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Mr Geoff Underwood
The Chairperson
Victorian Planning System Ministerial Advisory Committee
c/- Statutory Planning Systems Reform
Department of Planning and Community Development
GPO Box 2392 Melbourne VIC 3001

Dear Geoff,

Committee for Melbourne has long held the remit of acting as one of the Guardians of brand image Melbourne. Founded 26 years ago, the Committee is an apolitical membership based organisation that looks strategically at issues that impact beyond the short-term electoral cycles.

It is therefore our pleasure to submit a response to the Victorian Planning System Ministerial Advisory Committee and to contribute ideas towards the improvement of the Victorian Planning System.

Given the broad nature of our membership, and subsequently the lens through which we view, our submission addresses a number of high level themes and provides a set of future priorities and opportunities for consideration.

A handwritten signature in blue ink, appearing to read "Andrew Macleod".

Andrew Macleod
Chief Executive Officer
Committee for Melbourne

Committee for Melbourne's submission to the Victorian Planning System Ministerial Advisory Committee

1. Executive Summary

Committee for Melbourne is pleased to make a submission on behalf of its members to the Victorian Planning System Ministerial Advisory Committee.

This submission highlights a number of key issues and future challenges relating to the current planning system, its policies and principles and identifies a number of opportunities for reform.

Key issues are:

- Retaining state competitiveness
- Continued growth in population and housing demand
- Changing household composition
- Increased need for more diverse housing options
- Shifts in both demographic and social composition
- Greater need for distributed employment and activity centres

Key opportunities are:

- Setting of a new strategic long-term vision for the State
- Calibration of all levels of planning policy around future priorities
- Adoption of a more collaborative approach
- Implementation of new precinct-based delivery mechanism
- Coordination of land-use and infrastructure planning and funding

Conclusions

- Victoria's planning system should be driven by the following key principles: consistency, transparency, simplicity, future orientation, time efficiency and accountability
- There is a need for intelligent long-term planning and investment State-wide that is directed to respond to future growth drivers
- The planning system must be calibrated around a common long-term vision
- Strong leadership is required and it should be guided by accountable measures

2. Introduction

2.1 Purpose

Committee for Melbourne is an action-focused network, vitally interested in shaping Melbourne and ensuring its liveability and prosperity.

Our members represent the highest levels of over 150 organisations drawn from the city's major companies, academic institutions and civic organisations.

They represent a range of industries including: the arts, business services, communications, the community, culture & recreation, diplomatic corps, education, entertainment, engineering & construction, environment, finance, government, health, hospitality, human resources, infrastructure, law, manufacturing, media, mining, petrochemical, research & development, retail, technology, tourism, transport & storage, the unions, utilities and trade.

The Committee believes the Victorian Planning System plays an integral role in guiding future growth and development for Melbourne and its supporting regions so has prepared this submission with the input of its member organisations.

2.2 Structure of this submission

The submission contains the following sections:

Section 3 discusses a range of key issues and risks relating to the future drivers of growth facing Melbourne and Victoria.

Section 4 highlights key planning principles and opportunities for improvements based on future priorities.

Section 5 addresses the need for strong leadership and appropriate governance arrangements and skills to support city-building objectives through effective planning.

The submission concludes with Section 6, highlighting a series of priority areas for the Panel to review.

2.3 Contributions to this submission

Committee for Melbourne's broad membership and remit drives a macro focus. This is heavily underpinned by the intellectual framework of the Melbourne Beyond 5 Million series of reports, produced by the Shaping Melbourne Taskforce, incorporating over 160 members throughout 2009/10.

The taskforce identified a number of future challenges and opportunities Melbourne and its regions would face as a result of the forecast population growth and suggested strategies and actions for response.

Committee for Melbourne's current work plan continues the exploration of the topics and themes identified by the Shaping Melbourne Taskforce and these conversations are key to issues and topics addressed within this submission.

