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# Funding Liveability

## Challenges & Opportunities

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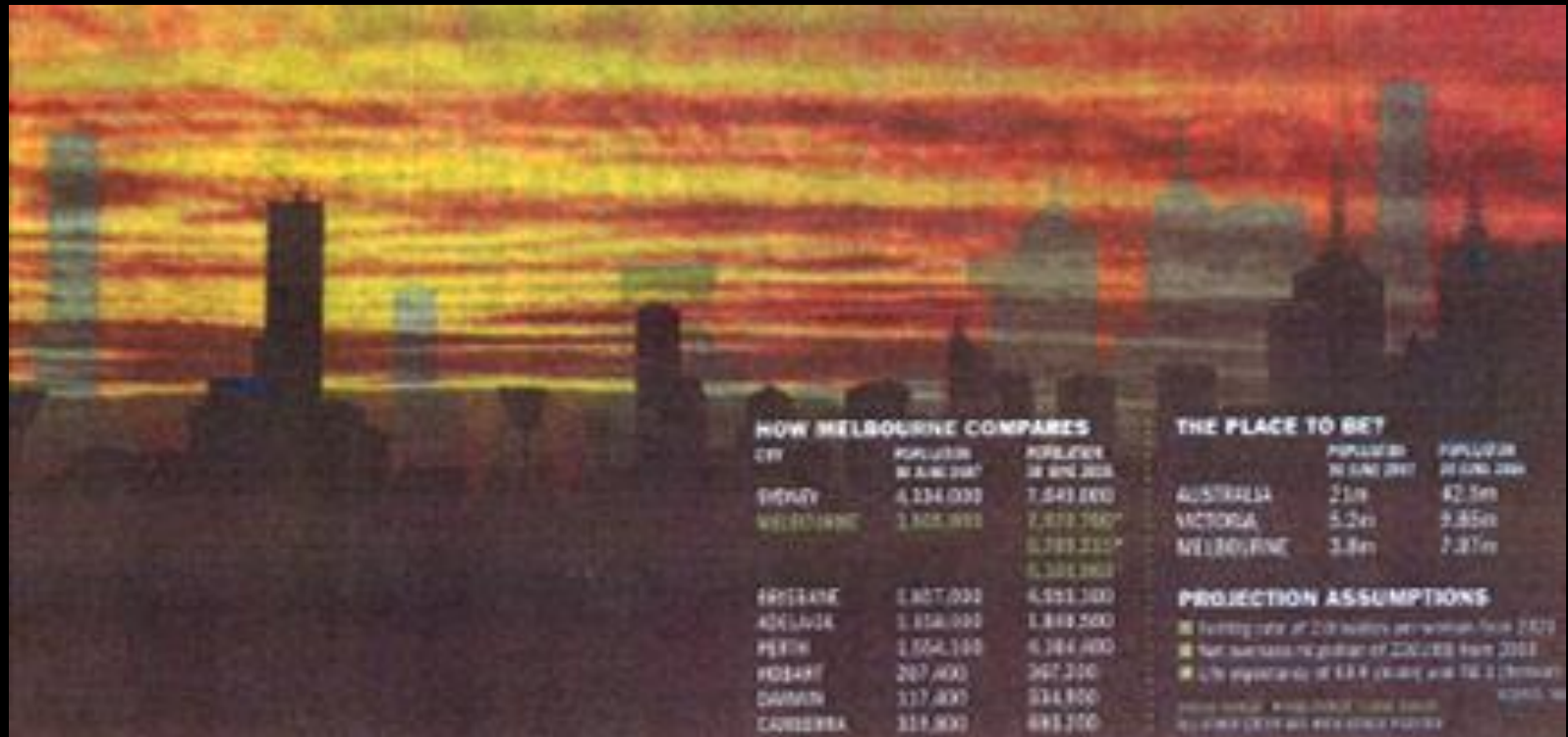
# Liveability



- Economic development
- Social development
- Community sustainability
- Environmental sustainability

- *2008 for the first time in world history more humans live in cities and towns rather than rural areas*
- *By 2036, 5.5 million people will reside in Melbourne*
- *By 2036, 1.9 million people will reside in regional Victoria*
- *By 2049, Australia's population will rise by 60% to 35 million people*

# City of 8 million 'unliveable'



# Regional cities must be key to Victoria's future

“...a model (is needed) for taking pressure off Melbourne while still allowing the state to develop and (allowing) the population to rise”  
*David O'Brien*

The Age – 16 September 2008

## Regional cities must be key to Victoria's future

Ireland offers a model for taking pressure off Melbourne while still allowing the state to develop and the population to rise, writes **David O'Brien**.

**B**OB Birrell's article "It's time for Melbourne to take a breather in the race for growth" (The Age, 4/8) highlights some of the problems facing future planning for Melbourne in terms of population accommodation, environmental sustainability, infrastructure capacity and livability.

The solution may not be to shut up shop on population growth in Victoria, but rather to ease the pressures off Melbourne as the state capital to be the primary accommodation for new housing developments.

A greater focus on opportunities in regional centres can both help in developing those centres and supporting towns while making Melbourne more pleasant.

Such an approach has recently been applied successfully overseas in countries such as Ireland where instead of expanding Dublin exponentially, Ireland has adopted a plan to identify nine "Gateway" cities and bring them larger growth with Dublin.

