

MELBOURNE 2030 AUDIT EXPERT GROUP REPORT



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MELBOURNE 2030 AUDIT EXPERT GROUP

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EXECUTIVE SUMMARY

The poet T S Eliot wrote “*Twixt the conception and the creation falls the shadow*”. The observation is apt in relation to *Melbourne 2030*. Released in 2002, *Melbourne 2030* (‘the Plan’) has fermented much public debate and some vocal opposition.

At the end of the first five years since its release, the questions must be asked, as the Plan requires: has progress been made, and what is there to show for it in terms of sustainable and appropriate development on the ground?

As part of the first five-yearly review of *Melbourne 2030* we, as a group of four independent experts (the Audit Expert Group or AEG), were asked by the Minister for Planning to provide advice on strategic and implementation priorities for the next five years. This includes identifying where there is a need to refine policy and implementation initiatives to enhance Melbourne’s liveability.

Melbourne 2030’s underlying aims are to establish a more sustainable, equitable, prosperous and accessible city for current and future generations. One of the principal ways of doing this is through urban consolidation, or reducing urban sprawl. Inherent in the Plan are measures to maximise the use of existing infrastructure, increase the efficiency of the transport system, reduce greenhouse gas emissions, expand housing choice, maintain neighbourhood amenity, balance the locations of jobs and housing, and preserve green space and agricultural opportunities surrounding the city.

We are convinced that the fundamental principles of *Melbourne 2030* are more relevant than ever. This is because of the challenges posed by climate change, traffic congestion, the faster than expected growth of Melbourne’s population, and the fact

that Melbourne is still an extremely spread-out city. Compared to five years ago, there is now an even greater urgency to implement the many initiatives of *Melbourne 2030* if Melbourne’s development is to be sustainable and the city is to remain liveable.

While we discovered strong support from many stakeholders for the fundamental principles of *Melbourne 2030*, we also heard considerable criticism of the Plan and its implementation. We found this a little surprising since, in our view, there is nothing revolutionary about *Melbourne 2030*: it is basically a restatement of planning approaches that have enjoyed general acceptance, in Victoria and internationally, for the past 40 years.

The concerns expressed relate to several issues. *Melbourne 2030* is seen by many as a plan imposed from above, with a resultant lack of community ownership. Others view it as a symbol of changes that have the potential to destroy the character of their neighbourhoods. Some tensions are evident between State Government, the proponent of the policy, and local government, which has a crucial role in its implementation. Other criticisms relate to the lack of dedicated funding mechanisms and apparent failure of ‘whole of Victorian Government’ commitment to the Plan.

We have concluded that some of the negative views have a degree of validity, and we have suggested ways in which these matters can be addressed. Other criticisms we consider to be overstated or misguided (what we describe in the report as ‘myths’).

We found there to be sound evidence of progress towards implementation of many of *Melbourne 2030*’s initiatives. However, this progress relates mainly to more planning and investigation. While we

recognise that detailed planning is a necessary prelude to actual 'bricks and mortar' and new infrastructure provision, the Plan's ultimate contribution to a more sustainable Melbourne will not be measured by the completion of more plans.

Our view is that there are three essential issues that can and must be resolved for *Melbourne 2030* to be successfully implemented:

- > The first is **clarity of responsibility** – who has overall responsibility for the Plan's implementation? Effective and full implementation of the Plan requires allocation of responsibility for coordinating its implementation and clear understanding and commitment to the Plan by the 'whole of Victorian Government' at the most senior levels.
- > The second is the need for **adequate resources** to be allocated to implement the Plan. Without adequate funding and expertise those charged with the responsibility of implementing the Plan and constructing the infrastructure it requires will be seriously impeded.
- > The third is the creation of **broad-based support** for the Plan's Directions. Without support from all stakeholders, particularly local communities and local government (which must play a significant role in implementation), the objectives of the Plan will not be fully achieved. One such approach would be to distil the Directions of *Melbourne 2030* to five core topics, which emphasise the fundamental objectives of a Plan that could be called, more informatively, 'Sustainable Melbourne'. We discuss this idea in more detail below.

We cannot see the Plan being effectively implemented unless these three overriding imperatives are understood, accepted and addressed.

The State Government's *Meeting Our Transport Challenges* spells out planning and resources for the next 25 years. We see this as the start of a trend that must continue, marking the beginning of serious, long-term (30–50 years and sometimes longer) planning and resource allocation for the infrastructure to support Melbourne's growth.

Similarly, the publication *A plan for Melbourne's growth areas* sets out the scale and nature of funding required for growth area development and records the State Government's commitments.

This is a positive step, but we stress the need to ensure that the necessary investments are made in a timely manner.

We have made a number of recommendations in this report in responding to our Terms of Reference.

The most important of these are as follows:

The three imperatives:

- > **Creating new governance arrangements to ensure the responsibility, authority and visible leadership to oversee and coordinate the implementation of *Melbourne 2030*. These arrangements will need support from State Government at the highest levels.**
- > **Allocating funds to *Melbourne 2030* initiatives, through government agencies being required to revise their budget processes to align resources to agreed *Melbourne 2030* implementation actions.**
- > **Developing a strong and mutually supportive partnership with local government, and their communities and the development industry.**

Our other recommendations include:

Managing growth by:

- > Developing a metropolitan economic development and employment strategy to improve the range of employment opportunities across Melbourne.
- > Focusing public and private resources and effort in inner Melbourne and in fewer key activity centres in the metropolitan area as a whole.

- > Giving priority to encouraging new residential development in established suburbs, while maintaining their liveability.
- > Progressively increasing densities and housing mix in growth areas.
- > Maintaining and managing the Urban Growth Boundary.
- > Planning and implementing public transport services as an essential part of land use.
- > Developing a stronger planning framework for regional towns and cities, to enhance their vitality and sustainability, while relieving pressure on metropolitan Melbourne.

Engaging communities by:

- > Committing to community engagement in decisions about the application of new residential zones within the established suburbs.
- > Emphasising, through community engagement and public education, the important role of *Melbourne 2030* as a response to the challenges of climate change.

Enhancing liveability and sustainability by:

- > Reducing congestion by increasing accessibility – through people living closer to jobs and services – and investing in alternative travel modes such as walking, cycling and public transport that encourage a shift away from car dependence.
- > Increasing funding for social housing, including considering mandating the provision of affordable housing in new residential developments.
- > Preserving the quality of life enjoyed in Melbourne neighbourhoods, including improved open space provision and services as the population increases.

The report

Our report has two main sections. The introductory section covers the process of the Audit and then focuses on 'What we've done and what we've learned'. It summarises the considerable range and amount of feedback we received. The second section, 'The way forward', presents the context for future action by expanding on the three overriding imperatives – set out above – that we feel must be implemented if *Melbourne 2030* is to achieve its objectives.

The report then considers in more detail key aspects of *Melbourne 2030*, namely: better management of growth (economy and employment, central and inner Melbourne, activity centres, established suburbs, Growth Area planning, managing the Urban Growth Boundary and developing networks with regional cities); transport; environmental sustainability; affordable housing; and monitoring.

Given our mandate and the time available we are unable to cover all the 226 initiatives of *Melbourne 2030* or all the issues brought forward to us through the submission and interview process. We have deliberately chosen to focus on the key issues we believe are **ESSENTIAL** to the implementation of the Plan.

It is our view that *Melbourne 2030* has not failed, nor is there anything fundamentally wrong with its underlying principles. Simply put, it has yet to be fully implemented. This is partly a matter of time and partly a question of the need for better understanding and more commitment.

We have the Plan. We have the objectives. The task is to translate the words into action. One might well heed the words of the great Hawthorn football coach John Kennedy: "*Don't think – just do*".

PART 1
INTRODUCTION



CHAPTER 1

MELBOURNE 2030 AND THE FIVE-YEAR AUDIT

Melbourne 2030 is the Victorian Government's strategic plan to guide the sustainable development of metropolitan Melbourne and the surrounding region and to enhance Melbourne's liveability, now and in the future. It contains nine major Directions (set out in Appendix A1). The appendix also describes the processes of community consultation that preceded and accompanied the release of the Plan in 2002, as well as the monitoring program established by the Department of Planning and Community Development (DPCD) to track its implementation.

Melbourne 2030 contains a commitment by the State Government to undertake a review every five years, involving local government, the development industry, other key stakeholders and the wider community.

In 2006, the Minister for Planning announced a two-stage process for the first Audit of *Melbourne 2030*:

- > **Stage 1** was carried out by DPCD; a brief outline of the process is contained in Appendix A1.
- > **Stage 2** involved establishing an Audit Expert Group (AEG), made up of four independent experts. We were appointed as the AEG in June 2007 and asked to respond to the Terms of Reference shown in Appendix A2. These include providing advice on strategic and implementation issues for the next five years.

The State Government called for public submissions on the ongoing implementation of *Melbourne 2030*. Over 200 contributions were received from a range of individuals, community groups, government and private sector organisations and other stakeholders with an interest in the Plan's implementation.

A list of community and stakeholder group submitters is provided in Appendix A4. Private individual names have not been published due to privacy legislation. The submissions are available on the Audit's website.

During the second stage of the Audit, DPCD released the *Melbourne 2030 Audit: Analysis of Progress and Findings from the 2006 Census*. This report outlines key results from the 2006 Census and reviews progress in implementing Victorian Government actions to put *Melbourne 2030* into effect. One of its most important findings was that the rate of population growth in Melbourne between 2001 and 2006 exceeded the short-term population predictions that were current when *Melbourne 2030* was released.



CHAPTER 2

WHAT WE'VE DONE AND WHAT WE'VE LEARNED

2.1 What we've done

In September 2007, shortly after we began our work, we met with over 30 key stakeholder groups with an interest in *Melbourne 2030*, particularly those involved in its implementation. We also reviewed the public submissions, as well as the outputs from DPCD's consultations in Stage 1. The results have informed the conclusions and recommendations in this report.

In October 2007, we held two half-day workshops for submitters. Around 90 Mayors, Councillors and senior staff from local government attended the 19 October workshop and over 100 other submitters attended on 20 October. Submitters were invited to the workshops to meet the AEG, explore some emerging issues and to discuss with each other matters relating to the implementation of *Melbourne 2030*. The diverse range of feedback received from the workshop sessions extended our appreciation of the issues and helped to identify priorities for the future.

In addition, we have gathered information from a range of other sources, such as the *Melbourne 2030* Implementation Reference Group and senior officials across a range of State Government departments, as well as taking into account a large number of recent and concurrent reviews and inquiries.

2.2 What we've learned

2.2.1 Feedback from Stage 1 and consultations

In undertaking our consultations and reviewing submissions we found it interesting, and something of a paradox, that while there was very widespread support for the underlying directions of *Melbourne 2030* there was criticism of the Plan or its implementation from the vast majority of contributors. Stakeholders' positions ranged from total dissatisfaction with *Melbourne 2030* to more targeted concern about the capacity of the various players to implement the initiatives necessary to achieve the Plan's desired outcomes.

The main concerns revolved around:

- > Conflicts between measures designed to advance metropolitan-wide objectives, such as sustainability, and the impact of new development on the character of established neighbourhoods and local communities.
- > Doubts about the capacity of the established suburbs to accommodate the scale of new household growth required by the Plan.
- > Concerns about the ability of local Councils and communities to influence decision-making.
- > Calls for new planning tools to enable implementation plans to recognise the individuality of particular areas, such as activity centres or residential areas, rather than applying the same requirements across the board.
- > Governance, funding and infrastructure issues.
- > Perceived gaps in *Melbourne 2030*, including its relative lack of attention to employment distribution, freight transport, resource conservation and affordable housing.

- > Planning for areas adjoining Melbourne, including: the need to increase the role of regional cities and towns in accommodating Victoria's population growth; the need to generate additional employment in regional cities and towns rather than treating them as 'dormitory' communities; concerns about the impact of rural-residential development in locations just beyond the metropolitan boundary; and calls for completion or extension of corridor plans.

While we do not wish to undervalue the relevance or importance of the many detailed points that were put to us, it is not the purpose of this section to respond to every issue that emerged from the contributions we received. Rather, in addressing our Terms of Reference we wish to highlight and comment on a number of common themes that have emerged from the Audit process.

In Part 2 of this report, 'The way forward', we will respond to some of the other issues raised, as part of our suggestions about future implementation actions.

2.2.2 Common themes from submissions and consultations

Theme 1: Support for the underlying Directions of *Melbourne 2030*

Very few submitters questioned the wisdom of the fundamental principles of *Melbourne 2030* – the need to create a sustainable city for us and for future generations – and many openly supported them. They are, after all, the fundamentals that have underpinned every Victorian Government metropolitan strategy since the late 1960s

and have, until recently, enjoyed bipartisan support. Nor are strategies of urban consolidation or containment unique to Victoria. They provide the basis for metropolitan strategic planning in most Australian states, in many Canadian cities and throughout Europe.

Submitters generally recognised the need to achieve a more compact city in order to maximise the use of existing infrastructure, minimise travel times and distances, reduce resource consumption and greenhouse gas emissions, and preserve opportunities for agriculture and green spaces surrounding Melbourne.

We also observed that a significant number of submitters recognised the emergence of climate change as a major consideration. They understood clearly that adherence to the key Directions of *Melbourne 2030* would assist in addressing the challenges of climate change mitigation and adaptation.

Theme 2: The Plan is too general

Widespread concern was expressed that, on key aspects, *Melbourne 2030* is too general. Submitters felt that there needs to be greater specificity on matters such as the affordability of housing, the location of employment, the development of activity centres and the management of green wedges. They argued for better links between the Plan's Directions and funding. Submitters quite reasonably asked: how and when will new infrastructure and services be provided, and who will fund them?

Across a wide cross-section of submitters, including community, local government and industry groups, there was criticism that the strategy's treatment of activity centres was far too general and that too

many centres had been targeted for development in a 'one size fits all' approach. We were told that policies such as Policy 1.3 *'Locate a substantial proportion of new housing in or close to activity centres and other strategic redevelopment sites that offer good access to services and transport'* in no way discriminates between the types of activity centres or the magnitude of new development they might be expected to accommodate.

The prospect of an indiscriminating approach to the intensification of development around activity centres was, as much as any aspect of the Plan, responsible for disquiet amongst community groups. In this regard, *Melbourne 2030* was seen as a threat to the quality of the character and liveability of the inner and middle ring of established suburbs.

At the same time, the identification of 26 Principal Activity Centres and 94 Major Activity Centres caused many submitters to question the prospect of successfully implementing activity centre policy if too few resources are available for too many centres. There was scepticism that development of the magnitude expected would occur in many of the larger activity centres, where site assembly poses a significant impediment.

Submitters with an interest in green wedges noted that while *Melbourne 2030* acknowledges that each of the city's green wedges has unique features and needs specialised management, the controls applicable in each are common and fail to recognise these differences. In some instances submitters asked for controls to be made more restrictive while other submitters sought less restriction.

On important issues such as affordable housing, Policy 6.1 *'Increase the supply of well-located affordable housing'* was accepted as laudable. However, some submitters did not consider that it was sufficiently

backed by initiatives that would lead to the increase in affordable housing that the Plan promotes.

A common thread in submissions was that despite the good intentions of the Plan's Directions, their generality and many of the actions they promoted simply led to more plans, more investigations, further development of policy and monitoring. They felt that more had to be done to deliver development on the ground that would serve to demonstrate a more sustainable urban form.

Theme 3: Council and community views have not been given sufficient weight

We heard from many local groups and residents who perceive *Melbourne 2030* as a strategic plan that has been imposed 'from above' without due regard to local concerns. As a result, many of the outcomes attributed to the Plan are seen as threats to the quality, character and 'greenness' of the established suburbs and to the 'liveability' of the city overall.

Other submitters raised issues that, while relevant to *Melbourne 2030*, are essentially criticisms of the Victorian planning system as a whole. These included a perception that local government and communities are not given enough recognition in determining the future of their areas. Submitters saw as unacceptable the fact that some Council planning decisions are over-turned by the Victorian Civil and Administrative Tribunal (VCAT) and attributed this to *Melbourne 2030*.

Theme 4: The need for better planning tools

Achievement of a number of the Directions of *Melbourne 2030* was seen by many submitters to be hampered by the lack of appropriate implementation tools.

In a statutory planning sense, the current suite of zones within the Victoria Planning Provisions (VPP) was seen as having both gaps and undesirable consequences. Whilst submitters recognised that it is vital to retain land for industrial use, they commented on the need to broaden zoning to recognise the emergence of 'employment' precincts in which information technology, research, administrative activities and service areas are replacing traditional manufacturing uses.

Residential zones and their application continue to contribute to strong community dissatisfaction. Some residents and community groups, in particular, saw *Melbourne 2030* as causing loss of tree canopy, encouraging inappropriate development and destroying neighbourhood character.

'Inclusionary' and 'vertical' zoning were mentioned as missing planning tools in submissions from a wide cross-section of submitters. Such zoning was considered to be a means to better direct housing to preferred locations and could mandate, for example, the inclusion of 'affordable' housing in development proposals. Submitters pointed out that minimum densities and housing variety could, in a similar manner, be mandated in new urban development in the city's growth areas.

Submitters suggested, almost universally, that planning schemes need clear policy to back metropolitan and local strategy. There was concern about the ambiguity and contradictory nature of some policies and the lack of guidance given in weighting or balancing conflicting policies. Policies on aspects of environmental sustainability, affordable housing, parking and transport were identified as inadequate or absent.

Theme 5: Lack of a funding plan

There were many adverse comments about the State Government's performance in funding the necessary infrastructure to achieve *Melbourne 2030's* objectives.