2.4 References

A number of formal and informal information sources were used to prepare this submission. Listed below are the reports and research papers used as reference for this document:

- *Melbourne Beyond 5 Million – Volume One*, Committee for Melbourne, June 2010
- *Melbourne Beyond 5 Million – Volume Two*, Committee for Melbourne, August 2010
- *Melbourne Beyond 5 Million – Volume Three*, Committee for Melbourne, October 2010
- *2010 Intergenerational Report – Australia to 2050*, Australian Government, January 2010
- *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments*, Productivity Commission, April 2011
- *Victoria in Future*, Department of Planning and Community Development, September 2009
- *The Cities We Need*, Grattan Institute, June 2010
- *The Housing We'd Choose*, Grattan Institute, June 2011
- *Delivering on Melbourne's Population Plan*, Property Council Australia, November 2010

3. Key Issues & Risks

3.1 Overview

Victoria is no exception when it comes to the complex mix of long-term challenges facing Australia today and in the future – *'an ageing and growing population, escalating pressures on the health system and an environment vulnerable to climate change. These challenges will place substantial pressure on the economy, living standards and government finances over the next 40 years. These are challenges affecting developed countries all over the world.'* (2010 Intergenerational Report, Australia to 2050: Future Challenges)

The current review of Victoria's planning system presents a unique opportunity to consider what policies, structures and tools are required to address future population and economic change including key environmental, infrastructure and resource pressures in the context of Victoria's growing capital city and regions.

The following section identifies a number of the key issues Committee for Melbourne believes the Victorian Planning System should address.

The broad scope of the review process enables consideration of the widest possible range of drivers underpinning Melbourne's future and identification of key priorities for Melbourne and Victoria's regions moving forward in a planning policy context.

Committee for Melbourne believes it is vitally important to establish the right planning principles that will underpin future city-building activities to ensure Melbourne's long-term prosperity.

3.2 Understanding future drivers

There is a clear and present need for Victoria's planning system to be future oriented and designed to respond to the needs of a 21st century global city. The economic drivers underpinning Melbourne's growth in the coming decades will most likely be differ from past growth drivers.

Planning policy and instrumentation must be capable of both facilitating and responding to future changes to harness future prosperity.

Failure to have a system geared towards the future will limit the growth potential and community benefit for the State.

Some of the drivers for Melbourne and Victoria in the future include:

3.2.1 Attractiveness, competitiveness and liveability

There is a need to ensure Victoria's continued attractiveness as a place to live, work and play. An important element of this involves Melbourne's continued attractiveness as a capital city and global city status within the Asia Pacific region.

For many years Melbourne has consistently ranked as one of the world's most liveable cities. This reflects the city's unique history and built environment, continuing focus as a fashion and events capital and most importantly its enduring reputation for being culturally inclusive.

These characteristics remain very much a feature of Melbourne's attractiveness as a city and reinforce a need for planning policy to continue to support the regional and global competitiveness in the context of growth. However, currently there are issues with its implementation.

The competitiveness of the State is being reduced through a lack of clarity, complexity and an unnecessary level of delays for decision-making within the planning system.

Committee for Melbourne has identified the following issues:

- A lack of a State policy planning framework that clearly articulates how planning will actively facilitate future economic infrastructure required to sustain the city's attractiveness and competitiveness during the coming decades
- A lack of consistency in local planning addressing matters of State or regional significance including the important role municipalities play in supporting region-wide population growth, employment, skills, health, education and infrastructure beyond local or site specific considerations
- In many instances the strategic economic focus for municipalities described in local economic development strategies is not effectively integrated with local planning policy

3.2.3 Population growth and housing demand

The Australian Bureau of Statistics' (ABS) June 2011 report, *Australian Social Trends*, identified the population of Victoria to be 5.45 million and the average annual growth rate of the five-year period since June 2005 was 1.9 per cent. Continuation of these trends will result in significant population growth for the State, albeit at a slower growth rate than the average over the previous 40 years.

