivity and equality of access to employment in metropolitan Melbourne;
- High technology economic activity not only creates higher productivity activity and higher income jobs but it plays an important role in raising the productivity of the metropolis; and
- The greater the level of exports and the greater the scale of economic activity, the higher the level of productivity.

If we examine the current geographic location of major high technology industries in our city it is evident there are two significant precincts or clusters they being Central Melbourne with its Melbourne University/Parkville bioscience area and the Monash/Clayton precinct which has more than 60,000 jobs. The MAC refers to these two precincts as 'national employment and innovation clusters'.

But are there any other important employment and innovation clusters in the north or west of Melbourne which can contribute to our global competitiveness? Should we be planning for future innovation and employment clusters in strategically positioned locations with a strong export/tradeable sector focus?

Do places such as:

- Melbourne Airport and its environs;
- Latrobe University in conjunction with the Austin Hospital; and
- Sunshine in the west with both higher level health and education facilities

all have the potential to be national innovation and employment clusters?

If so, then what can the planning strategy do to encourage public and private sector investment into these high technology clusters and hence create more jobs, especially in the knowledge sector?

What types of infrastructure and place-making initiatives will we need to put in place to accelerate the process of creating more jobs in these clusters and strengthening our city's global competitiveness?

There are of course other locations within the city which are characterised by reasonably effective job densities (EJD) but much of this density favours locations within a 5-10km radius to the north and west

and a 20km radius to the east/south east.<sup>1</sup> Whilst the suburbs within these distances from the Central City are accommodating additional population, it is clearly the outer fringes of the urban growth areas to the north, west and south east that are experiencing some of the fastest population growth this city and Australia has ever seen. So where are the opportunities for more jobs in the established and outer urban areas and how can the MPS unlock these opportunities?

Job growth needs to align with population growth. It is acknowledged that much of the job growth in the urban growth areas will be in the population led service sectors such as education, health and well-being, retailing and construction. The current dilemma in the case of education, health and well-being is a growing gap between supply and demand in these locations. Hence the potential local job opportunities associated with these sectors is simply not being realised because the services don't exist.

As importantly, there is a huge gap in the provision of reliable, efficient and frequent public transport in both a commuter corridors towards the Central and Inner urban areas and across town movements. We have new growth suburbs with bus stops but no buses available. We have families driving their kids to schools because either there are no schools within a 20 minute walk, bicycle ride or PT trip or the schools that are operational are full.

The lack of a good public transport system leaves households in the growth areas and other outer suburbs dependent on the car – this is a personal cost impost, an environmental greenhouse gas emissions tragedy and an unsustainable way forward for the future of metropolitan Melbourne. We used to build the railway lines and the population followed – now we expect the people living on the outskirts of metropolitan Melbourne, many of whom are in the lower income levels, to foot the bulk of the cost for infrastructure such as public transport.

What is ironic is that several of the urban fringe councils have told me they want to borrow more money to deliver these basic community building blocks such as maternal health care, pre-school centres, libraries and sporting facilities now because they know that the momentum of growth in their growth areas will meet their council's borrowing commitments.

Providing transport choices which enable access to jobs and education is critical to increasing social and economic participation and building strong and healthy communities. The new MPS will not only be a planning strategy but it must also integrate a metropolitan wide transport strategy.

It's time we adopted a shared responsibility for growth combined with a sharing of the benefits of such growth.

Over the next 15 years the urban fringe councils have estimated a \$10 billion price tag for more pre-schools, primary and secondary schools, TAFEs, libraries, hospitals, aged care and public transport infrastructure. According to research in Britain:

*'for every \$1 invested in community networks and services, \$10 were saved in costs on poor health, reduced crime and better employment outcomes, amongst other things.'*<sup>2</sup>

Just as there is an economic dividend associated with investing in urban development, there is also a social dividend.

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<sup>1</sup> 'Comparing effective job densities in Sydney and Melbourne', Urbecon magazine, Volume 2//2012 prepared by SGS Economics and Planning.