Submitters saw the most significant missing component of *Melbourne 2030* as being a funding plan to ensure that the delivery of essential infrastructure and services is both timely and equitably provided. Submitters across the board believed *Melbourne 2030* would fail without appropriate funding, whether for major metropolitan-wide infrastructure items such as public transport or for more localised needs such as community services or open space.

Many submitters noted that funding issues needed to be addressed by all three levels of government. Many initiatives outside traditional development contribution schemes and budget allocations may need to be reviewed if a number of the Plan's Directions are to be successfully implemented. These include stamp duties and land taxes. We were reminded that the costs and government taxes involved in moving house can be sufficient to keep a single person or couple in a dwelling better suited to a much larger household. Similarly, the imposition of an urban rate on land in a green wedge could impact severely on the costs of maintaining agricultural land.

Theme 6: Commitment

Submitters contended that there needs to be significantly more 'whole of Victorian Government' commitment to making *Melbourne 2030* work. They observed that the successful implementation of *Melbourne 2030* relies quite clearly on support and coordinated action by the key players; in particular, senior Ministers, secretaries of departments and heads of State agencies and authorities.

Submitters felt that there was a risk that individual departments and agencies would continue to pursue their own objectives and agendas without considering the impact of their activities on the ability of other stakeholders to achieve their objectives. They feared that this lack of an overall focus or ability to balance all of the objectives of *Melbourne 2030* would make the Plan's implementation difficult. Perhaps the most frequent example cited was the lack of integration of planning for transport and land use.

In its contributions to the Audit, local government demonstrated varying commitment to the Plan, perhaps reflecting the attitudes of different communities.

Although many Councils appeared to feel no sense of ownership of *Melbourne 2030*, there were notable exceptions. The South Eastern Integrated Transport Group and the Inner Melbourne Action Plan (IMAP) Councils showed their clear understanding of key issues and a strong sense of commitment to implementing *Melbourne 2030* in a highly collaborative manner. Their submissions indicated they felt they had been 'let down' by a lack of effective mechanisms and lack of genuine partnering with State Government. They believe that this was impeding their ability to deliver on a range of issues relevant to *Melbourne 2030*, such as transport, freight, sustainability and affordable housing.

2.3 Our response to what we learned

It is critically important to appreciate that since the proclamation of *Melbourne 2030* in 2002, three developments have occurred which impact on the planning context for metropolitan Melbourne and help to frame our responses to the points raised in submissions and forums.

Firstly, the population of Melbourne has increased at a much faster rate than was predicted in 2002. It is now expected that the population of the metropolitan area will be significantly greater by 2030 than was originally thought or, alternatively, that the initial population projections for Melbourne in 2030 may now be reached some years in advance, possibly by the early 2020s. As a consequence of this rapid growth, there is additional pressure on housing stocks, both owner-occupied and rental, and the availability and affordability of housing is becoming a major concern to many households.

Secondly, climate change is now accepted as a reality and is firmly lodged in the community consciousness as a real issue. It has become a policy consideration that is central to government decisions. There is a greater emphasis on the need for sustainable development, in a way that conserves natural resources and reduces greenhouse gas emissions. Adapting the built form of the city in the face of risks posed by climate change, including a potential rise in sea level, increased frequency and severity of storms, and dwindling water supplies, is also a challenge to be faced.

Thirdly, congestion, rising petrol prices and transportation costs have injected urgency into the need to increase travel efficiency and to reduce travel times and distances. The cost of running a motor car is a concern to many households. The cost of transportation is also a major imposition on an economy that relies significantly upon the cheap and efficient movement of freight, including goods and foodstuffs. If the planning system can reduce this cost and increase this efficiency it will make a major contribution to the economic wellbeing of the community.

Overall, we were impressed with the rigour that went into the contributions that were made to the Audit

and wish to record our appreciation for the wealth of valuable thought that underpinned each of them. We were not surprised to find widespread support for the underlying principles of *Melbourne 2030*.

However, we can also understand the anxieties many community-based submitters have about *Melbourne 2030's* implementation. We believe that this results from their lack of ownership of the plan.

We acknowledge the extent of consultation carried out during the preparation of the Plan, and note that further opportunities were provided for public involvement in determining implementation mechanisms. Nevertheless, the overwhelming impression is that the community does not believe that the State Government has listened to its views sufficiently or made enough changes in response to them. The situation might be summed up as representing the difference between 'public consultation' and 'community engagement'.

The recently released report of the Ministerial Working Group *Making Local Policy Stronger* (June 2007) and the subsequent State Government Five Point Priority Action Plan recognised community concerns in relation to existing residential zones. It proposed a way forward by enabling the identification of 'no-go', 'slow-go' and 'go-go' residential areas (now described as areas of 'limited change', 'incremental change' and 'substantial change') as a means of providing greater clarity and certainty for both local communities and the development industry. Other recommendations of the working group's report and the action plan included: initiatives to clarify and simplify State and local policy in planning schemes; and means to make policy easier to implement.

We would caution strongly, however, that the implementation of the five point action plan will

not ease community tension unless local communities play a significant role in the application of new zones. At the same time, local communities must be prepared to take a broad metropolitan view that recognises the necessity of urban consolidation. As explained elsewhere, this has been further emphasised by both the urgent housing need resulting from unprecedented population increase and the need to reduce travel and greenhouse emissions to meet our responsibilities towards climate change.

We support submitters' calls for greater clarity of planning policy. As long as planning policies can be shown to be ambiguous or contradictory, they will mean different things to different people. As a result, planning decisions, based on differing views as to how competing policies are to be balanced or interpreted (particularly those delivered by VCAT), will give rise to community disquiet.

Since the policies in *Melbourne 2030* are not ranked, it is often a complex issue to decide which should be given greatest emphasis in decisions on a particular planning proposal or development. The challenge for decision-makers is to weigh up potentially competing policies in a local context.

One of the central problems is that while the Plan is applicable to the metropolis as a whole, Councils believe they have been asked to implement major policies – for example, some of the initiatives relating to principal and major activity centres – without the necessary authority and resources.

We do not undervalue the work done in the progress of structure planning in a large number of activity centres or in the work being carried out in the nominated Transit Cities. We see great merit in the establishment of the Growth Areas Authority (GAA) to guide growth area development and infrastructure

provision. But the assistance and resources provided by DPCD and other arms of government are, in our opinion, being spread too thinly. Although there is evidence that some thought has been given to prioritising the areas where positive results can occur, the complexity of the issues and the plethora of agencies involved have so far made it difficult to achieve sufficient progress.

There is an acknowledged shortage of resources and skills at the local level. This has been addressed to some extent by DPCD's *Expert Assistance Program*, which enables local government to employ specialists to supplement the work of its own staff, as well as by other support provided by the department.

In future, both DPCD and local government need to place more emphasis on addressing strategic issues and on development facilitation, rather than focusing on the operation of the statutory planning system.

We understand the concerns of Councils, professional bodies and the development industry about the lack of funding provided for essential infrastructure. Councils cannot hope to deliver the required services, infrastructure or affordable housing without effective funding mechanisms developed in collaboration with the State Government and the Commonwealth. While the development industry makes the contributions demanded of it for services and infrastructure, some submitters felt that the corresponding investment by all levels of government has been inadequate. Preparation of *A plan for Melbourne's growth areas* (2005) is a positive step, setting out the scale and nature of funding required for growth area development and the State Government's commitments, but we cannot over-emphasise the need to ensure that the investments required are made in a timely manner.

We also understand the criticisms made by Councils and professional bodies regarding the lack of a 'whole of Victorian Government' approach to the Plan's implementation. In support of this view, we noted that various agencies of the State Government engage in inquiries of direct relevance to the Plan and its implementation in an uncoordinated manner, each calling for submissions and responses. We found it easy to comprehend the frustrations of groups and individuals who were responding to inquiries, plans or audits on a regular basis without being confident that their concerns would be dealt with effectively.

Despite the concerns expressed about some aspects of the State Government's preparation and handling of the Plan, it is quite appropriate, in our view, for the State to set down the broad strategic framework for the future growth of a metropolis with a population of close to five million people. But that task must be one committed to by the 'whole of Victorian Government'.

The successful implementation of *Melbourne 2030* also relies to a large degree on local government, in its role as a significant provider of infrastructure and services and its responsibility for developing and administering subservient local policy through planning schemes. It is thus imperative that local government has a high degree of 'ownership' of the Plan.

In terms of community ownership, the State Government 'missed the bus' in the preparation and launch of *Melbourne 2030* but this in no way should undermine its relevance in future. For the Plan's successful implementation in the future, the 'whole of Victorian Government' must 'catch the next bus' and develop implementation tools with a clearer understanding of community needs and aspirations. This can best be achieved by greater

community input in the formulation of those implementation tools.

In this regard we were impressed, as mentioned above, by the examples set by the Inner Melbourne Action Plan (IMAP) Councils (a group comprising four municipalities) and the South East Integrated Transport Group of south-eastern Melbourne (comprising eight municipalities) whose work and submissions to this Audit serve to demonstrate the willingness of Councils to work together to put forward common views for the metropolitan good.

It is not the purpose of this section to address in detail the material contained in the volumes of submissions we received, or to respond to every matter that has been put to us. We feel that it is important, however, to respond to a number of what we have come to see as 'myths' about the Plan.

Myth 1: Melbourne 2030 will lead to the destruction of neighbourhood character and quality in established areas

In many cases, we believe that *Melbourne 2030* is being blamed unfairly for leading to approval of developments that would also have been supported under previous planning policy regimes. The policy context encouraging urban consolidation and increased density around activity centres has remained largely unchanged from that which preceded *Melbourne 2030*. Most of the development about which there has been disquiet has been assessed under the provisions of Rescode (Clause 55 of all planning schemes in Victoria) and local planning policy, which has for many years encouraged multi-unit housing development in much the same manner as *Melbourne 2030*.

Most of Melbourne's 31 metropolitan planning schemes seek to promote urban consolidation,

while also containing a number of policies aimed at protecting neighbourhood character. So too does *Melbourne 2030*. With proper direction, it is not unrealistic for planning schemes to provide more choice of housing and maintain liveable neighbourhoods. Urban consolidation can also support local jobs, commercial enterprises and community facilities, and increase the viability of public transport services.

Myth 2: Melbourne 2030 will lead to a spread of high-rise development around Melbourne

There is little evidence to suggest that there has been a spread of high-rise development around Melbourne since the introduction of the Plan. Indeed, the majority of the high-rise development built since the introduction of *Melbourne 2030* has occurred in the inner city and at Docklands, with a small number of projects occurring in larger activity centres outside central Melbourne. These are the very areas in which such development should be supported if the city is to have a sustainable future.

We recognise that some of the community concern has been generated by VCAT's decision regarding the proposed Mitcham Towers project. This 17-storey residential tower was to be located in the Mitcham neighbourhood activity centre, an area not specifically designated for more intense development. It was approved by VCAT largely on the basis of its consistency with the principles of *Melbourne 2030*. However, we note that the development of the site has not progressed.

This may be due to doubts about its commercial viability or perceived lack of buyer interest.

On the basis of informed opinion in the property sector, it seems probable that the scale of built

form to accommodate high density, multi-storey residential development in and around activity centres is likely to be either four to six levels, or over 10 levels. Construction above six levels requires both tower cranes and materials hoists. These requirements escalate construction costs to the point where the height must increase to over 10 levels before the necessary investment yield is re-established.

In reality, there are very few activity centres outside central Melbourne that are sufficiently attractive to the marketplace to generate the volume of pre-sales that is necessary to sustain a development of greater than 10 levels. Current economic forces, therefore, lead to the conclusion that higher density residential development in and around activity centres will seldom be more than six storeys in height. Of course, this may change if residential use is coupled with commercial or retail use in a mixed-use development, or if the economics of development were to change significantly.

Myth 3: VCAT ignores the opinions of local Councils and communities in favour of Melbourne 2030

With regard to the concerns raised about VCAT over-riding Council decisions and community preferences, like several independent inquiries before us we believe that VCAT is not the problem it is made out to be. Rather, it is the often-complex policy context and strongly held divergent views and objectives of the parties that can make VCAT decisions controversial.

The State Government's recent announcement, following the release of the *Making Local Policy Stronger* report of a Five Point Action Plan to make local policy clearer and more effective, should greatly assist the consideration of any matters before VCAT.

Myth 4: The 'mismatch' between Melbourne 2030 projections and actual growth that has occurred since its release makes the Plan obsolete and unachievable

We believe that the submissions highlighting a perceived mismatch between the Plan's projections and actual development trends are overstating the gap between objectives and achievements. It is true that fringe growth accounted for some 48 per cent of new household growth over the first five years of *Melbourne 2030*, compared with the declared target of reducing this to 31 per cent of new household growth. However, this lower figure is intended to be achieved over the 30-year lifespan of the Plan.

Draft Implementation Plan 3 – Housing, accompanying *Melbourne 2030*, shows that fringe growth was predicted to account for 45 per cent of new household growth in the first five years, due largely to development already in the pipeline.

Myth 5: Providing more development opportunities on the urban fringe will increase the supply of affordable housing

There was polarised comment from submitters and consultations regarding the impact of the Urban Growth Boundary (UGB). This varied from concerns held by the boundary's supporters about its apparent flexibility and the belief of the boundary's detractors that it caused adverse impacts on land prices and failed to provide adequately for future growth. Opponents contend that homes built on lower priced land will increase access to the housing market and that an oversupply of zoned land will help to keep prices down.

Their argument might be correct if all one considers is the lower housing entry price that results from reduced costs of land and building. This is, of course, what continues to make these areas attractive to purchasers. However, 'affordable housing' is only part of 'affordable living'. New homeowners need schools, parks, community facilities, hospitals, public transport and the full range of infrastructure and emergency services including police, fire and health. Suburbs built at lower densities cannot support public transport, so households in urban fringe suburbs often need two or three cars.

When the full costs of housing, transportation and new services are considered, new homes on the urban fringe are not 'affordable housing', either to households or to agencies providing infrastructure or services. By comparison, new homes built in established neighbourhoods can take advantage of existing facilities and services. Closer location to shops and jobs means that walking, cycling and public transport reduces the need for several cars.

We also believe that some submitters may have overstated the impact of the UGB on land prices, though the evidence on this is somewhat contradictory.

2.4 What we've concluded

There is little doubt that some of the criticism directed at *Melbourne 2030* and its implementation – or lack of implementation – is based on perception rather than reality. Nevertheless, we believe some of the criticism to be well founded, in a number of key areas.

However, abandonment of the Plan, as some submitters urged, would in our opinion be counter-productive. Any replacement strategic plan to deal with Melbourne's future growth as a sustainable city

would be likely to be based on the same underlying principles as *Melbourne 2030*, and would pursue similar strategies.

Why then is there such dissatisfaction with *Melbourne 2030*? We believe there are four major reasons for this state of affairs, many of them discussed above.

- > First is the lack of community ownership of the Plan, resulting from the view that it has been imposed on communities and that proposals for its implementation do not reflect residents' values and preferences.
- > Secondly, *Melbourne 2030* is seen by many as the harbinger of change. Many residents of the inner and middle suburbs fear change, particularly alterations to built form and increasing population density. They are apprehensive that these trends will destroy the liveability of their neighbourhoods. Communication about *Melbourne 2030* has not to date adequately addressed these concerns or focused on the importance of building community awareness of the 'trade-offs' required to deliver sustainable urban growth.
- > Thirdly, tension has developed between the proponent of the policy, the State Government, and key players in implementation, namely local government. Understandably, Councils react to the views of their residents and to the challenge of limited funds. In consequence the physical implementation of *Melbourne 2030* policies is often delayed and not infrequently frustrated at the local level.
- > Fourthly, as with many aspects of the planning system there are inherent tensions within the Plan itself, with limited guidance as to which aspect of policy should be given priority in any given situation.

Has the Plan worked to increase urban consolidation?

Melbourne 2030 seeks to redirect household growth from the urban fringe to the established urban areas. The material placed before us indicates that this is not yet happening at a rate that will deliver sustainable growth for the metropolitan area. There are still major pressures for outward movement of residential development. It is clear that activity centres are not yet attracting their intended share of household growth and the old patterns of urban development are continuing.

At this relatively early point in the life of the Plan, these growth trends are cause for comment rather than strong concern. One cannot make definitive judgements on the implementation of a Plan of which many of the major initiatives have not yet been implemented or are in the very early stage of that process – at least in terms of activity on the ground. What can be said, however, is that unless the trend is reversed over the next five years and put on course there will be a distinct flashing of amber lights.

We noted a number of submissions expressing concerns that the Plan provides no practical solution to ensuring that the established suburbs can and will accommodate the amount of growth anticipated. In this regard we are convinced of the need for the State Government to continue to fund research, in consultation with local government and communities, to quantify the opportunities for growth within activity centres and established suburbs. Support will also be required to build on the Regional Housing Statements and incorporate their recommendations and the activity centre structure plans in planning schemes. Without the necessary planning tools and commitment by all levels of government, the task of accommodating

growth in the established areas will remain a significant implementation challenge.

In concluding our remarks about what we've learned, we note that while the DPCD report on progress found that a very high proportion of the initiatives identified in *Melbourne 2030* and its implementation program are complete or underway, it is our strong view that 'on the ground' implementation of the Plan has under-performed in several key areas.