As the majority of this growth will be absorbed by Melbourne, which was home to approximately three-quarters (73.5 per cent or 4.08 million people) of Victoria's population in June 2010, there is an urgent need to have a defined long-term spatial strategy and vision for this metropolitan area.

Population growth creates increased demand on infrastructure and services, and will continue to contribute to economic growth, which amongst other things, is vital to meet the challenges of an ageing population.

Committee for Melbourne has been active in its advocacy around the positives of growth for Victoria. However, in order to manage the risks sustainably, governments must consider the whole of the State when planning for a larger population and set appropriate housing targets.

According to the November 2010 report, *Delivering on Melbourne's Population Plan*, by Urbis for the Property Council of Australia, between 2004 and 2009, an average of approximately 23,000 net new dwellings per year were approved, 18 per cent less than the additional required amount to meet the targets of *Melbourne @ 5 Million*.

Committee for Melbourne has identified the following issues:

- A lack of accountability in delivering municipal housing targets

- A lack of a consistent reporting or forecast positions relating to the shape/distribution of the population over a 20-30 year period and assessing how this translates into future housing and infrastructure outcomes over the short, medium and long-term

3.2.4 Household composition

Department of Planning and Community Development (DPCD) projections in the Victoria in Future (VIF) report indicated that household sizes will continue to decline as the number of people living in each household falls.

DPCD estimates forecast the average persons per household (pph) falling in Melbourne from 2.55pph in 2011 to 2.41pph in 2036. This is largely due to an ageing population, an increasing number of younger single people wanting residential independence, increased household separation rates and less intergenerational households. This will cause acceleration in household growth as simply more housing units are needed to sustain the current population. A growing population therefore needs even more housing units.

3.2.5 Housing diversity and choices

Grattan Institute's June 2011 report, *The Housing We'd Choose* states the importance of housing types not only for the individual but also the broader community. It '*sets the structure of our cities, which in turn, can affect issues such as the time we spend commuting (and in congestion), the cost of infrastructure even the continued concentration of economic and social vulnerability at the fringes of our cities*'.

The former Government's *Melbourne @ 5 Million* policy showed an understanding of this notion by committing to provide 284,000 additional dwellings in Melbourne's growth areas, and a further 316,000 dwellings in Melbourne's established areas before 2030.

However the Committee feels the policy objectives were still too heavily weighted toward growth area development and subsequently promoted an unsustainable urban form.

Historically, Australian housing stock has been dominated by detached houses on the fringe, and according to the Grattan Institute, there is significant oversupply of this particular housing type in Melbourne. While accessibility to transport and amenity in inner and middle metropolitan suburbs is exceptional, the affordability of housing in these locations has become a challenge. In order to achieve a more compact, affordable and sustainable city planning mechanisms must be designed to encourage industry to deliver a greater mix of housing in established areas.

Committee for Melbourne has identified the following issues:

- A greater focus on the diversity of housing types is required as well as a focus on housing affordability
- Affordable housing delivery typically means 'cheaper' and this has historically translated into lower quality built form – there needs to be a stronger focus on balancing commercial objectives and broader urban design to achieve best practice in housing design with an affordable outcome for the community – rather than a cheap outcome
- Retention of historical significance of older buildings in inner-middle ring areas and ensuring appropriate renewal of these buildings while delivering an affordable housing outcome without losing such buildings in favour of cheaper building solutions

3.2.6 Demographic and social change

The average age of Australia's population is slowly rising. The *2010 Intergenerational Report* states Australia 'will see the number of people aged 65 to 84 years more than double and the number of people aged 85 years and over more than quadruple.' An ageing population will significantly increase spending pressure in the areas of health and aged related services.

What role can the Victorian planning system play in facilitating the future housing and health needs of an ageing population which ensures intergenerational equity, arguably one of the single biggest challenges facing Victoria and the Nation?