<sup>2</sup> 'Tomorrow's healthy and productive communities – the case for community infrastructure in outer metropolitan growth areas' prepared by Elton Consulting for NGAA, November 2012, p.1

Because we know that disadvantage is geographically clustered in metropolitan Melbourne and educational outcomes are also geographically patterned, we cannot ignore these disparities in the preparation of the new MPS. We know that the costs associated with finding and retaining work and, a lack of local job opportunities, contribute to unemployment. We know that if you are not engaged in work and do not have an adequate income for appropriate housing, healthy food and good access to social and recreational facilities etc that your ability to feel and 'be part of your community' is diminished considerably. We know all this. In the context of developing and implementing a new metropolitan planning strategy we cannot ignore these inequities. They impact on social cohesion and communities caring for one another.

The way we build our cities can help combat some of these risks. For example, by facilitating the distribution of employment clusters and mixed use agglomerations in strategic locations which are well connected by pedestrian and cycle networks, buses, trains and trams – preferably within a 20 minute journey – the new metro strategy can play a vital role in enhancing people's participation in our city's economic and social futures.

The answer is largely in the established middle suburbs. I know you are going to tell me that this is the heartland of opposition to any change in their neighbourhoods. Some of my planning colleagues promote the idea of concentrating new higher (not high density) density development along the main transport corridors. Some residential developers have concentrated their efforts on these locations already and, may I say, with considerable success when challenged at VCAT. Much of this debate has focused on building height and the appearance of new development rather than asking ourselves whether such developments contribute to 'making a place' for the people who live and work in the area.

Unlocking the capacity of our established suburbs is mainly about redevelopment and revitalisation of brownfield and grey field precincts – such precincts need to be identified and earmarked for redevelopment. Each precinct needs to be developed to be a distinctive place; a place which offers a diversity of housing at reasonable prices including affordable and social housing; a place which encourages walking and cycling and greater use of public transport to access jobs, education, health care etc. With the rise in obesity and diabetes throughout our cities, healthy living is as much about physical activity as it is about a healthy diet.

Unlocking the capacity of our established suburbs is also about ensuring that existing residents have a choice of where to live when their housing needs change – be it up sizing or downsizing. We know that adults move six or seven times on average in Melbourne. There are different ways of increasing housing density without undermining the valued characteristics of local areas –it's time for some real innovation in the housing market. Investment in high quality design, attractive public spaces and other public benefits are central to delivering acceptable urban change.

The new strategy needs to explore some of the incentives that can be offered to not only first homebuyers, but second, third and even fourth homebuyers to enable a more flexible housing market that meets people's needs as those needs change over their lives.

Reducing the cost of housing construction to make housing more affordable will require the private sector to explore:

- different construction methods such as modular and prefabricated housing packages;
- smaller houses which people can afford and then add to as their family bank accounts grow;
- the use of housing development corporations and other entities capable of delivering both housing diversity; and

- flexible housing layouts as we age in place.

We need to be innovation leaders in the housing market in terms of product choice and construction and design technologies.

Whilst the number of people in all age groups will increase over the next 40 years – hence a demand for new schools and higher education and training institutions – the number of older people (over 65 years of age) is expected to double (from 14% in 2011 to 22% by 2051). In 2011 for every person over the age of 65 there were around 5 people of working age – this will decrease to 3 people of working age by 2041. The proportion of people 65 years or older is increasing rapidly in the middle suburbs but this trend will shift to the outer suburbs in the future such as the City of Casey. The ageing population will bring new problems that land use, transport and social planning can help negate.

There is little doubt the modern economy presents new opportunities and new risks. Part of our challenge is not only about creating more employment opportunities closer to where people live but providing access to education. Education enables economic participation. This involves lifetime learning, with local opportunities for those learning new skills or updating skills to re-enter the workforce.

Just as we need to explore the opportunities for developing health and well-being precincts offering a wide range of public and private sector services, we should examine the opportunities for education precincts, vertical learning centres from pre-school to adult education – different building models for sharing education facilities and being smarter about how we use land and our educational facilities.

As the Melbourne economy transitions to a more knowledge and service based, the economic changes we will experience will place a premium on education and skills.

Whilst the NBN will transform some of our workplace practices and enhance our ability to access information in a speedier manner, increasingly universities such as the RMIT, Monash and Melbourne University are recognising that they need to ‘connect’ with the commercial and business sectors in the sharing of research, expertise and knowledge – this is all part of the knowledge economy. They are reaching out to national and international companies to galvanise partnerships and entice them to co-locate within these knowledge based clusters. The new strategy needs to encourage these initiatives.