These are:

- > Insufficient progress, to date, in redirecting residential growth from the fringe to established areas of the metropolis.
- > The lack of significant residential or mixed-use development in and around principal and major activity centres.
- > Insufficient provision or commitment to crucial public transport investments, such as fixed rail to the Whittlesea growth area and expanding the capacity of the city rail loop.

The foregoing discussion has attempted to highlight where both we and submitters believe performance has not matched expectation. We have emphasised, in particular, the absence of some tools essential to the Plan's success. We have stressed the need for greater community ownership of the Plan, evidence of a 'whole of Victorian Government' commitment to its implementation, and the paramount need for a funding plan.

Overall, we believe that Councils, their local communities and the development industry stand ready to assist in the Plan's implementation. There is a need to develop more equal and productive partnerships between all levels of government, communities and the private sector in order to bring this about.

We now look at 'The way forward' in Part 2 of our report.

PART 2
THE WAY FORWARD



CHAPTER 3

CONTEXT FOR THE FUTURE

3.1 Three overriding imperatives for implementation

Five years is not a sufficient length of time to allow significant changes to be seen. Experience elsewhere suggests that a long-term strategy may take many years of consistent and persistent effort before results are apparent. That said, by the next (10-year) audit, progress must be evident.

As mentioned previously, we believe that the principles underlying *Melbourne 2030* are sound. They reflect best practices being implemented in other liveable cities. However, for the Plan to be successful, and for significant results to be achieved, three interrelated issues must be addressed.

- > The first is clarity of responsibility – who has overall responsibility for *Melbourne 2030*'s implementation? Effective and full implementation requires allocation of responsibility for coordination and clear understanding of and commitment to the Plan by the 'whole of Victorian Government' at the most senior levels.
- > The second is the need for adequate resources to be allocated to implement the Plan. Without adequate funding and expertise, those charged with the responsibility of implementing the Plan will be unable to do so.
- > The third is the creation of broad-based support for *Melbourne 2030*'s Directions. For the Plan to be implemented successfully, support will be needed from all stakeholders, particularly local government, local communities and the development industry, which all have significant roles to play.

The issues of overall **responsibility** for Plan implementation, **resources** and **support** are linked. No government can afford to fully implement a broad range of directions simultaneously. Nor can the State Government identify all locally relevant actions without effective input from the municipal level and the community. Priorities must be identified and choices must be made. Engaging a broad range of stakeholders in establishing priorities contributes to support for the Plan's Directions and acceptance of broadly based initiatives to advance the Plan.

Priorities must be identified and choices must be made.

3.1.1 Imperative 1 – Responsibility for implementation

Create new governance arrangements with responsibility for implementing *Melbourne 2030*.

Absence of clarity between roles, responsibilities and resources for Plan implementation was one of the most frequently cited shortfalls of *Melbourne 2030*. While local government generally supports *Melbourne 2030*, there is frustration with the lack of clarity as to State and local roles and with a perceived lack of planning tools and authority to fully address Plan implementation. At the State level, there is some impatience with local Councils that are not seen to be implementing the Plan.

The challenge facing the current *Melbourne 2030* governance structure is that many State departments and agencies have responsibility for planning, decision-making and delivery of services within Melbourne. These include DPCD, the Growth Areas

Authority, VCAT, VicUrban, VicRoads, VicTrack, the Department of Treasury and Finance, the Department of Infrastructure and the Department of Human Services, amongst others.

Most of the listed departments and agencies have state-wide responsibilities, so Melbourne does not have their undivided attention. Nor is there great incentive for these organisations to work collaboratively and cooperatively.

State agencies are also furthest removed from neighbourhoods, so they may not be fully aware of local opportunities or service deficiencies.

By contrast, while local government usually has a better understanding of changing community needs and aspirations, it sometimes faces challenges balancing local and metropolitan priorities. It also has fewer resources and is sometimes reluctant to use all the powers available to it under the planning legislation to facilitate major change. In addition, individual councils often lack the authority or status to win full cooperation from government agencies and the private sector, whose actions are crucial to achieving progress.

Stronger and clearer leadership is required if *Melbourne 2030* is to be implemented successfully. Leadership at senior levels is necessary to develop and coordinate policies of metropolitan significance such as sustainability, transportation, growth areas and the development of key activity centres, and to coordinate the delivery of metropolitan-wide services.

Local governments are responsible for developing and implementing growth management plans within their own jurisdiction. To do so, they are currently faced with the challenge of coordinating advice and funding from a multiplicity of departments and agencies.

We believe that new governance arrangements need to be developed by the State Government to provide visible and focused leadership and to drive the implementation of *Melbourne 2030's* initiatives.

New governance arrangements are needed to provide visible and focused leadership to drive the implementation of *Melbourne 2030*.

These new governance arrangements need to:

- > Clarify for all stakeholders where the overall responsibility for successful implementation lies.
- > Provide a simpler and clearer pathway for stakeholders, particularly local government, to interact with State Government and agencies concerning *Melbourne 2030* and its implementation.
- > Clarify roles, responsibilities and resources to implement *Melbourne 2030*.
- > Provide advocacy for the Directions and implementation of *Melbourne 2030*.
- > Ensure local government has the authority and resources to fulfil local responsibilities.
- > Improve local government and community engagement in refining and implementing *Melbourne 2030*.
- > Assist local governments in setting and monitoring targets.
- > Coordinate cross-sector State Government policy.
- > Align *Melbourne 2030* initiatives with resources from across the State Government departments and agencies.
- > Encourage multi-agency State budget bids to implement *Melbourne 2030* initiatives.

Other cities have adopted various approaches to metropolitan governance – from a designated department of the State or provincial government to a ‘stand alone’ agency. There is no ‘right’ or ‘wrong’ way to govern and fund a metropolitan region. However, we are convinced that the current approach of dispersed authority is not providing the coordinated leadership Melbourne requires.

There are a number of options that could be considered, each of which has differing consequences:

- > **Specialised implementation group in DPCD**
A specialised unit or group within DPCD is one option, but it would require considerably greater resources, skills and authority than are currently applied, to be able to effectively carry out all of the tasks outlined above.
- > **Implementation coordinated by Department of the Premier and Cabinet**
A unit or group within the Department of the Premier and Cabinet with a cross-departmental mandate for ensuring implementation could have increased authority, providing greater capacity to ensure ‘whole of Victorian Government’ implementation of the Plan – a feature demanded by most of the major stakeholders in *Melbourne 2030*.
- > **Metropolitan Planning Authority**
A number of submitters suggested the option of a new Metropolitan Planning Authority. This has the potential to drive implementation, but the downside is that it creates another level of government. It would still have to coordinate ‘whole of Victorian Government’ actions and would take considerable time and resources to establish. Issues facing *Melbourne 2030* need to be addressed now.

> **Inter-departmental Coordination Committee**

This option is less than optimal since it would not have the ‘clout’ and staffing needed to ensure the greater capacity and urgency required to implement *Melbourne 2030*.

> **Ministerial Advisory Council**

This option could be a key to providing the advocacy for the Directions and implementation of *Melbourne 2030*. However, it would need to be underpinned by an executive group either inside or outside government driving implementation of the Plan.

Recommendation

That the State Government creates new governance arrangements to ensure the responsibility, authority and visible leadership to oversee and coordinate the implementation of *Melbourne 2030*. These arrangements will need support from State Government at the highest levels.

3.1.2 Imperative 2 – Adequate and ongoing funding

Allocate funds that link *Melbourne 2030* Directions to implementation actions.

The second overriding imperative for implementing *Melbourne 2030* is to ensure that funds are allocated for Plan implementation. The most frequent concern raised by local government was the perceived delegation of responsibility for implementing the Plan without the funds necessary to do the work.

While we acknowledge that substantial State Government expenditure has been made or planned for a wide range of infrastructure and service initiatives that will help to achieve *Melbourne 2030's* objectives, we note that most of this funding is under the control of departments or agencies other than DPCD, which is the body responsible for the Plan. DPCD has provided resources to help local government to plan for activity centres, transit cities and growth areas, but is not always able to influence the spending priorities of the other key budget agencies that are central to delivering these plans.

If *Melbourne 2030* is to be effective, all State and local budgets need to be aligned with implementation priorities. This especially applies to maintaining and renewing infrastructure in areas expected to absorb a substantial proportion of growth in new housing or employment.

If *Melbourne 2030* is to be effective, all State and local budgets need to be aligned with implementation priorities.

One of the benefits of growth in established areas is the opportunity to make more effective use of existing infrastructure such as water, transport, sewerage, waste removal, roads, energy, schools, hospitals, open spaces, community centres and social housing. However, this benefit will only be available if the capacity of infrastructure networks and facilities is maintained and upgraded on an ongoing basis. Long-term planning (60–90 years) for infrastructure maintenance and renewal is critical to liveability and to minimising the replacement costs being deferred to future generations.

Successive governments in Australia have, rightly, paid a great deal of attention to reducing national and State debt, so that we do not leave a huge legacy of debt to our children. However, one could

ask whether we are paying enough attention to deficits in infrastructure maintenance and renewals. If left alone, these deficits will incur onerous costs for succeeding generations. The need for long-term planning and funding is underlined by the fact that many children born in 2008 will still be alive at the end of the 21st century.

The need for long-term planning and funding is underlined by the fact that many children born in 2008 will still be alive at the end of the 21st century.

The State Government has, with *Meeting Our Transport Challenges* (2006), committed long term funding over 25 years to the crucial area of transport infrastructure. We see the extension of this commitment to long-term upgrading and maintenance into other areas – such as the ones listed above – as essential to achieving a sustainable Melbourne. Each service requires identification of appropriate time lines, designated responsibility for maintaining facilities and services, and agreed multi-year capital funding.

Melbourne is experiencing rapid growth, the costs of which should not be shouldered solely by existing residents and businesses. Rapid growth provides an opportunity to explore various changes to link permission for new development to requirements for community infrastructure and services. Engaging a broad range of stakeholders to establish priorities for funding growth-related services provides an opportunity for communities to target funds to prioritised community service requirements.

The effectiveness of *Melbourne 2030* implementation can be enhanced by ensuring all new major infrastructure investments by the State Government are directed to a common purpose of implementing the Plan. Bipartisan and broad stakeholder support increases the likelihood of a plan's directions spanning the lives of successive governments.

When a State Government asset becomes available for sale, it is not surprising that the department or agency responsible aims to get the highest possible financial return. This may not, however, be the best outcome for the community and may in fact lead to considerable community anger and disappointment, such as when a school is sold and open space is lost. The disposal of State assets should ensure that overall benefits, including social and community value, are taken into account – not just the financial return. This is now occurring, but the key task is to determine which outcomes provide the greatest overall benefit to the community.

Recommendation

That the State Government ensures sufficient resources are allocated to the implementation of *Melbourne 2030*.

This could be done by:

- > **Adopting a multi-year plan to finance implementation.**
- > **Revising budget processes to align resources to agreed *Melbourne 2030* implementation actions.**
- > **Identifying current and anticipated infrastructure requirements and ensuring funds are allocated to address these over the long term (60-90 years).**
- > **Investing in improvements to community infrastructure and services in areas accommodating significant levels of growth in population and employment.**
- > **Consolidating current work to ensure that before any sale of State Government land or assets is carried out, full consideration is given to opportunities to use publicly owned land for public benefits, such as social housing or community facilities. Disposal of land should occur on terms that produce the greatest overall community benefit.**

3.1.3 Imperative 3 – Communicating and building support

Engage a wide variety of stakeholders to build broad-based support for *Melbourne 2030*.

The third overriding imperative for implementing *Melbourne 2030* is to develop broad-based understanding of, and support for, the Plan's Directions.

For plans to be successful, sound principles need to be combined with inclusive implementation processes. *Melbourne 2030* recognises that no single partner can achieve optimal outcomes. Policy 9.5 notes the need to 'implement *Melbourne 2030* in an integrated way that involves the community'. The Plan includes references to providing 'support for meaningful local participation in government projects, thus contributing to community building'. 'Bottom-up' initiatives shaped by the community can harness community energy and resources to design and implement local responses and actions.

According to what we have heard and read, Policy 9.5 has not been implemented to the satisfaction of most stakeholders. Many submissions to the Audit raised concerns about 'top down' plans. Despite the consultation program prior to release and subsequent public information initiatives, the Plan is viewed as 'the State's plan', with minimal buy-in by the broader community.

Successful plan implementation requires adoption of broadly supported directions that are consistent over time. Consistency is more likely when long-range plans are adopted as 'Melbourne's Plan' as a result of inclusive public processes. Close identification of a plan with a particular government raises questions about its relevance when governments change.

Bipartisan and broad stakeholder support increases the likelihood of a plan's directions spanning the lives of successive governments.

Ideally, planning processes should start with broad public discussion about the choices and consequences of key directions. This approach goes well beyond discussion with vocal stakeholders or the most powerful groups. It engages the less vocal and less visible majority of community members and contributes to subsequent buy-in by stakeholders. *Melbourne 2030* has adopted nine key Directions, but the problem is they are not broadly understood or accepted.

We recommend that State and local governments undertake broad communications programs to inform residents and the business community about *Melbourne 2030's* key components. The Directions need to be succinctly presented to explain the choices and consequences that led to their adoption.

It is not within the mandate of this Audit to recommend new Directions, and in fact the Audit Expert Group has not received evidence to suggest that the Directions need to be changed. The only observation, from a communications perspective, is that having nine Directions (several addressing related topics) adds complexity.

For communications purposes, the Directions might be consolidated under fewer topics, for example:

Growth Management:

Directions 1, 2, 3 and part of 8.

Employment and Prosperity:

Direction 4 and part of Direction 8.

A Great Place to Be:

Directions 5 and 6.

Environmental Sustainability:

Direction 7.

Plan Implementation:

Direction 9.

We believe that a new *Melbourne 2030* communications initiative should provide the context for future city-wide and local discussions about responsibilities for funding, identification of areas for growth and change, and other metropolitan-wide initiatives. The communications program could be cast under the title of 'Sustainable Melbourne', to reinforce the main focus of the Plan.

A key part of these discussions could be shaped around enabling Melbourne to respond to the challenges of climate change. Community concerns about climate change have become more serious since *Melbourne 2030* was adopted. With new federal commitments to addressing this issue, all cities and individuals will need to adjust their actions.

Concerns about climate change provide an excellent opportunity to engage a broad range of stakeholders in developing an agenda or action plan for climate change – both in terms of reducing greenhouse gas emissions and of adapting to new environmental circumstances. Such a plan could provide further clarity and direct implementation of Direction 7 – A Greener City. Engaging a broad cross-section of the population in evaluating alternatives and advising on actions for climate change would result in a wider appreciation of *Melbourne 2030* and of the variety of actions necessary to maintain a liveable Melbourne. It is reasonable to expect that the community would be far more receptive to the Plan if its direct relationship to climate change and the conservation of natural resources can be conveyed through a process of public discussion and engagement.

A second current issue for community consultation is the discussion necessary to implement a more compact city, a network of regional cities, and a fairer and greener city.

This requires each Council and community to make choices – which will often be difficult – to clarify where development will occur, the desired character of new development, and the services needed to support new residents and businesses.

The notion of providing stronger direction on the location of new development was previously referred to as establishing ‘go-go’, ‘slow-go’ and ‘no-go’ areas. The recent discussion paper on *New Residential Zones for Victoria* (DPCD, February 2008) describes these areas as ‘substantial change’, ‘incremental change’ and ‘limited change’.

We believe that the State Government needs to incorporate multi-stakeholder engagement processes into future direction setting for Melbourne and into key implementation processes. A process based on the principles outlined in the public engagement guidelines below is required to engage communities and businesses in identifying areas where housing choice can be increased, and jobs and services concentrated. The results should help to shape decisions on State and local government funding priorities.

Community engagement takes time. However, it is worth spending the time and effort as it will provide more certainty about future land uses and services for community and developers, and direct limited resources to agreed priorities.

For multi-stakeholder engagement to reach beyond self-appointed community spokespeople and development-related industries, a variety of ways to participate are required.

Recommendation

Broaden support for *Melbourne 2030's* implementation by developing a stronger partnership with local government and all sectors of the community to work together towards a more sustainable city.

There are two immediate opportunities to make this happen:

- > **Undertake new community engagement programs to focus on climate change adaptation.**
- > **Involve communities in decisions on the application of the new residential zones.**

COMMUNITY ENGAGEMENT GUIDELINES

AN EXAMPLE

Community engagement requires:

1. An honest desire for input and willingness to incorporate advice from multiple stakeholders into the final plan or policy.

Don't ask for advice if the decision is already made. In this case, focus stakeholder information on communicating the decision.

2. Before starting a public process, agree the scope of the process and the roles of elected officials, staff and stakeholders.

Establish Engagement Terms of Reference to clarify roles and responsibilities of participants (e.g. the community advises, staff facilitate the consultation, elected officials decide), assumptions (e.g. established policy which is not up for debate) and the scope of the process (consult in 'bite-sized' steps to avoid overwhelming participants).

3. Provide sufficient funds to ensure equal access to information and multiple ways for stakeholders to engage in the process.

For multi-stakeholder engagement to reach beyond self-appointed community spokespeople and development-related industries, a variety of ways to participate are required. Adequate funds must be allocated to ensure broad participation and to guarantee that all participants have access to factual information. This assists participants to focus on discussing choices rather than debating facts.

4. Focus public consultation on addressing difficult choices and consequences.

Processes which simply identify a variety of desirable goals (for example, increase housing choice and maintain existing neighbourhood character) provide little or no guidance for real life decisions when difficult funding and development choices must be made.