The combination of our ageing population and ongoing migrant arrivals will present both opportunities and challenges. Retaining the character and culture of existing precincts, where appropriate, while allowing for changes in character in other areas, will be critical for spatial planning strategies to define. A geographically balanced distribution of affordable housing in areas where infrastructure and services exist or are able to be upgraded is critical to prevent the formation of inequitable regions and marginalised societies.

Existing community development initiatives are diverse and implemented by all three tiers of government, as well as the not-for-profit sector and corporate social responsibility programs. To date, an integrated approach that combines community wellbeing and age related health with a spatial strategy for Victoria's regions has yet to inform key planning policies.

The changing socio-economic and community characteristics of Victoria, brought on by significant population growth, will need to be better understood and better integrated into the planning and development of the city and its regions.

A clear analysis of the number-sets behind community characteristics should be hardwired into the development of policy in order to direct resources and infrastructure to places that need particular attention. Such community assistance and development must be integrated with the land use structure of the State. The spatial structure of the State should also facilitate economic and community development, as well as bring people, places and networks together.

Committee for Melbourne has identified the following issues:

- Planning schemes are largely silent on how to address the significant issue of an aging population and how this translates into housing for an older population including the health and community infrastructure required to support ageing Australians in existing urban areas and growth areas

3.2.7 Local employment & sustainable activity areas

The location and distribution of employment is critical to the future prosperity and functionality of Victoria's capital and its regions. Growth has been accompanied by a pattern of structural change in the employment landscape and this is expected to continue as some existing industries mature and other new industries emerge.

Achieving sustainable city type employment throughout Melbourne's activity areas is an important focus for balancing Melbourne's growth. This strategy needs to be driven by an economic development plan if the proposed Central Activities Areas (CAAs) are to become economic magnets.

Such a plan needs a microsurgery approach, business-by-business, to provide a combination of advantages that make relocation to such centres viable and attractive. As a start, government's own location needs to establish the potential for the CAAs to act as target locations for government services and facilities.

The delivery of great cities requires all tiers of government and associated agencies to commit to the overall city growth strategy. Agencies need to think and act in a coordinated fashion, and to invest in new business approaches, rather than simply focusing on short-term financial performance.

Committee for Melbourne has identified the following issues:

- Many existing activity centres are essentially retail centres that are developed by a single large enterprise and do not encourage the formation of local based businesses
- A lack of integration between spatial planning objectives and economic development strategies

4. Opportunities

4.1 Overview

Committee for Melbourne believes there are a number of opportunities for planning reform within the scope of the current Ministerial Advisory Committee that will bring substantial improvement to both community and economic development for the State.

The following section highlights these opportunities within the context of enhancing future prospects.

4.2 Establishing the right planning principles

Forecast population growth for the State presents many opportunities for future prosperity as long as the right planning principles are established to facilitate change in a positive manner.

There is a need to provide both community and industry a greater level of certainty with regards to the planning process. Committee for Melbourne believes the State planning system should be based on the following principles:

4.3.1 Consistency

Consistent outcomes can be guided by good policy. All levels of policy and development controls must be calibrated to reinforce a State wide strategic direction and vision.

4.3.2 Transparency

There needs to be a clear understanding of the relationship and hierarchy between State, Regional and local levels of policy.

4.3.3 Simplicity

There needs to be a simplification of local and municipal planning policies.

4.3.4 Future orientation

Planning policy and controls should be focused on providing for outcomes to help meet future challenges and avoid focusing on existing conditions.

4.3.5 Time efficiency

Victoria's current approval process period is widely publicised as being lengthy, resulting in significant cost implications for community and industry. There needs to be an introduction of clear, consistent and transparent timeframes for all processes and to be adhered to by all parties.

4.3.6 Accountability

Driven by strong leadership there needs to be greater accountability with the implementation of State-wide strategic decisions at the local level. An incentive based framework should be adopted to drive greater outcomes.