These are just some of the challenges facing the metropolis in its future planning and development and the MPS is an important part of addressing these challenges alongside other government initiatives, policies and programs.

But the elephant in the room is usually about funding – how do we fund and finance the infrastructure that we need to realise the five value based principles in the MAC’s discussion paper?

The National Growth Areas Alliance represents 25 of Australia’s fastest growing municipalities – all are outer metropolitan areas on the fringe of our cities. These municipalities currently house around one quarter of Australia’s metropolitan population. These urban growth areas have done much of the heavy lifting when it comes to housing population growth. However, this has come at a huge social and economic cost to these communities in terms of a lack of community services and jobs. The Alliance states that the lack of essential community infrastructure is not so much a planning problem as a funding problem.

The NGAA advocates in its publication ‘The Suburbs We Need’ (January 2012) a *‘National Urban Investment Fund established under the auspices of COAG and supported by a comprehensive set of*



*outcome statements and related performance indicators for major cities and growth regions in each jurisdiction.'*

Others have advocated for an Infrastructure Victoria agency, similar to Infrastructure NSW. The MAC's Discussion Paper also talks about the possibility of a new Metropolitan Planning Authority funded by the State Government. It is imperative that we don't just create another layer of government. Many of us here today would agree that Australia is over governed and that a population of 23 million people cannot sustain so many levels of government. If there was to be a new authority then it may well replace elements of the existing state government structures. What would be its role and responsibilities?

The Committee for Melbourne has turned its mind to governance. It states that:

*'A robust and responsive governance framework is critical because it will define how decisions about strategic planning, infrastructure provision, investment and regulation are made and implemented.'*<sup>3</sup>

I ask you what are some of the governance models that we should explore to build greater certainty in our planning and development system and transform ideas and aspirations into reality?

Whilst governance is vital to the implementation of the new MPS - how can we fund the infrastructure so necessary to secure a good life for us, our children and our children's children? I have already talked about the National Urban Investment Fund idea being advocated by the NGAA but what are some other opportunities for funding and financing the projects and initiatives needed over the next 40 years? Is it more tolls and taxes? Is it a differential rate system? What about replacing stamp duty with a broad land tax? How can we value capture on our major city shaping infrastructure projects? More public asset sales to generate revenue?

The Property Council of Australia released its 'Securing Victoria's Future' report in 2012. The report states that:

*'Infrastructure cannot be funded solely out of budget surpluses. If Victoria is to retain any competitive advantage, alternative funding methods must be considered. Innovative funding models such as PPPs, Growth Area Bonds, Business Improvement Districts, government borrowings, and the use of superannuation funds must be explored by the public and private sectors so that a mix of funding mechanisms can be applied in order to deliver infrastructure.'*<sup>4</sup>

I am certainly no economist or financial 'fix-it whiz kid' but I can agree with the approach that the financial models that we employ to deliver much needed infrastructure for our city will depend on a range of factors from the type of infrastructure proposed, to the costs and benefits of such investment over time.

What is clear is that the new MPS must include an *'infrastructure pipeline that is solid, transparent and that transcends the short term, immediate nature of the political cycle.'*<sup>5</sup>

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<sup>3</sup> 'Melbourne Beyond 5 Million, Volume One, Governance and the Melbourne Proposition', June 2010, Committee for Melbourne, p.7

<sup>4</sup> 'Securing Victoria's Future – a program to plan, fund and deliver infrastructure', 2012, prepared by the Allen Consulting Group and Sinclair Knight Merz for the Property Council of Australia, p.5

<sup>5</sup> Ibid, p.5

All strategies are about making choices. Any metropolitan strategy needs to provide clear guidance about the type of city we want Melbourne to be by the year 2050. This new metropolitan strategy is about widening the choices for all Melburnians and ensuring that we all have the capacity, through access to good education, health care, public transport and a job, to make those choices.

So where to from here?

The Discussion Paper – *Melbourne, let's talk about the future* – is open for public comment until the 28 March. This Saturday, 2 March, there is a very large community forum at the Melbourne Convention Centre involving as many as 1,000 participants to talk about the future of our city and what they would like to see in the new strategy plan and the MAC hopes a draft strategy will be out for public comment in June/July this year. I implore you all to be part of this conversation – put forward your ideas and aspirations for our great city and with your help and the help of others we can have a city of choice and opportunity.

Thank you for your attention.