5. Ensure that funds are available to start implementation when plans are approved.

Stakeholders contribute significant time to advice on public decisions. They need to see action. For example, funding agreements are needed to link new growth to provision of community services. When people see action, credibility for future processes is established.

3.2 Better management of growth

3.2.1 Encouraging a diverse economy

Melbourne 2030 contains several Directions that relate to the economy: Direction 4 - A More Prosperous City and Direction 2 - Better Management of Growth. As well, the wealth generated by business contributes to Direction 5 - A Great Place to Be and Direction 6 - A Fairer City. However, a number of submitters, particularly Councils and industry peak bodies, considered that the Plan's coverage of economic and employment issues was inadequate.

Concerns included: imbalances between population and jobs in most new growth areas; difficulties in attracting office-based employment to suburban activity centres, particularly in the western region; potential shortages of land zoned for employment in some areas; and conversion of small-scale industrial or mixed-use precincts in inner areas to housing.

We, the AEG, also believe that the crucial roles of economic development and employment in delivering a sustainable city have not been given sufficient attention in the Plan.

Typically, governments cannot create the economy – that is a function of the market and private business. Nevertheless, they can influence the economy through policy, funding decisions and provision of public infrastructure. Integrated planning for land use, transport and infrastructure can play a significant role in encouraging economic diversity and vitality by ensuring that:

- > Sufficient land is zoned for commercial activities, industry and employment-related uses, in and around activity centres, in established suburbs and in growth areas.
- > Transport corridors to serve future employment locations are identified early in the planning process and protected from inappropriate development.

- > Housing and jobs are located in close proximity.

Planning also needs to ensure that land use changes in established areas do not result in permanent loss of land for employment uses. Depending on the market, residential, commercial and 'new economy' high technology uses can usually outbid industrial and service uses.

As noted elsewhere in this report, it makes sense to increase densities around activity centres and to provide a better balance between jobs and housing in inner Melbourne. The rapid growth that Melbourne is experiencing places pressure on limited land, which in turn increases land prices. Some of the 'best' returns in the established metropolitan area can be made by redeveloping land previously occupied by industry or services to higher density uses. However, this may have undesirable consequences in terms of loss of opportunities to create new industrial or service businesses and the employment they would provide.

Care must be taken on the conversion of land currently used for industry and services. It is necessary to maintain sufficient land to support key economic generators such as the Port of Melbourne and to ensure sites for 'back of office' services such as goods and produce warehouses, distribution centres and storage for the Central Activities District (CAD). Limiting service lands near the CAD can result in business assuming considerable additional costs to move goods and access services. Direction 4 includes several initiatives directed to maintain and monitor the supply of land for industry and services. We consider maintaining an adequate supply of land for industry and services to be a priority for action. Requirements for industry and service uses need to be considered before rezoning land to higher value uses.

The distribution of future employment across the metropolitan area will impact greatly on the successful implementation of *Melbourne 2030*. This includes policies on the location of State Government employment and the contribution this can make to ‘kick starting’ growth in key activity centres, particularly in metropolitan regions that currently have an under-representation of office-based jobs. Attracting private sector office employment to activity centres is also crucial and may require new approaches to be developed.

The distribution of future employment across the metropolitan area will impact greatly on the successful implementation of *Melbourne 2030*.

Employment location has to be planned in conjunction with other land uses, and also with transport. Employment policy needs to take into account the geographic distribution of jobs, so that a range of employment opportunities is available to residents in all metropolitan regions.

Recommendation

That the State Government develops a metropolitan economic development and employment strategy to support *Melbourne 2030* and improve the range of employment opportunities available across the metropolitan area. Important considerations include:

- > **The future location of Government employment in metropolitan Melbourne and its potential to stimulate development of key activity centres.**
- > **Opportunities to encourage the private sector to provide for office-based jobs in activity centres.**

- > **The potential to reduce the pressure on the transport system by developing new employment concentrations in or close to centres on the Principal Public Transport Network.**
- > **The need to improve equity of access to a range of employment opportunities.**
- > **Retention of appropriate land in inner Melbourne to cater for new industrial, service and employment uses.**
- > **Review of industrial and business zones to ensure that they cater effectively for high technology activities that may combine office uses and manufacturing.**

3.2.2 Central and inner Melbourne

Given that *Melbourne 2030*'s underlying themes are to establish a more compact, prosperous and accessible city, it is surprising that few submissions addressed the role that Central Melbourne can play in achieving a more sustainable city. The importance of Central Melbourne is addressed in *Direction 4 – A More Prosperous City*. Policy 4.2 is to strengthen Central Melbourne's role as the primary business, retail and recreation hub.

The contribution Central Melbourne can make in meeting *Direction 1 – A More Compact City* is given only passing reference. In our view, more attention should be paid to the metropolitan-wide benefits that can be realised by locating housing close to central jobs and services.

Central Melbourne, including the Central Activities District, is by far Melbourne's largest activity centre. The 2006 Census records 76,700 people living within the City of Melbourne, an increase of 26,000 people between 2001 and 2006.

Although comparisons with earlier years are made difficult by changes in municipal boundaries, we note that the population of the CAD and surrounding areas, such as Docklands and Southbank, has increased dramatically since the 1980s. The City of Melbourne and the State Government have achieved a major injection of new residents and new life into Central Melbourne, but we believe that many further opportunities exist for future population growth.

New housing in Central Melbourne has predominantly attracted young professional people and older couples without children living at home. In order to develop stronger and more connected communities, opportunities need also to be created for families, lower income people and older singles to take advantage of the benefits of living in the inner city. Providing more diverse housing opportunities will also improve the ability of workers in service industries to live closer to their jobs.

The increase in the number of inner city residents has been accompanied by an intensification of entertainment uses in the CAD and other activity centres in inner Melbourne. Both residents and entertainment venues have credible claims in the inner city. The conflict between them must be addressed as a matter of urgency.

The 2006 Census counted 365,900 people working in the City of Melbourne, a growth of about 44,000 workers over the previous four years, so that the jobs to resident ratio is approximately 5:1. The imbalance of central jobs to housing requires significant transportation expenditures. Commuting contributes to greenhouse gasses. Congestion adds to the cost of goods movements. Time spent commuting adds to household costs and cuts into personal and family time.

The resident population of the City of Melbourne is forecast to increase to 86,000 people by 2011 and to around 111,000 people by 2021. Significant benefits in terms of reducing pressure for change in outlying areas and decreasing transportation costs could be realised by concerted action towards early achievement of population increases for inner Melbourne and adjoining municipalities.

Significant benefits could be realised by concerted action towards early achievement of population increases for inner Melbourne.

One submission that did address the issue of improving the balance between jobs and housing in inner Melbourne was from the IMAP group of inner region municipalities – the Cities of Melbourne, Port Phillip, Stonnington and Yarra. These councils have worked collaboratively to prepare the Inner Melbourne Action Plan (IMAP) to strengthen the liveability, attractiveness and prosperity of the inner region and to respond to the demands of *Melbourne 2030*. The participating councils have jointly formed an IMAP Implementation Committee, established under the *Local Government Act 1989*.

IMAP is an action plan that focuses on the on-ground delivery of projects. While aligned with the principles of *Melbourne 2030*, the plan reflects and responds to the particular priorities and conditions of the inner region. Along with the IMAP councils, we see these initiatives as a key opportunity to implement the State's metropolitan strategy through a strong partnership with local government.

IMAP identifies opportunities to accommodate a further 90,000 new households in inner Melbourne by 2030. It seeks to encourage more diverse forms of new housing through a range of measures such as 'inclusionary zoning' (mandating

provision of affordable housing) and innovative financial measures. Another focus of the action plan is on managing change in and around activity centres, especially those that have a strong entertainment role.

Recommendations

That the State Government places a high priority on resourcing the planning, infrastructure and community services necessary to improve the jobs–housing balance within inner Melbourne.

That the State Government develops a strong partnership with the inner Melbourne councils to provide financial support and coordination to assist them to implement the Inner Melbourne Action Plan, including the proposal to accommodate more than 90,000 additional dwellings in inner Melbourne by 2030.

3.2.3 Metropolitan activity centres

A key focus of *Melbourne 2030* is to direct commercial, retail and entertainment development into activity centres, and to intensify residential development in and around activity centres. This section discusses the management of growth by focusing effort in a limited number of activity centres. The following sections discuss management of growth around activity centres located in the established suburbs and designated Growth Areas.

The objectives for activity centre policies are outlined in *Melbourne 2030's* Direction 1 – A More Compact City. These policies are set out in a statutory form in Clause 12.01-2 of metropolitan planning schemes.

There are 26 Principal Activity Centres and 94 Major Activity Centres and myriad smaller Neighbourhood Activity Centres. Obviously, not all activity centres are candidates for immediate development or redevelopment.

Of those that have the necessary physical capacity, many are unable to attract development that is economically viable.

We note that structure plans have been completed or are underway for 89 principal and major activity centres. Considerable money has been spent on the structure planning process. However, the test of a successful structure plan is not the completion of the plan or the expenditure of money. The test is whether it has facilitated the type of development encouraged by the State Government's activity centre policy, embodied in *Melbourne 2030*. At this stage, evidence suggests that physical progress is limited. State leadership in implementation of the structure plans – not only in terms of funding but, equally importantly, in terms of cross-agency coordination – will be crucial to achieve change in these areas.

We believe that valuable personnel and scarce financial resources should be focused upon a limited number of principal or major activity centres, although assistance appropriate to their needs should continue to be given to the planning and development of the other centres. The selected centres should be those where a coalescence of physical characteristics and economic motivation creates conditions favourable for development.

There have been efforts to do this, with the designation of 13 Transit Cities in metropolitan and regional areas. To deliver the program, dedicated divisions or units have been established within each of DPCD and the Department of Infrastructure (DoI), overseen by a high level Steering Group including wider agency representation.

The common features of all transit cities is their connection to fixed rail, while many (such as Dandenong, Frankston and Footscray) are located in

areas of social disadvantage that are likely to benefit from new, targeted public and private investment.

Through the *Expert Assistance Program*, which provides assistance to Councils to finalise and implement structure plans for principal and major activity centres, support is being targeted to six activity centres that are deemed to be 'development ready', in order to facilitate development on the ground in the short term. This appears to be moving in the direction that we are advocating, that of providing additional resources to a limited number of centres, but we note that the funding is still for planning and other expert advice, not for infrastructure or works.

We believe it would be productive to broaden attention from connectivity to fixed rail when selecting the activity centres on which to focus, and recommend that the full list of criteria should include:

- > Access to the Principal Public Transport Network (mainly rail-based) defined in *Melbourne 2030*.
- > The physical capacity of the centre to accommodate development in terms of site availability or the practicality of site assembly.
- > Whether there is a market incentive for development, such as capital growth and return on investment.
- > Indications that there are 'drawcards' to attract population movement to the area, such as employment and an active cultural and community life.
- > Whether the centre has sufficient potential to provide for a significant level of household growth over the next five to 10 years.
- > Whether the centre can also accommodate growth in jobs and services to help to strengthen the local economy.

- > The capacity to provide for appropriate levels of social infrastructure and services, public open space and high-quality urban design.
- > The existence of, or ability to develop, an engaged, supportive community that is willing to accommodate change and welcome new residents.
- > The distribution of the chosen activity centres across the metropolitan area.

We believe that where time and resources are scarce, effort should be focused on activity centres where development is most economically viable.

However, the crux of the matter is that there must be an entity with the responsibility for the process. The process does not stop with the identification of activity centres that are ripe for development. In our view, it must extend to creating conditions that are favourable for development. The responsible entity must identify potential redevelopment sites or locations where site assembly is feasible. These opportunities must then be brokered to the private or public sector for actual development. Finally, particular development proposals must be piloted through the planning approval system, and supported by appropriate residential and employment services.

The crux of the matter is there must be an entity with the responsibility for focusing on a limited number of principal or major activity centres.

The major functions that have to be carried out are as follows:

- > Selecting a limited number of principal or major activity centres for particular attention on the basis of the criteria discussed above.

- > Delineating the physical boundaries of the selected centres.
- > Identifying redevelopment sites and opportunities for site assembly, which may involve compulsory acquisition.
- > Ensuring that opportunities for developments of a significant scale are not pre-empted by planning approval of inappropriate small-scale redevelopments of significant sites.
- > Ensuring that the State Government's investment in activity centres is used to leverage the most effective input from the private sector, which will provide the bulk of the funding for development.
- > Liaising with the development industry to broker connections between investment opportunities and investment funds.
- > Promoting the establishment of employment in and around activity centres and in proximity to major transportation routes.
- > Assisting with obtaining planning approval for developments in the selected activity centres.
- > Coordinating the input of other government agencies and infrastructure providers, particularly those with responsibility for transport and community services.
- > Leading development and refinement of activity centre policy, including speeding up of approval processes.

In order for these functions to be delivered effectively, we believe there is a need for new administrative arrangements to be created. There are a number of options for how this might be done:

Activity Centres Authority

We have noted the rationale behind the creation of the Growth Areas Authority, in order to coordinate planning and development for new suburbs on the

urban fringe. It seems to us that the challenges to be faced in implementing activity centre policy are not dissimilar to those encountered in growth areas. This suggests that a dedicated body along the lines of the Growth Areas Authority should be created to coordinate development of the selected activity centres, including the metropolitan transit cities.

This option would provide centralised direction and the ability to harness resources. However, unless relevant Councils are represented and actively involved on the Authority's Board it might be seen as disempowering local government and communities. It would also add to the number of authorities reporting to the Minister for Planning.

VicUrban

An alternative suggested by some submitters would be to broaden the responsibilities of VicUrban to take on the role of coordinating and facilitating activity centre development, including managing site assembly and release.

Priority Development Panel

Recasting the role of the Priority Development Panel (PDP) is another potential approach to facilitating appropriate development in the selected activity centres. This would be a substantial departure from the present advisory role of the PDP.

'Business as usual'

We do not believe that this is a genuine option, since it is clear that current arrangements are not delivering the results required.

We also believe that the State Government should consider streamlining approval processes for development of the selected activity centres, including simplified planning procedures to implement structure plans. Options could include making the Minister for Planning the responsible

authority for all applications in these centres, or for developments over a specified size, as is the case in Central Melbourne.

The aim of focusing on fewer activity centres is to achieve more rapid and more efficient commercial, retail and entertainment development, whilst intensifying residential development in and around these centres. It does not, however, mean that any less attention should be given by local Councils to other activity centres or any less State support provided.

Recommendations

That the State Government establishes a new entity or new administrative arrangements to facilitate the rapid and focused development of a small number of selected principal or major activity centres and the metropolitan Transit Cities, and considers revised planning responsibilities for these centres.

That the State Government provides continued financial support and expert assistance to local government for planning and development of other principal and major activity centres, along with neighbourhood activity centres.

3.2.4 The established suburbs

Many participants in the *Melbourne 2030* review were concerned about the changing form of neighbourhoods that may occur if densities increase and social housing is built in their area. Melbourne is experiencing rapid growth, so there will be changes to neighbourhoods whether *Melbourne 2030* is implemented or ignored. For example, if housing affordability worsens, the mix of families able to afford homes in established suburbs will change.

As higher income people move in, they are likely to want to demolish existing houses and build larger homes.

Often it is necessary to change in order to 'stay the same'. The provision of higher density housing forms and assisted housing may help to ensure that a mix of people can continue to afford to live in established neighbourhoods. As a city ages, it is important to ensure that neighbourhoods remain liveable. 'Character' is more than physical form. Consequently, it is important to focus on ensuring that the opportunities and quality of life experienced by residents of Melbourne's established suburbs is supported. The provision of neighbourhood amenities, including parks, open space, facilities and services, is an essential component of maintaining neighbourhood liveability.

Most established residential areas of metropolitan Melbourne will experience some degree of change over the next 20 years and beyond. Heritage areas and other precincts with strong and valued neighbourhood character are likely to change the least, while the use of land in and adjacent to activity centres and on identified 'strategic redevelopment sites' will become much more intensive. However, if predicted household growth is to be accommodated, a significant increase is also needed in the number of new dwellings in other established areas.

We do not underestimate how difficult it is going to be to achieve this increase. Information from DPCD indicates that the strategic redevelopment sites identified to date can accommodate only about 40 per cent of the 255,000 new dwellings that are proposed to be provided on sites converted from other uses. More sites will need to be found and it is also likely that average dwelling yields will need to be increased.

A significant increase is needed in the number of new dwellings in the established suburbs if predicted household growth is to be accommodated, we do not underestimate how difficult it is going to be to achieve this.

A crucial subset of potential development in and around activity centres is higher density residential development in areas with established services. It is in this area that community resistance to what is perceived as 'high-rise' development most frequently translates into rejection of development proposals by the local Council.

There is some evidence that part of the community's fear of residential intensification and urban consolidation is the result of poor urban design outcomes in earlier development. It is very difficult to mandate good design and there is a degree of subjectivity in the assessment of aesthetic quality. We strongly encourage the State Government to continue to work with Councils and developers to raise the standard of design in new projects and in public spaces.

In the context of climate change and population increase, there is an opportunity to encourage broad community involvement in examining and understanding the reasons for, and the benefits of, urban consolidation for a sustainable metropolis. This, in turn, could have a significant impact on increasing the ownership by metropolitan residents of the Plan and of their own futures.

We consider that the first step is to set a household capacity target for each municipality to encourage a mix of housing types, including higher density residential development in and around activity centres and on key strategic redevelopment sites in established suburbs. The reason for setting targets is to ensure that enough land is zoned for future development at the desired densities. These are

targets for zoned capacity to allow the market to function; they are not targets for construction, as it is up to developers, not the municipality, to actually build the housing.