4.3 Defining future priorities

4.3.1 A new vision for Victoria's future

In order to influence and direct the character, configuration and services of the State as it grows there must be an assessment of the current state policy planning framework. A spatially focused long-term vision for Melbourne and its supporting regions must be developed to address:

- The ultimate land size and physical shape of the city and its regions
- Optimal population densities for the metropolitan and suburban residential areas
- The identification of future transport corridors and other key city building infrastructure
- The identification of employment corridors link to transport corridors
- The location and character of central activity areas beyond the central business district
- Melbourne's role and interface with neighbouring regional cities and peri-urban areas

4.3.2 Calibration of State and local planning

There must be an alignment of both State and municipal policies around the future priorities identified earlier to ensure the land use and development opportunities within each municipal zone reflect the agreed metropolitan objectives.

There is a need to integrate the strategic economic focus and drivers for regions (and municipalities) into local planning policy to ensure future growth, may be coordinated and delivered using appropriate planning tools.

4.3.3 A best practice metropolitan and regional strategy

In addition to the understanding the key drivers underpinning future growth and the implications for planning, there is an opportunity to ensure greater coordination between Federal, State and local planning to ensure 'best practice' planning for the future. This requires greater collaboration between economists, planners, financiers and developers and drawing together the best case studies and models of urban renewal / growth area planning from across jurisdictions and internationally.

4.3.4 A precinct-based delivery framework

There is an absolute need for an implementation driven state policy planning framework in order to accommodate future growth and development evenly across the State. This should be done at a precinct level rather than a local level and be guided by the vision for the State.

This would be assisted by a commercial-based delivery framework that could involve identifying 8-10 precincts across Victoria (the new Metropolitan Planning Policy would be one of these precinct strategies) and establishing a single planning/development authority responsible for overseeing metropolitan and regional planning for each precinct.

The authority would need to work closely with key agencies like DPCD, Department of Transport (DoT), Growth Areas Authority (GAA), Urban Renewal Authority (URA) and councils. This authority would have clear key performance indicators (KPIs) relating to coordination and delivery of housing and infrastructure.

This would need to involve strong coordination between State and agencies but have the benefit of a centralised approach to the implementation of critical investments.

The setting of clear housing targets and creating a greater level of accountability for municipalities in delivering the State's spatial objectives also needs to be considered. An incentive based mechanism could be used to create direct accountability for the delivery of these objectives.

4.3.5 Land-use and infrastructure planning and funding

There is a continuing lack of coordination and agreement between State infrastructure agencies and local government. This needs to change to ensure infrastructure is planned more efficiently at both a local and regional level.

The relationship between key agencies like DPCD, DoT, VicRoads, GAA, URA needs to be reviewed with the view of creating a more unified approach to strategic decision making.

- Achieving greater transparency via communication, consultation and engagement with stakeholders regarding the approach to land-use and infrastructure planning, particularly transport needs to be considered
- There needs to be a consideration of how to maximise and encourage private investment in infrastructure through reforms to the regulatory environment including minimising delays in planning and construction, but also through the use of alternative procurement models for infrastructure including: infrastructure bonds, private public partnerships (PPP) and tax incremental financing (TIF)

5. Leadership, governance & skills

5.1 Overview

Leadership, governance and skills are essential to the process of making and implementing decisions for State's future. The following section proposes recommendations to address current deficiencies.

5.2 Providing a longer-term vision for Melbourne

It is a consequence of the electoral and policy-making processes that the objectives and strategies for urban development tend to be set on a short to medium-term basis. Better alignment in policy across government tiers and portfolios would provide opportunities for long-term decisions and introduce new ways of strategic implementation.

Committee for Melbourne believes that there is a need for an institutional mechanism for formulating and then monitoring performance against high level 'triple bottom line' objectives to be entrenched as a key component of the governance framework for future policy formulation and decision making around long-term urban planning and infrastructure provision.