To give the targets some sense of immediacy they should be divided into five-year periods, building on the existing work done in the Regional Housing Statements. The targets would be set by the State Government in collaboration with the municipality and the community.

The next step is to introduce new residential zones that enable the existing residential areas in each municipality to be identified as what are known colloquially as 'no-go', 'slow-go' and 'go-go' areas. These were foreshadowed in the action plan accompanying the State Government's *Making Local Policy Stronger* (June 2007). The recent discussion paper on *New Residential Zones for Victoria* (February 2008) takes this concept one stage further.

It describes the new zones as follows:

Substantial change areas

Are areas that present opportunities to substantially increase the number and diversity of dwellings. The form and design of new development can be specified. Appropriate services and facilities are or will become available.

Incremental change areas

Are areas where change can continue to occur, however development must respect the character of the area.

Limited change areas

Are areas with limited opportunity for change because of identified development constraints, including special neighbourhood character, environmental and landscape values or infrastructure capacity. In these areas the impact of new development will be limited.

Implementing these new residential zones should ensure that sufficient land is allocated to enable household targets to be met. It will also give existing and future residents some certainty about the type of development that is likely to occur in their neighbourhood. We would expect that:

- > **The substantial change zone** will most probably be applied in proximity to principal or major activity centres, but would also include other suitable locations such as large 'brownfield' sites or land along light rail corridors or other major boulevards served by public transport. We consider that the zone controls should enable planning approval for higher density residential and mixed-use development to be expedited.
- > **The incremental change zone** should enable residential densities to increase on a gradual basis, through dual occupancy or low-rise multi-unit development.
- > **The limited change zone** is likely to apply to residential areas where heritage or environmental values or recognised neighbourhood character indicate that a new and significantly different built form would be out of place. Care will need to be taken to ensure that higher status, better-educated communities do not manage to entrench protection for their own neighbourhoods at the expense of less well-resourced areas.

The discussion paper on the new zones states that:

The Department of Planning and Community Development will work with councils to develop an appropriate transition timeframe once the new zones are finalised. Sufficient time and opportunity will be provided to consider how the new zones will be applied to each municipality.

Each Council should be encouraged to apply the new residential zones having regard to the particular characteristics of its municipality and the metropolitan-wide implications of its actions. This must be done in collaboration with the local community; as outlined earlier, this is one of the overarching imperatives for the future implementation of *Melbourne 2030*. If this can be achieved, it will go a long way towards creating a sense of community ownership of the Plan. Failure to engage communities may entrench resistance to the Plan.

Before receiving Ministerial approval for planning scheme changes to introduce the new zones, it should be necessary for each municipality to demonstrate that the total area identified for residential uses – at various densities - will enable the municipality to achieve its agreed household target.

Recommendation

That the State Government gives a high priority to encouraging new residential development in the established suburbs of Melbourne, while maintaining liveability.

This can be assisted by:

- > **Establishing household growth targets for each municipality, in collaboration with local government and communities.**
- > **Finalising and introducing the residential zones to provide greater certainty concerning anticipated built form outcomes and the degree of change likely in established areas.**
- > **Assisting local government to identify 'substantial change', 'incremental change' and 'limited change' areas, in consultation with communities.**
- > **Improving open space provision and services in line with population increases.**

3.2.5 Growth Area planning

The growth areas referred to in this section are Melbourne's five designated Growth Areas: Casey-Cardinia, Hume, Melton-Caroline Springs, Whittlesea and Wyndham.

To assist in the planning of the Growth Areas, the State Government established the Growth Areas Authority (GAA) to guide sustainable development in the relevant municipalities. It works with local government, developers and government departments and agencies to ensure that development in Growth Areas is well planned and new communities are provided with essential services and infrastructure as soon as possible. The GAA is currently preparing Precinct Structure Plans as a means of assisting the more efficient delivery of new housing and employment locations in the Growth Areas. Through its work, the GAA aims to save 18 months in the land delivery process.

The GAA is a new body whose effectiveness will only be measured in time. If suitable powers and access to funds are provided, we are hopeful that this authority will ensure that development in Melbourne's growth areas will be far more sustainable in the future.

Notwithstanding the introduction of the GAA, the delivery of serviced land in the fringe areas is largely in the hands of a limited number of major land development companies operating under the controls and structure plans developed by local councils. In recent times, developers have increased net densities from around 10 lots per hectare to 12.2 lots per hectare, providing for a wider range of housing options. However, this is not dense enough to sustain public transport.

We acknowledge the difficulties associated with the provision of effective public transport in growth areas. This is particularly so in relation to journeys to work, where residents may be seeking to access

jobs located in widely dispersed employment destinations. However, better public transport linkages to major centres remain crucial, and improved provision for 'within area' trips would serve the young, the elderly and others without access to vehicles, as well as reducing the need for households to own multiple cars.

The development industry has recently paid greater attention to sustainability by incorporating water-sensitive urban design initiatives in their development plans and by progressively increasing the energy efficiency of new housing. Notwithstanding advances made and the quality of products they provide, the majority of fringe developments are still lacking in some key elements for liveability and sustainability:

- > They are poorly serviced by public transport.
- > They do not provide adequately for employment.
- > They fail to include 'public' or 'not for profit' housing.
- > They often create 'shopping centres' rather than activity centres.
- > They fail to provide for more intensive development around new centres, preferring instead to either set aside substantial areas for standard low-density lots or for 'big box' or bulky goods retail areas, which are only suitable for car-based trips.

Our comments in this regard should not be taken as an attack on the development industry or those Councils responsible for developing outline development plans. In some cases, where Councils and industry have shown themselves to be innovative and proactive, lack of State funding – particularly in terms of public transport – has led to criticism of the suburbs they are creating. Government at both State and local levels must work closely with industry, and together with the GAA,

to ensure that development on the metropolitan fringe is made sustainable.

Mechanisms are in place to ensure that the development industry will continue to contribute to the funding of much of the infrastructure and services that are needed in new outer suburbs. However, substantial increases in public funding will also be required, particularly in the areas of public transport and social housing.

By neglecting to provide for more intensive residential development in growth areas, the development industry will claim that it is providing a product that is affordable and for which there is a demonstrable demand: 'Why else would customers camp out overnight to be guaranteed a purchase at a new land release?' It is important to reiterate that 'cheap' housing on the metropolitan fringe does not necessarily translate to 'affordable living' when households require two or three vehicles to service their basic everyday needs.

We find it difficult to accept that standard (low) densities are being planned, and approved, adjacent to new activity centres, solely on the basis that there is perceived to be no immediate demand for medium densities in the outer areas. By ring-fencing activity centres with low-density development, the problems of intensifying development at some time in the future will be beset by the same obstacles that currently occur in the established suburbs. By not providing a full range of housing product, many new suburbs do not and cannot cater for an appropriate range of household types. At the same time, these new suburbs are invariably 'dormitories', often with poor access to employment nodes and in which public transport is not sustainable.

The lack of housing diversity in Growth Areas reflects the nature of the development industry in these

areas, where a small number of large firms are competing for a familiar market segment, namely buyers of detached housing. As a result, they may be overlooking the potential demand for different dwelling types. One solution could be to involve developers who are more attuned to construction of higher density housing. At present, the Growth Areas are not attractive to these firms. This may change in the future, as the effects of recent planning and governance changes, including the creation of the Growth Areas Authority, start to take effect.

There is an urgent need to increase average residential densities in Growth Areas, with a view to increasing the sustainability of development by:

- > Making the most efficient use of available residential land by accommodating more people in a smaller space.
- > Making public transport more viable.
- > Supporting commercial and entertainment uses in activity centres.
- > Encouraging water and energy conservation in new housing developments.
- > Providing more affordable housing and increasing housing choice to meet the needs of a wider range of households.

Densities in the Growth Areas can be increased by the State Government mandating requirements for minimum average lot yields in specified zones or areas, or requiring a fixed proportion of medium-density housing. Ministerial Directions or Practice Notes could set standards to be achieved before development plans are approved.

There is an urgent need to increase average residential densities in growth areas, with a view to increasing the sustainability of development.

We suggest that one approach would be for the GAA, in consultation with local government and the development industry, to set – and progressively increase – targets for overall dwelling density in new residential areas, and to monitor their achievement. VicUrban could be asked to undertake a number of demonstration projects to provide medium-density housing adjacent to new activity centres, in order to test the market and gauge responses to different housing products.

Recommendation

Ensure that Growth Area planning delivers sustainable new communities that can support public transport, minimise car dependence, provide local employment opportunities and conserve scarce resources such as water and energy.

Achieving this aim will be assisted by:

- > **Substantially increasing overall residential densities in Growth Areas.**
- > **Providing greater variety in lot sizes and dwelling types.**

3.2.6 The Urban Growth Boundary

The Urban Growth Boundary (UGB) was introduced as a key *Melbourne 2030* implementation tool designed to indicate ‘the long term limits of urban development and where non-urban values and land uses should prevail in metropolitan Melbourne, including the Mornington Peninsula’. To reinforce its effectiveness, it has been given legislative force and can only be altered by an Act of Parliament.

When first introduced, the UGB simply followed the boundary set by existing urban zones. Subsequent modifications were made following the work of a series of Committees for Smart Growth

that were set up to review and revise existing plans, or to develop new plans for the development of each of the city’s designated Growth Areas. The notion behind the UGB was to designate suitable areas to maintain a 15-year supply of undeveloped land zoned for residential and employment purposes, thereby limiting the upward pressure on land prices.

We consider the UGB to be an effective planning tool. Any debate over its impact on the price of land on the metropolitan fringe is now meaningless, however, as whatever impact it may or may not have had is a matter of history. Furthermore, any opportunity for ‘taxing’ windfall gains that may have arisen as a result of its introduction – as a means of assisting the financing of infrastructure and services – has also passed. Removing the UGB would not reduce land prices but it would remove a degree of the planning certainty that communities, local government and the development industry all yearn for.

We are firmly of the opinion that if *Melbourne 2030* is to be successful and respond to the challenges presented in creating a sustainable future, the UGB should only be altered in compelling circumstances (see below). *Melbourne 2030*’s success is largely dependent upon a shift towards increased densities around activity centres in the established urban area, which will be greatly assisted by restricting ongoing adjustments to the UGB. Even though Melbourne is facing higher than forecast population growth, at least in the short term, we believe that concentrated efforts to improve both dwelling supply and housing affordability in the established urban areas can reduce the pressure for outward extension of the UGB.

If Melbourne 2030 is to be successful and respond to the challenges presented in creating a sustainable future, the UGB should only be altered in compelling circumstances.

There is a need for clear policy and guidelines to indicate the circumstances under which the UGB might be adjusted. If and when adjustments are to be made, additional land should only be brought into the growth area if it is located along the city's major transportation routes, so that long-term growth needs can be met in the most sustainable manner. If adjustments are to occur, the option of taxing 'windfall' gains should be considered to assist the funding of the services and infrastructure needs of future new development.

Compelling circumstances that might necessitate moving the UGB should be restricted to:

- > Changes required to meet the State Government's commitment to maintaining a 15-year supply of land for residential and employment uses across the Growth Areas.
- > Responding to major land use change in the green wedges. For example, if a substantial land occupier, such as an extractive industry, ceased operation, a decision would be required as to whether this land should be converted to urban uses or be acquired to incorporate in the regional open space system.
- > In exceptional cases, to allow for development where the major infrastructure is fully funded outside State and local government budgets **and** that provide identifiable benefits to the metropolitan area overall, such as:
 - reducing per capita resource demands to accommodate metropolitan population growth

- increasing the viability of the public transport system in particular corridors
- demonstrating a mix of dwelling densities, housing types and affordability or integrating housing and employment in innovative ways, in projects that cannot be accommodated within the UGB.

The UGB should remain fixed in those areas where the boundary's role is essentially to prevent sprawl and to keep development from significant waterways, landscapes, valuable agricultural lands, regional recreation areas, water supply catchments and other rural areas remote from transport corridors.

We note that the issue of native vegetation, particularly as it applies to land within the UGB, is a matter causing concern to the development industry. This is because of the 'penalties' it imposes on the development potential of zoned land and the costs associated with providing offsets for native vegetation lost as a result of development. While we accept that the protection of native vegetation is a legitimate consideration in the development of land, we have some sympathy with those who find that the treatment of native vegetation is not balanced equitably with other urban consolidation imperatives.

Given the limited land stocks within the UGB, we believe that only vegetation that is rare or otherwise of high significance should be retained. Weight should be placed on the conservation status of the vegetation and its representation in the protected areas network as well as on ensuring retained areas are of sufficient scale to be viable in the long term. In addition, consideration could be given to calculating offsets for vegetation that is removed on a one-for-one basis, rather than applying the 'net gain' principle to land within the UGB. For maximum community benefit, offsets should be concentrated in regional

open space systems or in green wedge areas in close proximity to the site of the vegetation being cleared.

Since it is important to maintain the UGB, we believe that no penalties should be imposed through the imposition of 'urban' land taxes and rates on those rural landowners whose properties lie outside the UGB and provide, for the benefit of the wider metropolitan community, the green spaces which many regard as 'the lungs of the city'. On the contrary, we consider that assistance should be provided in these areas towards activities such as land management, revegetation, enhancement of native vegetation, and weed and pest animal control. Our recommendations on these matters are included under green wedges, in section 5 below.

Recommendation

Retain and strengthen the Urban Growth Boundary, while ensuring that an appropriate supply of development land is maintained over time in Growth Areas.

This can be achieved through:

- > **Maintaining the UGB without alteration for at least the next five years, unless compelling circumstances arise.**
- > **Developing a clear and transparent process for future reviews of the UGB.**
- > **Ensuring that infrastructure providers can identify long-term requirements, beyond the current planning horizon.**
- > **Reviewing the application of the Native Vegetation Framework within the UGB to ensure that it is not impacting adversely on achievement of 'compact city' objectives and the supply of development land within the boundary.**

3.2.7 Networks with the regional cities

A number of submissions commented on Direction 3 – Networks with the Regional Cities. They referred both to the 'peri-urban' areas immediately adjoining metropolitan Melbourne, and to rural and regional cities and towns in the wider Melbourne hinterland.

We support the views of those concerned about the indiscriminate development of land outside but close to the metropolitan UGB for low-density rural residential development. Even acknowledging the lifestyle choice such development might offer, it most often involves the use of important rural land in an unsustainable manner. The State Government will need to remain vigilant in ensuring that land that may be required for future expansion of Melbourne is not zoned and developed inappropriately in forthcoming years.

We also find merit in the views expressed about the future role that can be played by regional cities and major towns. We believe that increasing the population of regional cities and major towns in proximity to Melbourne would have considerable benefits, both in terms of redirecting growth from the capital city and in stimulating the economies and vitality of these communities. However, attention needs to be given to expanding employment opportunities in these regions, as well as increasing housing provision. This will require systematic and innovative planning if the problems caused by Melbourne's growth are not to be replicated on a smaller scale.

In looking at the challenges faced by Melbourne and the potential role of provincial centres in helping to meet those challenges, we believe it is important to point out that the challenges are not unique to Victoria. They are challenges to be faced nationally, and in this regard we are firmly of the opinion that

long-term strategic urban and infrastructure planning should be placed on the national agenda.

The current political climate is such that the Commonwealth and State Governments are uniquely placed to undertake such planning collaboratively, particularly along the eastern seaboard, in order that the challenges of climate change relating to urban centres, population growth, housing affordability, regional transport and water supply can be addressed on a macro-scale over a 50-year-plus timeframe.

We are convinced that concepts such as decentralisation and intercity fast rail projects, which have 'dropped off' the national agenda in recent years, are more relevant today than ever before.

Recommendation

That the Victorian Government initiate, with some urgency, discussion with the Commonwealth and other state governments regarding the need for developing a long term national urban development strategy, in order to address the challenges faced by both capital and provincial cities.

This could be introduced through the regular meetings of the Council of Australian Governments (COAG).



CHAPTER 4

TRANSPORT AND FREIGHT

Not surprisingly, many of the submissions to the Audit mentioned transport – private road transport, freight, public transport (rail, bus, tram) and cycling or walking. Transport is an integral part of nearly everything we do. It both serves and shapes land use activities.

The movement of people and goods throughout the metropolitan area and the management of transport are fundamental to Melbourne’s future growth. Transport is crucial to managing growth, providing equity of access, reducing environmental impacts and maintaining a prosperous economy.

We feel that priority should be given to locating land uses to increase accessibility through walking, cycling and public transport. Personal mobility is a major determinant of health and wellbeing. Over the last 40 years, two generations of Melburnians have greatly reduced their opportunity for physical activity due to high levels of car dependency. Providing a greater range of transport options and reducing car dependency both encourages physical activity and enhances liveability.

Transport congestion is perceived to be a major and worsening problem for many individuals and businesses in Melbourne. The economic costs are substantial right now and they are predicted to increase. It is, however, important that responses to congestion encourage modal shifts to public transport, walking or cycling and do not simply provide for more cars on the road.

An assessment of the need for an east-west link between the Eastern Freeway and the Tullamarine Freeway is currently underway and is addressing a number of transport-related issues that impact directly on *Melbourne 2030*'s implementation.

These include:

- > Public transport opportunities.
- > Movement of freight.
- > Improving urban amenity.
- > Connecting the road network.
- > Supporting the economy.
- > Alignment with existing State Government strategies.
- > Land use opportunities.
- > Responding to increasing traffic congestion.
- > Environmental protection and liveability.
- > Financing of options.

On the basis of what we have heard and read, we are convinced that a number of transport principles must be respected if we are to develop a sustainable Melbourne. These are:

- > Transport must be designed to both service and shape land use.
- > Travel time must be minimised as much as possible through rapid transit and by locating housing close to jobs, services, commerce and entertainment.
- > Mode shift targets need to be agreed, implemented and monitored to reduce car dependence and encourage more sustainable forms of transport such as cycling, walking and public transport.
- > Roads need to be managed to provide accessibility for freight movements between ports, rail lines and major distribution centres, in addition to accessibility for public transport, private car transport, cycling and walking.

- > The interface between modes of transport
 - parking, public transport stops, freight hubs
 - must be managed to enhance connectivity.
- > Public transport needs to be designed to contribute to creating a 'Fairer City' by providing accessibility for lower income households, those with disabilities, the elderly, children and youth, who often have no other travel options.

If transport is to service and influence land use, the planning and development of land use has to be integrated with transport planning, and vice versa. Failure to do so generally results in motor vehicles being the dominant form of transport combined with low-density land use. The State Government has made two significant steps to enhance the integration of land use and transport planning by appointing a Coordinator-General of Infrastructure and by legislating referral powers for major development proposals to the Director of Public Transport. A desirable corollary would be for major transport investments to be referred to the authorities responsible for land use planning at a metropolitan scale.

Public transport has to be 'designed-in' early in the development of new growth areas, whether they are residential or business areas. Buses and trams have to be given priority on our road systems to enable them to operate efficiently and to run on time. These issues have been articulated so often that we almost hesitate to repeat them.

However, the point is so important that we have decided to spell it out: *transport should be the servant of land uses, not the dictator*. A cultural shift may be needed to achieve this.

As mentioned above, if we are to enhance Melbourne's liveability we need to improve the availability and accessibility of sustainable transport options. We also need to reduce our dependency on cars. Increased petrol prices and congestion are two 'external' factors that influence car use, but the careful use of road pricing and refinement of parking pricing and provision should be actively explored as potential ways to encourage transport modal shifts. Also, if we are to discourage dependency on cars, the State and Commonwealth Governments must be prepared to fund solutions to the inadequacies of the existing public transport network, including capacity constraints on some rail lines and in the city loop.

MELBOURNE'S TRANSPORT SYSTEM

KEY FACTS

- > One commuter train replaces about 1,000 cars – equivalent to a line of cars 10 kilometres long.
- > One commuter tram replaces about 100 cars – equivalent to a line of cars one kilometre long.
- > 12,000 inner Melburnians want to cycle or walk to work but don't (Dol estimate). If they did, this would take thousands of cars off the city streets and large numbers of people off trains, trams and buses.
- > Getting 90 per cent of school-age children to walk or cycle to school will take one million car trips off city roads every day (Bicycle Victoria estimate) and enhance traffic flow for freight and other users (the 'school holiday effect').
- > Car sales in Australia broke through the one million mark for the first time in 2007, a nine per cent increase on 2006.
- > Over 20 per cent of households in the outer suburbs have three or more vehicles to service their everyday needs.

The Government's *Meeting Our Transport Challenges (2006)* has begun major improvements and adjustments to our transport system that are budgeted for over the next 10 years and planned for over the next 25 years. This commits \$10.5 billion over the 10 years from 2006 to 2016 and covers actions including creating a cross-town transport network for Melbourne, increasing Melbourne's rail network, building better road connections, promoting smarter and healthier travel choices and creating accessible, connected communities.

There is a real need to 'think big and think long term' now, for a sustainable Melbourne of six million people.

We conclude that there are five areas to focus on:

Long-term transport infrastructure planning

Major long-term and costly investments in transport infrastructure with much greater capacity for rapid transit must be planned and budgeted for over 30 to 90 years.

There is a real need to 'think big and think long term' now, for a sustainable Melbourne of six million people. This long-term thinking for Melbourne's transport infrastructure should involve bipartisan support and major collaboration with successive federal governments and include:

- > Land provision for public transport and freight corridors.
- > Investment and financing options such as government bonds, public private partnerships and rational pricing.
- > Proposals covering new and extended fixed and light rail, trams, transit-oriented developments, and road freight, bus and private cars.

There should be no stigma attached to government borrowing for future infrastructure. Ultimately, it will reduce the cost for future generations.

Initiatives to encourage modal shift and decrease traffic congestion

Modal shift from private car trips to other transport modes – trains, trams or buses and cycling or walking – should be progressed as rapidly as possible. This will in turn reduce demand on our roads, manage public transport demands, reduce greenhouse emissions and increase physical activity.

Much of this has been outlined in the *Melbourne Transport Plan (2004)* and *Meeting Our Transport Challenges (2006)*, but greater urgency, investment and 'whole of Victorian Government' planning and implementation needs to be achieved. Fundamentally, it involves changing our travel behaviour over a period of five to 10 years, which will assist in reaching the State Government's target of 20 per cent of motorised trips being made by public transport by 2020. Some of the ways that this might be achieved include:

- > Making Melbourne 'The Cycling City of Australia'. The bicycle network needs to be completed and continuously upgraded.
- > Encouraging school-age children to walk or ride to school will not only reduce road congestion but will help increase physical activity for our children and reduce carbon emissions. Traffic calming and extension of 'green light' crossing times will further protect our children.
- > Increasing park and ride capacity and increasing the capacity of buses, particularly on orbital routes and SmartBuses, especially in outer Melbourne.

- > Developing a metropolitan-wide approach to car parking provision and pricing.
- > Examining the benefits of road pricing as a means of reducing car dependency.
- > Funding works to address capacity constraints and other deficiencies in the existing public transport network.

Location of key 'trip generators'

Employment and entertainment zones, as well as educational and government facilities and services, need to be located close to the Principal Public Transport Network and major activity centres.

Clear differentiation of road use

There is much discussion about the competing uses of roads for different reasons and how these vary at different times of the day and week. For maximum effectiveness of our roads, and to enhance liveability, there is a need to clearly differentiate the various uses of transport corridors, major and local roads at different times of the day. This could include, for example, giving priority to road-based public transport in peak hours, encouraging efficient movements of freight and business traffic at other times, and increasing safety for cyclists.

Integrating freight into the transport system

Freight is an essential component of a competitive economy. Freight in Melbourne is anticipated to grow by five per cent per year for the next 20 to 30 years.

Just like other forms of transport, infrastructure for freight requires very long-term thinking, particularly for land acquisition and land provision for ports, intermodal hubs and freight corridors. This requires stronger collaboration with the Commonwealth Government for funding large-scale freight

infrastructure. Greater engagement with and guidance for local government is also essential to develop local freight transport strategies.

Recommendations

That the State Government actively integrates transport planning with land use planning and development.

This can be done by:

- > **Developing capacity and structure for major transport infrastructure developments, in synchronisation with land use planning, with a 30 to 90 year lead-time.**
- > **Setting targets and implementing programs for reduction in car use as a complement to the target of 20 per cent of motorised trips being made by public transport by 2020.**
- > **Prioritising actions to support a rapid modal shift over the next five years from car to public transport – tram, train and/or bus – and walking and cycling.**

That priority is placed on completing and implementing the Victorian Freight and Logistics Strategy (started in 2002) and the Port Environs Plan for the Port of Melbourne (announced in 2004).

This would include:

- > **Potential for increasing rail freight.**
- > **Identifying land for inter-modal hubs, to allow for freight redistribution.**
- > **Clearly designated freight corridors, directing freight traffic away from sensitive areas, for more effective timing and allocation of road usage.**
- > **Integrating freight considerations into all levels of transport and land use planning – including new growth areas.**



CHAPTER 5

ENVIRONMENTAL SUSTAINABILITY

5.1 Working towards sustainability

Environmental sustainability is about making more efficient use of existing resources (energy, water and vegetation) and identifying ways to manage urban growth and services to meet our needs without compromising the ability of future generations to meet their needs.

Much has changed since *Melbourne 2030* was developed but perhaps the greatest alteration has been to public and political awareness of the need to adapt to and mitigate the impact of climate change.

Many sections of *Melbourne 2030* address environmental sustainability. For example, there are 29 initiatives under Direction 7 (relating to water, waste, energy use and efficiency, greenhouse gas emissions, native vegetation, sustainability benchmarking), Direction 3 (protecting agricultural lands) and Directions 2 and 5 (policies referencing green wedges and open space).

Much progress has been made with the release of Government plans such as *Our Environment Our Future*, *Our Water Our Future*, the *Victorian Greenhouse Strategy*, the *Sustainable Neighbourhood Provisions*, and VicUrban's *Sustainability Charter* and *Water Sensitive Urban Design*.

However, following the Commonwealth Government's ratification of the Kyoto Protocol and the recent *Garnaut Climate Change Review Interim Report* there is little doubt that Australia, Victoria and Melbourne will have to set and achieve ambitious greenhouse gas emissions reduction targets in the short term (the next 2-5 years) and medium- to long-term (over the next 40 years). It is highly probable that there will be a number of national policies regarding adaptation to and mitigation of the impact

of climate change and Melbourne will have to be able to respond to them.

We see this as a strong reinforcement of the need to implement the underlying principles of *Melbourne 2030*, such as urban consolidation, maintenance of green wedges and open space, reduced domestic, commercial and industrial carbon footprints, and reduced private car travel. It also means that an even greater emphasis will need to be placed on the environmental sustainability aspects of *Melbourne 2030* to deliver outcomes in the required time.

Melbourne will have to set and achieve ambitious greenhouse gas emissions reduction targets in the short and medium to long-terms.

One of the key aspects required will be demand management of energy and water. Part of this will be the need for households and consumers to implement sometimes difficult behavioural and cultural shifts in order to adapt to climate change in and around their homes and workplaces. As mentioned earlier in Imperative 3, this will require considerable efforts to engage local governments and communities in a broad public discussion about climate change. This is an emerging issue, and one that needs a comprehensive strategy to address it. Any strategy will involve major commitments by citizens and businesses to change the way they do things.

Melbourne 2030 has to be integrated with the more direct and pro-active energy and water demand management strategies implemented by the utility companies with government support. It also requires active engagement of the members of the property and development industries, as sustainable

buildings and developments are fundamental to a sustainable Melbourne.

According to the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the quickest way to reduce greenhouse gas emissions is to use our energy more efficiently. Buildings, for example, are high consumers of energy and have a significant impact on the environment. Currently, buildings contribute 23 per cent of Australia's greenhouse emissions. Nearly half of the energy use in Australia is related to buildings, predominantly for heating and cooling, but also for the materials used in construction (embodied energy).

Transport is the second largest source of greenhouse gas emissions, contributing around 16 per cent of Victoria's total emissions. These can be reduced in a number of ways. In the chapters on growth management and transport we have noted that private car use can be reduced through sound, sustainable urban planning to minimise the need for cars and encourage more sustainable forms of transport. Reducing vehicle emissions can also be achieved through new technologies, such as petrol-electric hybrid vehicles or by exploring alternative fuels such as biofuels.

Water supply protection and management has become an increasingly important concern for Victorians and has now become a 'whole of government' issue.

There are many aspects to this, including:

- > Planning measures to protect surface and groundwater.
- > Implementing water-sensitive urban design.
- > Assessing alternative regional and local water supply and wastewater infrastructure or technologies.

Reduction of tree canopy and loss of open space are two of the most easily felt and resented potential (but not inevitable) outcomes of urban consolidation. Both are important for liveability and amenity, as well as mitigation of greenhouse gas emissions.

There are three key areas that have to be taken into consideration:

- > Retaining mature trees, for example, by improving the design for good retention practice and improving enforcement capability through local governments.
- > Providing offsets for greening and open space provision, for example by funding greening strategies in areas of Melbourne where trees are scarce and enhancing streetscapes in areas of higher density housing.
- > Planning and provision of open spaces, for example by: supporting a central point of government planning for open space provision; providing direct assistance to councils to complement developer contributions in order to acquire open space; inclusion of open space in precinct structure plans in growth areas; and allocation of surplus government land for open space.

Concerns about the environment, and especially the possible consequences of climate change, have escalated since *Melbourne 2030* was adopted. With new national commitments to addressing climate change, governments, businesses and individuals will need to adjust their actions. Just what changes are needed and the choices and consequences of different actions are not clear as yet. This is a significant gap in Melbourne's current plans. As noted under Imperative 3, we recommend that governments undertake a wide-ranging multi-stakeholder consultation process in order to

develop a strategy for addressing climate change and build commitment to the actions necessary to implement it.

Recommendation

That the State Government and local government take urgent action to increase the environmental sustainability of metropolitan Melbourne.

This can be achieved by:

- > **Developing strategies for addressing climate change mitigation and adaptation through a broad-based discussion of the likely consequences of climate change and the choices available to us as a community.**
- > **Establishing benchmarks and targets for reduced greenhouse emissions, use of potable water and recycled water, and waste minimisation.**
- > **Informing the public about full-cost pricing and user-pays policies for services such as waste disposal, water, energy and road use to ensure that those who use scarce resources or contribute to global warming are responsible for the associated costs.**
- > **Strengthening demand management mechanisms for energy and water, including building on the existing five star energy rating to create higher energy rating standards for new residential developments and to introduce them for commercial development.**

5.2 Green wedges

Green wedges have also been referred to in the discussion about Better Management of Growth. In *Melbourne 2030*, Policy 2.4 includes the protection of green wedges of metropolitan Melbourne from inappropriate development. It outlines four initiatives:

- > New planning scheme provisions to protect green wedges.
- > Working with local councils to consolidate new residential development into existing settlements.
- > Amending planning schemes to minimise establishment or expansion of inappropriate uses in green wedges.
- > Legislation to protect areas of high environmental and scenic value.

Despite the success of many of the planning provisions and relevant legislation in protecting green wedges, there are major challenges to the future of these areas. Submitters claimed that in some cases, residential subdivisions are masquerading as recreational or tourist developments and other inappropriate commercial uses, both non-agricultural and agricultural, are also occurring.

Despite the success of many of the planning provisions and relevant legislation in protecting the green wedges, there are major challenges to the future of these areas.

Development and implementation of the Green Wedge Management Plans needs to recognise the inherent differences in the nature, quality and capability of the land that makes up Melbourne's green wedges.

Recommendation

That the State Government gives higher priority to enhancing the contribution of green wedges to the sustainability and liveability of Melbourne.

Means by which this can be achieved include:

- > In implementing the Green Wedge Management Plans, ensure that controls on the use of land recognise the inherent differences in the nature and capability of land within each green wedge.**
- > Developing appropriate incentives and programs of assistance to landowners to manage and maintain this important metropolitan resource.**
- > Ensuring that tourist and recreational developments in green wedges are only approved where they support *Melbourne 2030*.**



CHAPTER 6

AFFORDABLE HOUSING

6.1 Declining housing affordability in Melbourne

As in all Australian jurisdictions, we found Melbourne's housing affordability to be a serious problem, requiring leadership and collaboration between many players. These include national, State and local governments, the development industry, financial institutions and the not-for-profit sector. Unfortunately, there is no single action that can make a significant contribution to solving this problem. Rather, several complementary strategies are required to respond to *Melbourne 2030's* Direction 6 – A Fairer City.

The housing market is the most complex urban system people experience on a daily basis. For long-time owners, Melbourne's rapid growth and rising house prices are increasing household wealth. In theory, as wealth increases and households age they seek other accommodation, freeing up their older home for first-time buyers. However, the current growth pressures mean that the 'trickle down' process is not working. The system, which provides wealth for some, is making housing less affordable for others. The cost of housing is part of the broader concern for 'affordable living' that incorporates the full range of costs a household faces to live in Melbourne. This is the context in which *Melbourne 2030* must be implemented.

It is difficult to estimate just how serious are the consequences of an increasing gap between those benefiting from the rising equity in their home and those spending an increasing proportion of their income on housing. Cities benefit from communities with a range of housing types and prices.

Studies project an increase in older residents, and a mix of housing types within a community meets the requirements of residents as their needs change. It is good urban economics for service and support workers to live close to employment, minimising the costs of commuting. However, rising prices and resistance to change are frustrating these expectations.

Our conclusion is that direct assistance is required to address housing costs for the very lowest income households.

This section targets the housing objectives outlined in Direction 6 of *Melbourne 2030*. The focus of our discussion is on households in the lowest income brackets who are experiencing the most difficulty affording housing in Melbourne. While we have identified a variety of actions to provide affordable housing, addressing both the supply and demand sides of the equation, our conclusion is that direct assistance is required to reduce housing costs for the very lowest income households. In other sections of this report we have focused on actions that the Victorian Government and stakeholders in metropolitan Melbourne can deliver. After much discussion, we have concluded that any response to housing affordability would require a much broader approach, including significant participation by the Commonwealth Government.

6.2 Housing affordability indicators

The *Framework for National Action on Affordable Housing* defines 'affordable housing' as being appropriate for the needs of low- or moderate-income households and priced so that low- and moderate-income households are able to meet other essential basic living costs.

For renters and those who recently purchased a home, housing costs are consuming a large portion of their regular income. According to data from the 2006 Census, around 10 per cent of all households in Melbourne were in the lowest two income quintiles (or the lowest 40 per cent of household incomes) and were spending more than the commonly accepted affordability measure of 30 per cent of household income on housing. When we consider renters specifically, we find just under 30 per cent of all renters were in the lowest two income quintiles and were spending more than 30 per cent of household income on housing.