5.3 A coordinated planning approach

Committee for Melbourne believes there that there is not only a need for a vision of the State's planning and infrastructure needs for the next 50 years, but a more integrated and coordinated institutional framework for its delivery.

A number of the key challenges for the implementation of urban change relate to coordination between the multiplicity of agencies involved in urban planning and delivery of infrastructure. For example:

Government decision-making is organised around portfolios and departments that segment responsibilities for planning and decision making into discrete areas. Policies and decisions about matters such as transport planning, urban planning, housing, water, energy and environmental sustainability are made by separate agencies, often with differing statutory or institutional objectives. Funding and project approval processes may not reflect appropriate priorities.

Committee for Melbourne believes that there is a need for stronger institutional arrangements to underpin and drive those processes.

Local government is the planning body responsible for deciding most planning matters. Councils, being elected to represent local constituencies, naturally and properly make decisions having regard to local considerations. Local considerations are not always consistent with either metropolitan or state-wide imperatives. Ministerial call-in powers sometimes result in decisions fraught with community tensions and perceived marginalisation of democratic rights.

Committee for Melbourne believes there is a need for arrangements that are underpinned by a more robust set of policy and strategic objectives, leading to a stronger, more sustainable and consistent decision process.

Significant decisions made by the Commonwealth, particularly in relation to funding of major infrastructure, impact directly on State and local infrastructure provision, and Commonwealth regulatory decisions (for example, on investment or environmental matters) impact at the State level. Inter-governmental arrangements, such as those agreed by the Council of Australian Governments (COAG), are a recognition of a need to address these issues.

Committee for Melbourne believes there is the need for a mechanism to drive greater alignment between the different levels of government around planning and infrastructure-related issues.

Processes and structures that seek to deliver a coordinated, metropolitan-wide approach to planning and infrastructure provision are not new. For example, the former Melbourne and Metropolitan Board of Works (MMBW) provided a model for coordination of metropolitan wide planning and infrastructure decisions. We need to look beyond the mixed reputation of the former MMBW to recognise the value in its broad reach and ability to integrate disparate policies.

Committee for Melbourne believes that a number of institutional measures could be taken to advance the objectives of long-term coordinated planning and infrastructure provision. It suggests the following:

- Adopting a long-term (50 year plus) strategic policy making process for urban planning
- Creating a new planning authority to ensure leadership through the management of the planning process and implementation of State policy across Victoria.

5.4 Skills for planning

In order to plan effectively for the future there needs to be a development of best practice planning systems and tools capable of facilitating long-term sustainable population and economic growth.

An important aspect of this involves developing technical skills for measuring and defining the future and establishing spatial and commercial delivery frameworks. This will require greater knowledge transfer, skills exchange and closer collaboration between economists, planners, policy makers and the industry generally.

One of the practical ways State and local planning policy may benefit from collaboration with industry is through the use of local and international case study examples demonstrating how best practice sustainable city-building can be achieved in response to changing drivers.

A stronger collaboration between universities/academic institutions, developers and planning practitioners may also enhance avenues for shared learning and knowledge about best practice planning principles.

6. Conclusions

In 2011, Melbourne is an exciting place to live and work. This was recently acknowledged internationally with the city once again being named the world's most liveable city. However there is a fundamental need to continue to make Melbourne and its supporting regions better as they get bigger.

As identified in this submission Committee for Melbourne believes there is a need for intelligent, long-term planning and investment across the State that is directed to respond to the drivers of growth over the next 30 – 50 years.

The planning system must be calibrated around a common vision and underpinned by a consistent set of principles.

A strong leadership approach should be guided by strict accountability controls to ensure the successful implantation of an agreed vision.

Committee for Melbourne congratulates the government for its commitment to the continuous improvement of the State planning system and for seeking input from the community and organisations to collaborate in the process.

If there is any further information or comment required about the information in this submission please don't hesitate to contact Nathan Stribley, on 9667 8114.

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