Melbourne 2030's Direction 6 – A Fairer City outlines actions to increase the supply of affordable housing and provide a more equitable distribution of social infrastructure. *Melbourne 2030* and a variety of State housing directions such as *A Fairer Victoria (2005–2007)* and *Towards an Integrated Victorian Housing Strategy (2006)* recognise the need for a 'whole of Victorian Government' approach to housing which goes beyond the traditional welfare areas of government and embraces key service areas such as public transport, schools, social and health services, and housing. Even with this recognition, and funding of \$3 billion from 2005 to 2007 to implement *A Fairer Victoria*, housing affordability remains a serious issue.

For those in greatest need, the consequences of high housing costs affect not only the individuals themselves but all of us through the costs of health

care, social services and declining economic viability and liveability in poor areas. Melbourne is faced with the need to expand the availability of social housing as the population grows and there is a corresponding increase in the number of disadvantaged people, often with complex housing, health and social service needs.

6.3 Planning options to increase affordable housing

Submissions to the Audit suggested a wide variety of housing initiatives that Melbourne should explore. Some submitters talked about the use of 'carrots' or 'sticks':

- > 'Carrots' could include: taxation provisions; density bonuses; releasing 'cheap' rural land for housing; deeper rent subsidies to bridge the profit-expense gap; and supporting not-for-profit and cooperative housing. They could also encompass a return to the construction of public housing on a substantial scale. Given past experience with large government-funded housing projects, most stakeholders did not recommend this course of action.
- > 'Sticks' cover mechanisms such as 'inclusionary zoning' and development cost levies to require the provision of some affordable housing as a condition of development.

Melbourne is faced with the need to expand the availability of social housing as the population grows and there is a corresponding increase in the number of disadvantaged people, often with complex housing, health and social service needs.

Other submitters countered these suggestions by arguing that the tools will be ineffective:

- > Those against 'carrots' observed that the extent of subsidy required to house the lowest income households, especially those with a combination of housing and health requirements, exceeds the capacity of tools such as bonuses to deliver. Unfortunately, experience suggests that widespread rent subsidies and programs such as tax relief for homeowners typically increase the cost of housing. Elsewhere in this report we have noted that when the full cost of servicing rural land for housing is considered, along with the everyday living costs for households, the new housing is no longer 'affordable'.
- > Those against 'sticks' observed that there is a fine line between the use of compulsory measures to achieve housing goals and creating a worse problem by discouraging housing construction.

Throughout our review there was a sense that if only Melbourne could find the 'magic bullet', housing affordability could be solved. After reviewing a variety of housing reports, it is clear that Melbourne has implemented many internationally recognised best practices for affordable housing and is considering a variety of other housing tools used elsewhere to address housing affordability. The May 2007 *Affordable Housing Policy and Practice Course* prepared by SGS Economics and Planning Pty Ltd provides an excellent overview of international practice. Several conclusions from international experience are worth repeating:

- > The 'housing market' includes both new construction and the existing housing stock. Often the focus on providing new 'affordable' housing misses opportunities presented by maintaining existing stock for lower income households.

- > Not-for-profit housing organisations (e.g. cooperatives) can provide good-quality housing environments in small developments. However, experience elsewhere suggests that deep subsidies are still required to house the lowest income households.
- > Improving the efficiency of planning processes has limited potential to deliver affordable housing. Nevertheless, some assistance is provided through:
 - Leasing government lands for not-for-profit housing.
 - Incorporating requirements for the inclusion of sites for social housing (to be designed and managed by the not-for-profit sector) as a condition of development in large projects.
 - Assisting not-for-profit and cooperative organisations through site acquisition, rezoning and permitting processes.
 - Sharing local experiences such as *The Inner Region Affordable Housing Initiative* developed by the IMAP group of councils (Melbourne, Port Phillip, Stonnington and Yarra).
- > The main conclusion from experience in cities similar to Melbourne was that governments have only a limited ability to affect the overall price of housing. Given the enormity of the challenge of providing affordable housing, experience suggests that in cities such as Melbourne only a small percentage of households will be assisted through direct funding from government. The majority of households will continue to live in accommodation built and, in the case of renters, operated through the housing market.

6.4 Focusing Government assistance

It is not possible for governments to assist all people to live in the kind of housing and location of their choice. Consequently, governments typically encourage a mix of housing types in neighbourhoods and target direct assistance to lower income renters – usually households with children and the elderly.

International experience suggests that social housing managed by not-for-profit and cooperative associations, while expensive, is the most effective means of providing affordable housing and support services for the lowest income households.

We have considered what actions to recommend to provide a stock of affordable housing. Our conclusion is that there is no shortage of thoughtful reports on housing initiatives produced by all levels of government. Significant funding has been allocated – though clearly not enough to address unmet housing needs. We recognise that there are limits to government funding, and that most households will have to meet their needs through the housing market. *Melbourne 2030* implementation actions are underway to increase housing supply around activity centres and provide more choice of housing throughout the metropolitan area.

For those most in need, increasing the supply of housing will not be sufficient and public subsidies are required. International experience suggests that the provision of social housing managed by not-for-profit and cooperative associations, while expensive, is nevertheless the most effective means of providing a stock of affordable housing and support services for the lowest income households.

To meet this need, the State, in conjunction with metropolitan Melbourne municipalities, should update figures on housing need and, in consultation with a wide range of stakeholders, determine the extent of need that governments will address. Actions will be needed both to increase the supply of social housing and to assist households to meet their housing costs. This will require a multi-sector funding strategy, involving the Commonwealth Government, in order to mitigate the impact of high housing costs on low-income households.

Recommendation

That the State Government, in consultation with local governments, the development industry, and other stakeholders, establishes targets for social housing assistance and prepares a multi-sector funding strategy to engage the Commonwealth Government in addressing housing affordability.

Associated actions include:

- > **Victoria actively participating in developing a national framework for action on affordable housing – taking advantage of the incoming Commonwealth Government’s declared commitment to social inclusion.**
- > **Setting and monitoring targets for housing assistance at local and metropolitan levels.**
- > **Investigating, prioritising and implementing mechanisms to mitigate the increase in housing costs, with consideration given to the use of mechanisms such as ‘inclusionary zoning’ to provide a component of affordable housing in new developments.**
- > **Enhancing the capacity of not-for-profit and cooperative housing associations to deliver and manage affordable housing.**



CHAPTER 7

MONITORING MELBOURNE 2030

7.1 Background

The release of *Melbourne 2030* was intended as the first step in a continuous process of planning and implementation. Establishing an outcomes-focused monitoring and evaluation framework is critical to provide the necessary information to inform this ongoing process of metropolitan planning.

The current level of monitoring includes:

1. **Inputs** (resources allocated across government), which are monitored through State budget and departmental processes.
2. **Outputs** (projects or programs being delivered), which are monitored through the Implementation Program on the *Melbourne 2030* website. In addition, the Urban Development Program monitors the supply of land for residential and industrial development in growth areas and identifies strategic redevelopment sites with potential for conversion to housing across the metropolitan area.
3. A wide range of **outcome-based** monitoring/indicator programs that relate to one or more *Melbourne 2030* themes, directions or objectives are being undertaken by a variety of State departments and agencies. These include:
 - *The State of Environment Reporting* by the Victorian Commissioner for Environmental Sustainability, whose first report is due for release in 2008. It will cover themes relevant to *Melbourne 2030's* environmental objectives including: atmosphere; land; biodiversity; water; and coasts, estuaries and the sea.
 - Monitoring and reporting on the progress of *Our Environment, Our Future* by the Department of Sustainability and Environment.
 - *Growing Victoria Together*. Measures relevant to *Melbourne 2030* objectives include:
 - Proportion of freight transported by rail to and from Victoria's commercial ports (Melbourne, Geelong and Portland).
 - Public transport use as a proportion of trips taken by motorised means in Melbourne.
 - Victorian greenhouse gas emissions.
 - Levels of community participation and volunteering in Victoria.
 - *Community Indicators Victoria*. This initiative has been developed in partnership with the Australian Bureau of Statistics, local government, State Government and community organisations. It provides a comprehensive and integrated framework of community wellbeing indicators and an accessible, user-friendly dissemination system.
 - *Liveability surveys*. Several liveability surveys are carried out, both nationally and internationally, each using different methodologies and criteria to rank cities worldwide:
 - Economist Intelligence Unit – Liveability Ranking.
 - Mercer – Worldwide Quality of Living Survey.
 - Australian Unity – Personal Wellbeing Index.

7.2 Future monitoring

Significantly, the majority of indicators used to evaluate liveability as part of the above surveys are not directly influenced by *Melbourne 2030* initiatives. This highlights the need to develop a monitoring program that will be able to meaningfully monitor liveability indicators relevant to *Melbourne 2030*.

Overall, it is our view that the monitoring of outcomes – the results that *Melbourne 2030* is actually delivering – rather than outputs, such as the initiation of studies or other implementation actions, is patchy and uncoordinated.

The lack of a comprehensive in-built monitoring system for *Melbourne 2030* has been a significant constraint on our ability to report adequately on the progress of the Plan's implementation. If this is not addressed, it will also pose a problem for future implementation and evaluation.

As mentioned earlier in our report, the most immediate action is for the implementation of *Melbourne 2030* to be rapidly scaled up. An outcomes-based monitoring system is an essential management tool for the implementation of *Melbourne 2030*. In addition, it demonstrates that State and local governments are taking the implementation of *Melbourne 2030* very seriously.

In establishing the framework, it is recommended that consideration be given to:

- > Developing a small number of synoptic indicators or indices that combine individual measures to provide a general/aggregate view.
- > Including a number of more specific indicators grouped under outcome-based themes.
- > Incorporating a range of indicators that provide data at the metropolitan and regional levels.
- > Supporting *Community Indicators Victoria* as a long-term platform for monitoring and reporting of local and regional outcomes.

We recognise that it will take a significant amount of time and money to develop a rigorous and comprehensive monitoring and evaluation framework. At the same time, it is important not to go to the other extreme, where so much effort is focused on measurement that it detracts from implementation. We also recognise that the issue of causality – that is, linking specific interventions with particular outcomes – can be difficult and will need to be worked through in the development of the monitoring framework.

The monitoring information is crucial to the effectiveness of the new governance arrangements envisaged in section 3, as it forms the evidence on which major planning and funding decisions can be made.

Monitoring information together with Census information needs to be made publicly available prior to the start of the next five-yearly review.

Recommendations

That an outcomes-based monitoring framework for *Melbourne 2030* be developed that will provide information to decision-makers and stakeholders.

This should:

- > **Assess progress in moving towards *Melbourne 2030* outcomes.**
- > **Assess the effectiveness of *Melbourne 2030* implementation.**
- > **Provide a basis for adjusting the implementation of *Melbourne 2030* and updating the Plan in the future.**

That the State Government commissions an independent assessment of progress towards completing implementation actions for *Melbourne 2030* as part of the next five-year audit.



CHAPTER 8 CONCLUSION

Melbourne 2030's underlying intent is to establish a more sustainable, equitable, prosperous and accessible city. Since its inception, two major new challenges have surfaced: faster than expected population growth, and the need to respond rapidly and comprehensively to climate change. It is our view that these issues further reinforce the need to implement the Directions outlined in *Melbourne 2030*.

In addition, they underline our three imperatives:

- > assigning clear responsibility for Plan implementation;
- > developing specific funding programs for key implementation actions; and
- > enhancing community engagement in implementation of the Plan.

The AEG has had the privilege of reading and hearing an enormous amount of information related to *Melbourne 2030*. And we have had the privilege of seeing the passion and commitment that so many Melburnians accord our city. In acknowledging this, we would also like to emphasise that Melbourne continues to be recognised as one of the world's great, liveable cities. It is our hope that this Audit review will assist in maintaining Melbourne's liveability and sustainability.

CONSOLIDATED RECOMMENDATIONS

3.1.1 Imperative 1 – Responsibility for implementation

That the State Government creates new governance arrangements to ensure the responsibility, authority and visible leadership to oversee and coordinate the implementation of *Melbourne 2030*. These arrangements will need support from State Government at the highest levels.

3.1.2 Imperative 2 – Adequate and ongoing funding

That the State Government ensures sufficient resources are allocated to the implementation of *Melbourne 2030*.

This could be done by:

- > Adopting a multi-year plan to finance implementation.
- > Revising budget processes to align resources to agreed *Melbourne 2030* implementation actions.
- > Identifying current and anticipated infrastructure requirements and ensuring funds are allocated to address these over the long term (60-90 years).
- > Investing in improvements to community infrastructure and services in areas accommodating significant levels of growth in population and employment.
- > Consolidating current work to ensure that before any sale of State Government land or assets is carried out, full consideration is given to opportunities to use publicly owned land for public benefits, such as social housing or community facilities. Disposal of land should occur on terms that produce the greatest overall community benefit.

3.1.3 Imperative 3 – Communicating and building support

Broaden support for *Melbourne 2030*'s implementation by developing a stronger partnership with local government and all sectors of the community to work together towards a more sustainable city.

There are two immediate opportunities to make this happen:

- > Undertake new community engagement programs to focus on climate change adaptation.
- > Involve communities in decisions on the application of the new residential zones.

3.2.1 Encouraging a diverse economy

That the State Government develops a metropolitan economic development and employment strategy to support *Melbourne 2030* and improve the range of employment opportunities available across the metropolitan area.

Important considerations include:

- > The future location of Government employment in metropolitan Melbourne and its potential to stimulate development of key activity centres.
- > Opportunities to encourage the private sector to provide for office-based jobs in activity centres.
- > The potential to reduce the pressure on the transport system by developing new employment concentrations in or close to centres on the Principal Public Transport Network.
- > The need to improve equity of access to a range of employment opportunities.

- > Retention of appropriate land in inner Melbourne to cater for new industrial, service and employment uses.
- > Review of industrial and business zones to ensure that they cater effectively for high technology activities that may combine office uses and manufacturing.

3.2.2 Central and inner Melbourne

That the State Government places a high priority on resourcing the planning, infrastructure and community services necessary to improve the jobs–housing balance within inner Melbourne.

That the State Government develops a strong partnership with the inner Melbourne councils to provide financial support and coordination to assist them to implement the Inner Melbourne Action Plan, including the proposal to accommodate more than 90,000 additional dwellings in inner Melbourne by 2030.

3.2.3 Metropolitan activity centres

That the State Government establishes a new entity or new administrative arrangements to facilitate the rapid and focused development of a small number of selected principal or major activity centres and the metropolitan Transit Cities, and considers revised planning responsibilities for these centres.

That the State Government provides continued financial support and expert assistance to local government for planning and development of other principal and major activity centres, along with neighbourhood activity centres.

3.2.4 The established suburbs

That the State Government gives a high priority to encouraging new residential development in the established suburbs of Melbourne, while maintaining their liveability.

This can be assisted by:

- > Establishing household growth targets for each municipality, in collaboration with local government and communities.
- > Finalising and introducing the residential zones to provide greater certainty concerning anticipated built form outcomes and the degree of change likely in established areas.
- > Assisting local government to identify ‘substantial change’, ‘incremental change’ and ‘limited change’ areas, in consultation with communities.
- > Improving open space provision and services in line with population increases.

3.2.5 Growth Area planning

Ensure that Growth Area planning delivers sustainable new communities that can support public transport, minimise car dependence, provide local employment opportunities and conserve scarce resources such as water and energy.

Achieving this aim will be assisted by:

- > Substantially increasing overall residential densities in Growth Areas.
- > Providing greater variety in lot sizes and dwelling types.

3.2.6 The Urban Growth Boundary

Retain and strengthen the Urban Growth Boundary, while ensuring that an appropriate supply of development land is maintained over time in Growth Areas.

This can be achieved through:

- > Maintaining the UGB without alteration for at least the next five years, unless compelling circumstances arise.
- > Developing a clear and transparent process for future reviews of the UGB.
- > Ensuring that infrastructure providers can identify long-term requirements, beyond the current planning horizon.
- > Reviewing the application of the Native Vegetation Framework within the UGB to ensure that it is not impacting adversely on achievement of 'compact city' objectives and the supply of development land within the boundary.

3.2.7 Networks with the regional cities

That the Victorian Government initiate, with some urgency, discussion with the Commonwealth and other state governments regarding the need for developing a long term national urban development strategy, in order to address the challenges faced by both capital and provincial cities.

This could be introduced through the regular meetings of the Council of Australian Governments (COAG).

4. Transport and freight

That the State Government actively integrates transport planning with land use planning and development.

This can be done by:

- > Developing capacity and structure for major transport infrastructure developments, in synchronisation with land use planning, with a 30 to 90 year lead-time.
- > Setting targets and implementing programs for reduction in car use as a complement to the target of 20 per cent of motorised trips being made by public transport by 2020.
- > Prioritising actions to support a rapid modal shift over the next five years from car to public transport – tram, train and/or bus – and walking and cycling.

That priority is placed on completing and implementing the Victorian Freight and Logistics Strategy (started in 2002) and the Port Environs Plan for the Port of Melbourne (announced in 2004).

This would include:

- > Potential for increasing rail freight.
- > Identifying land for inter-modal hubs, to allow for freight redistribution.
- > Clearly designated freight corridors, directing freight traffic away from sensitive areas, for more effective timing and allocation of road usage.
- > Integrating freight considerations into all levels of transport and land use planning – including new growth areas.

5.1 Working towards sustainability

That the State Government and local government take urgent action to increase the environmental sustainability of metropolitan Melbourne.

This can be achieved by:

- > Developing strategies for addressing climate change mitigation and adaptation through a broad-based discussion of the likely consequences of climate change and the choices available to us as a community.
- > Establishing benchmarks and targets for reduced greenhouse emissions, use of potable water and recycled water, and waste minimisation.
- > Informing the public about full-cost pricing and user-pays policies for services such as waste disposal, water, energy and road use to ensure that those who use scarce resources or contribute to global warming are responsible for the associated costs.
- > Strengthening demand management mechanisms for energy and water, including building on the existing five star energy rating to create higher energy rating standards for new residential developments and to introduce them for commercial development.

5.2 Green wedges

That the State Government gives higher priority to enhancing the contribution of green wedges to the sustainability and liveability of Melbourne.

Means by which this can be achieved include:

- > In implementing the Green Wedge Management Plans, ensure that controls on the use of land

- > recognise the inherent differences in the nature and capability of land within each green wedge.
- > Developing appropriate incentives and programs of assistance to landowners to manage and maintain this important metropolitan resource.
- > Ensuring that tourist and recreational developments in green wedges are only approved where they support *Melbourne 2030*.

6. Affordable Housing

That the State Government, in consultation with local governments, the development industry, and other stakeholders, establishes targets for social housing assistance and prepares a multi-sector funding strategy to engage the Commonwealth Government in addressing housing affordability.

Associated actions include:

- > Victoria actively participating in developing a national framework for action on affordable housing – taking advantage of the incoming Commonwealth Government’s declared commitment to social inclusion.
- > Setting and monitoring targets for housing assistance at local and metropolitan levels.
- > Investigating, prioritising and implementing mechanisms to mitigate the increase in housing costs, with consideration given to the use of ‘inclusionary zoning’ to provide a component of affordable housing in new developments.
- > Enhancing the capacity of not-for-profit and cooperative housing associations to deliver and manage affordable housing.

7. Monitoring *Melbourne 2030*

That an outcomes-based monitoring framework for *Melbourne 2030* be developed that will provide information to decision-makers and stakeholders.

This should:

- > Assess progress in moving towards *Melbourne 2030* outcomes.
- > Assess the effectiveness of *Melbourne 2030* implementation.
- > Provide a basis for adjusting the implementation of *Melbourne 2030* and updating the Plan in the future.

That the State Government commissions an independent assessment of progress towards completing implementation actions for *Melbourne 2030* as part of the next five-year audit.

APPENDICES

A1	<i>Melbourne 2030</i> – Background
A2	Audit Expert Group’s Terms of Reference
A3	References and information sources
A4	<i>Melbourne 2030</i> Audit – list of submitters
A5	Acknowledgements

A1 MELBOURNE 2030 – BACKGROUND

Melbourne 2030

Melbourne 2030 is the Victorian Government's strategic plan to guide the sustainable development of metropolitan Melbourne and the surrounding region and enhance Melbourne's liveability now and in the future. It contains nine major Directions and 226 initiatives to achieve its objectives. The Directions are:

Direction 1 – A More Compact City

Direction 2 – Better Management of Metropolitan Growth

Direction 3 – Networks with the Regional Cities

Direction 4 – A More Prosperous City

Direction 5 – A Great Place to Be

Direction 6 – A Fairer City

Direction 7 – A Greener City

Direction 8 – Better Transport Links

Direction 9 – Better Planning Decisions, Careful Management.

The Plan was released in 2002, following a two-year consultation program that involved a call for responses to a preliminary discussion paper, public forums, workshops with local government and interest groups, interviews with community and business leaders, and targeted involvement of young people and women. The Department of Infrastructure, which was then responsible for metropolitan planning, also commissioned a series of technical reports from independent specialists in relevant fields of planning and research which formed the basis for many of the strategies proposed in the Plan.

Following the launch of *Melbourne 2030*, there was a further round of public information sessions and more detailed partner briefings with local government and other key stakeholders. Six draft implementation plans – on the Urban Growth Boundary, growth areas, housing, activity centres, green wedges and integrated transport – were published in 2002. The State Government invited submissions on the implementation of the Plan and over 1,500 responses were received.

The draft implementation plans were combined in November 2003 into the *Melbourne 2030* Implementation Program, which is available on the *Melbourne 2030* website. The implementation program built on and refined the actions and tasks identified in the draft implementation plans, incorporating comments made in submissions, as well as developing implementation details for areas of the Plan not covered in the draft plans.

The Department of Planning and Community Development (DPCD) monitors progress against the implementation program and requires departments to report on an annual basis. In November 2006, over 95 per cent of *Melbourne 2030* implementation initiatives had been completed or were underway.

Melbourne 2030 contains a State Government commitment to undertake a review every five years, involving local government, the development industry, other key stakeholders and the community in the process.

***Melbourne 2030* Audit Process**

In 2006 the Minister for Planning announced that the first audit of *Melbourne 2030* would be carried out in two stages. The first required the DPCD, which is now responsible for overseeing implementation of *Melbourne 2030*, to carry out a stocktake of recent trends in metropolitan development and to assess the views of key stakeholders.

During this stage, DPCD held initial consultations on the implementation of *Melbourne 2030*, including meetings with senior planning staff of Melbourne's 31 local Councils. A year later, it released the report *Melbourne 2030 Audit: Analysis of Progress and Findings from the 2006 Census*. This report outlines key results from the 2006 Census, reviews progress in implementing Victorian Government actions to put *Melbourne 2030* into effect and summarises the feedback from key stakeholders.

The second stage was designed to consider the outcomes of DPCD's stocktake, as well as submissions from local government, key stakeholders and the general community, and to provide advice to the Minister for Planning on the ongoing implementation of *Melbourne 2030*.

The Minister for Planning asked a group of four independent experts – the Audit Expert Group (AEG) – to provide advice on strategic and implementation priorities for the next five years. This included identifying where there is a need to refine policy and implementation initiatives to enhance Melbourne's liveability. The AEG's Terms of Reference are included at Appendix A2.

Issues raised during DPCD's discussions and in the report on progress and findings were passed on to the AEG, together with copies of all submissions received in response to the State Government's call for stakeholder and community input to the Audit. All submissions are available on the DPCD website.

A2 AUDIT EXPERT GROUP'S TERMS OF REFERENCE

Purpose

To provide advice to the Minister for Planning to inform the Government's Audit of *Melbourne 2030*.

Background

Melbourne 2030 is the Government's strategic plan to guide the sustainable development of metropolitan Melbourne and the surrounding region and enhance Melbourne's liveability now and in the future. This strategy was released in October 2002. There is a commitment to undertake a review every 5 years involving local government, the development industry, key stakeholders and the community in the process.

To fulfil this commitment the Minister for Planning in 2006 announced an Audit of *Melbourne 2030* to be undertaken in two Stages.

- > Stage One comprises DPCD's stocktake of recent trends and an assessment of the views of key stakeholders.
- > Stage Two will consider the outcomes of DPCD's stocktake, submissions from local governments, key stakeholders and the general community and provide advice to the Minister for Planning on the priorities for enhancing and promoting the liveability of Melbourne through the ongoing implementation of *Melbourne 2030*.

Scope of work

General tasks

The Audit Expert Group is to provide a set of conclusions on issues it sees as relevant to the effective implementation of *Melbourne 2030*. The policy aspects of *Melbourne 2030* are not under examination. The AEG will review the principal findings of DPCD's stocktake and will report via the Convenor to the Minister for Planning.

The consideration of the AEG should include:

- > Whether recent development trends are consistent with the outcomes sought through *Melbourne 2030*;
- > Progress and effectiveness of the initial *Melbourne 2030* implementation initiatives;
- > Advice on strategic and implementation priorities for the next five years; and
- > Identification of key aspects of *Melbourne 2030* where there is a need for refinement of policy or implementation initiatives to achieve the strategic intent of the strategy and enhance Melbourne's liveability.

Specific issues

In addition, advice is requested on the following specific issues:

1. The effectiveness of local government's role in the implementation of *Melbourne 2030*;
2. Appropriate mechanisms for monitoring implementation of *Melbourne 2030*;
3. *Melbourne 2030* designates 26 Principal and 94 Major Activity Centres and their immediate environs as places for significant change. Advice is sought regarding actions that could reasonably be taken to make these locations:
 - **investment ready** to attract additional retail and office development;
 - **a focus for residential development**, increasing opportunities for higher density housing; and
 - **locally accessible** with improved accessibility for walking and cycling modes to and within centres.
4. Further actions to increase residential development opportunities including:
 - **providing greater planning certainty** for desired change in appropriate locations;
 - **levers required** to facilitate housing choice in and around activity centres in established areas;
 - **the potential of corridors/boulevards along the Principal Public Transport Network**; and
 - **achieving a balance** between housing intensification and reflecting local character.

It is not intended that the audit of *Melbourne 2030* include fundamental changes to the strategy's principles and directions. *Melbourne 2030* is a 30-year strategy and a fundamental change to the strategic direction within the first five years would be premature.

The AEG is not expected to consider proposals to amend the Urban Growth Boundary, designation of particular activity centres, the merits of specific development proposals or particular investments in infrastructure or services.

Submissions

Written submissions will be invited over a four-week period.

DPCD will place advertisements in local newspapers in early August advising of the Government's audit and the opportunity to make a submission to the AEG.

Submissions will be received by the Office of Planning and Urban Design on behalf of the AEG. Individual submissions as well as thematic summaries of submissions will be provided to the AEG to inform its work.

The AEG will determine whether submissions require further consideration.

Submissions should be concise and directly address matters raised in the Terms of Reference.

Meetings with submitters

The AEG:

- > Is not required to undertake public hearings, but may initiate meetings it deems necessary in its consideration of the outcomes of DPCD's stocktake and submissions. Particular consideration will be given to meeting with interested local governments and other key stakeholders including former members of the *Melbourne 2030* Implementation Reference Group.
- > May invite other submitters to meet with one or more AEG members where the Convenor considers such a meeting necessary to fully inform the Group.
- > May consult with relevant officers from Government Departments and Agencies to assist in its work.

The AEG's final report should provide a description of all consultation conducted by the AEG, including a list of all agencies, organisations and people consulted or met with by the AEG.

MEMBERSHIP

- Prof. Rob Moodie (Convenor)
- Mr David Whitney
- Michael Wright QC
- Dr Ann McAfee

A3 REFERENCES

- Australian Bureau of Statistics (2006) **Census of Population and Housing 2006**
- Department of Infrastructure (2002) **Melbourne 2030: Implementation Plan 3 – Housing Draft**, October 2002.
- Department of Planning and Community Development (2008) **New Residential Zones for Victoria: a Discussion Paper**
- Department of Planning and Community Development (2003 and ongoing) **Melbourne 2030 Implementation Program**
- Environment Protection Authority Victoria (2005) **Water Sensitive Urban Design** EPA Publication 989 (and related publications)
- Garnaut Climate Change Review (2008) **Interim Report to the Commonwealth, State and Territory Governments of Australia**
- Local Government and Planning Ministers Council (2005) **Framework for National Action on Affordable Housing** Published by Department of Transport and Regional Services
- SGS Economics & Planning Pty Ltd (2007) **Affordable Housing Policy and Practice Course**, Course material prepared for the University of Western Sydney.
- State of Victoria (2007) **Melbourne 2030 Audit: Analysis of Progress and Findings from the 2006 Census** Published by the Department of Planning and Community Development.
- State of Victoria (2006) **Our Environment, Our Future: Victoria's Environmental Sustainability Framework** Published by the Department of Sustainability and Environment
- State of Victoria (2006) **Meeting Our Transport Challenges: connecting communities** Published by the Department of Infrastructure
- State of Victoria (2006) **Towards an Integrated Victorian Housing Strategy A framework to address our future housing challenges** Published by the Department of Human Services
- State of Victoria (2005) **A Fairer Victoria: Creating opportunity and addressing disadvantage** Published by the Department of Premier and Cabinet
- State of Victoria (2005) **A Plan for Melbourne's Growth Areas** Published by the Department of Sustainability and Environment
- State of Victoria (2005) **Sustainable Neighbourhoods: Commentary, Clause 56 – Residential subdivision** (and accompanying Practice Notes) Published by the Department of Sustainability and Environment
- State of Victoria (2004) **Our Water, Our Future: Securing Our Water Future Together** Published by the Department of Sustainability and Environment
- State of Victoria (2004) **Melbourne Transport Plan** Published by the Department of Infrastructure
- State of Victoria (2002) **Melbourne 2030: Planning for Sustainable Growth** Published by the Department of Infrastructure.
- State of Victoria (2002) **Native Vegetation Management: A Framework for Action** Published by the Department of Natural Resources and Environment
- State of Victoria (2002) **Victorian Greenhouse Strategy** Published by the Department of Natural Resources and Environment
- VicUrban (2008) **Sustainability Charter**

A4 MELBOURNE 2030 AUDIT – LIST OF SUBMITTERS

Metro Councils

Banyule City Council
Bayside City Council
Boroondara City Council
Brimbank City Council
Cardinia Shire Council
Casey City Council
City of Port Phillip
Darebin City Council
Frankston City Council
Glen Eira City Council
Greater Dandenong City Council
Hobsons Bay City Council
Hume City Council
Kingston City Council
Knox City Council
Manningham City Council
Maribyrnong City Council
Maroondah City Council
Melbourne City Council
Melton Shire Council
Monash City Council
Moonee Valley City Council
Moreland City Council
Mornington Peninsula Shire Council
Nillumbik Shire Council
Stonnington City Council
Whittlesea City Council
Wyndham City Council
Yarra City Council
Yarra Ranges Shire Council

Non Metro Councils

City of Greater Bendigo
Macedon Ranges City Council

Regional Groupings of Councils

Eastern Transport Coalition
Inner Melbourne Action Plan (IMAP) Implementation Committee
Interface Councils

Stakeholder Groups

Blind Citizens Australia
Bulky Goods Retailers
Bus Association of Victoria
Central Highlands Region Water Corporation
City West Water
Commonwealth Department of the Environment and Water Resources
Environment Defenders Office
Green Wedges Coalition
Heart Foundation (Victorian Division)
Housing Industry Association Ltd
Master Builders Association of Victoria
Melbourne Water
Municipal Association of Victoria
National Trust of Australia (Victoria)
Planning Institute of Australia (Victorian Division)
Port Phillip and Westernport Catchment Management Authority
Property Council of Australia
Real Estate Institute of Victoria
The Royal Australian Institute of Architects
Town and Country Planning Association
Urban Development Institute of Australia (Victoria)
VicHealth
Victorian Council of Social Service (VCOSS)
Victorian Eco-Innovation Lab, Australian Centre for Science, Innovation and Society, University of Melbourne
Victorian Farmers Federation
Victorian Local Governance Association
Victorian Planning and Environmental Law Association
Whittlesea Branch, Victorian Farmers Federation

Community Organisations

Bend of Islands Conservation Association Inc.
Blackburn Village Residents Group
Boroondara Residents' Action Group
Calderside Group
Cardinia Ratepayers & Residents Association Inc.
Carlton Residents Association Inc.
Collingwood & Abbotsford Residents Association Inc.
Darebin Appropriate Development Association
Darebin Creek Management Committee
Diggers Rest Residents Association Inc.
Eltham Chamber of Commerce and Industry Inc.
Friends of Merri Creek
Friends of Nillumbik
Glen Eira Community Associations Inc.
Green Wedge Protection Group Inc.
Land Owners Rights Association
Macedon Ranges Residents' Association Inc.
Maling Precinct Protection Group
Malvern East Group, Planning Backlash
Malvern East Group
Maribyrnong Residents Association Inc.
Merri and Edgars Creeks Parkland group
Merri Creek Management Committee
Mitcham Residents Association Inc.
Mordialloc Beaumaris Conservation League Inc.
Mt Eliza Action Group
Nillumbik Ratepayers Association
North Warrandyte (Osborne Peninsula)
Landcare Group Inc.
Notting Hill Community Association
Olinda Creek Landcare Group
Planning Backlash
Public Transport Users Association (PTUA)
Save Carnegie Action Group
Save the Casey Foothills Association
Save the Dandenongs League
Save Our Suburbs
Stud & Police Roads, Rowville Owners Group
Sunbury Conservation Society Inc
Sustainable Population Australia Victorian branch
The 3068 Group Inc.
The Rate Payers of Werribee South Inc
Toorak Village Residents Action Group Inc
Upper and Yarra Dandenongs Environment
Council Inc.
Warrandyte Community Association

Wattle Glen Residents' Association Inc.
West of Elgar Residents Association
Westernport and Peninsula Protection Council
Wollert Landowners UGB Fringe
Yarra City Activity Centre Business Forum

Developers/Private Organisations

Cedar Woods Ptd Ltd
Coles Group Limited
Connell Wagner Pty Ltd
Coomes Consulting Group Pty Ltd
DRAPAC Management Ltd
Delfin Lend Lease
Devcon Group Pty Ltd
F. R. Perry and Associates Pty Ltd for AMP Capital
Investors
FKP Property Group
Gerard Coutts Pty Ltd
Hansen Partnership Pty Ltd
Millar Merrigan
Planning Australia Consultants for Wagstaff
Cranbourne Pty Ltd
SJB Urban Pty Ltd
Spatial Sciences Institute – Land Surveying
Commission
Stockland Development Pty Limited
The Planning Group Pty Ltd
Urban Edge Consultants Pty Ltd
Urbis Pty Ltd
Villawood Properties Pty Ltd

Private individuals

Submissions were received from 73 individuals.
Due to privacy legislation their names
cannot be published.

A5 ACKNOWLEDGEMENTS

The Audit Expert Group would like to acknowledge the assistance of the Department of Planning and Community Development's Urban Development Division in supporting the work of the AEG.

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- *Professor Bill Young*
- *Mike Waller*
- *Neil Bird*

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