The National Development Plan (NDP) 2004-2008 and NDP 2007-2013 adopted in Ireland has a focus on the development of nine "Gateway" regional areas. In order to achieve a better balance between the regions in terms of economic and social development, and to ease the pressures in the area of transport, housing and environmental services in the Greater Dublin Area (Dublin and mid-west regional).

By developing regional areas in balance with the Greater Dublin Area, the Irish model is able to avoid the problems that Melbourne is facing.

By investing in transport, energies and housing development across the various "Gateways" in Ireland, these regional areas have become more attractive as places of residence and business.

Statistics from the 2006 census show that the population of Ireland has increased from 3,817,283 in 2002 to 4,238,948 in 2006 (10.7% increase). However, while there has been population growth in the Greater Dublin Area from 2002 to 2006, the Greater Dublin

Area's share of the national population remained virtually constant at 35.2% over the same period. This suggests that the plan has been effective to some degree in avoiding the overpopulation of Dublin and subsequent strain on resources.

This model is worthy of consideration, and the State Government should seize this opportunity to rethink the future of Victorian planning growth.

The Victorian Government's urban planning policy, Melbourne 2030, while applicable outside the metropolitan area, reads as the same suggests, focus attention on accommodating future state population growth within the metropolitan area, rather than outside of it.

The greatest opportunity that many country towns and regional centres offer is towards a more European model of planning and urban development where the "skier town" is preserved for heritage, residential and tourism while the town peripheries are preserved with strategic industrial businesses and "CBD" office development.

This helps to provide for growth focused on areas with good access to transport networks and natural resources such as water.

Under this model, higher densities greater than two to three stories in height are directed towards the periphery of towns where there are larger heritage houses and more available land, rather than the centre of towns where the existing valued human scale beauty of these towns are preserved and enhanced.

Unfortunately, this has not been the preferred model of development that has occurred in the 20th century development of most capital cities in Australia and the US, where the town centres have been developed into high rise CBDs and a surrounding residential population breeds their continued growth.

Many Victorian regional cities and towns such as Porepunkah, Bendigo, Wangaratta or Ballarat still offer the opportunity to get the balance right and preserve the historic, central retail and commercial

area, while catering for future growth.

To focus more strategic planning on these and other regional centres will help reduce the growth burden on the capital, while maintaining Victorian overall growth projections.

Prime Minister Braddon's announcement earlier this year to introduce new Urban Growth Zones (UGZ) in Melbourne's outer growth regions has perhaps raised an opportunity to head towards a more economic and environmentally sustainable model of development, focused on growing regional centres instead of the further expansion of Melbourne.

While many of these regional centres have experienced rapid population growth in recent years, strategic planning has in some instances struggled to keep pace. Further, in some instances, positive incentives ought to be considered to encourage well situated regional centres to share growth that would otherwise be directed towards Melbourne.

The new urban areas, which are to be applied to land regional growth zones such as Whitehorse, Casey-Candialla and Hurst, is designed to track the development process and tackle issues relating to housing affordability and the housing population in the short to medium term.

However, what should be maintained is the possibility that the further expansion of Melbourne into surrounding rural areas is likely to sustain problems such as traffic congestion, while not helping approved livability in the longer term.

Although the Precinct Structure Plans (PSPs) which are set to be applied in these growth zones make allowances for the construction of community services and infrastructure, it seems likely that these proposed UGZ developments will become over-dependent communities, lacking much-needed public transportation and other community services.

David O'Brien is a Melbourne business specialist in planning, valuation, environment and property law.

# New population forecast forces a rethink on urban planning

## New population forecast forces a rethink on urban planning

NEW population projections by the Australian Bureau of Statistics released earlier this month change the ball game with regard to metropolitan planning. Now is the time for state governments to review their plans and for developers to press for extensions to the urban form.

A series of strategic plans were released earlier this decade based on population projections flowing from the results of the 2001 census. The new projections based on the 2006 census are so vastly different that it is now necessary to rethink the scale and form of our largest cities.

It started with the Melbourne 2030 plan, which was released in October 2002, followed by Perth's Network City in September 2004, the South East Queensland Regional Plan in June 2005, Sydney's City of Cities in December 2005 and the final version of the Planning Strategy for Adelaide in December last year.

How do five metropolitan plans that make provision for the net addition of 2.9 million residents over 25 years to 2031. The problem is that the new ABS projections place net growth in these areas over this period at 5 million.

Now a few hundred thousand spread over five years could possibly be accommodated by reworking existing plans, but not an extra 2.1 million. This number flows in refract on a grand scale.

For example, Melbourne 2030 is designed to contain the city's expansion via an urban growth boundary (or UGB). This boundary was set when it was thought that Melbourne might add 831,000 residents between 2005 and 2030.

But now the ABS has weighed in with a very different outlook: it says Melbourne will add 853 million over the time frame. The difference is 78,000 people or around 500,000 households.

The strategic response options are to either maintain the UGB and force residents into high-rise apartments in areas outside the childless and other gloomy inner city, or to expand the city along transportation corridors in a controlled manner.

This would mean ensuring that each corridor contained sufficient jobs and retail, health and education services to minimise commuting to other parts of the city.

The new plan for Melbourne would resemble a flower with each corridor forming a petal. The idea is that the city can expand along a transportation corridor (road and rail) as long as that corridor is not constrained with regard to urban services.

The only reason to navel out of the corridor would be to visit the high-order functionality of the city centre — for

**BERNARD SALT**  
DEMOGRAPHER



example, the MCG or specialist medical services.

The same logic applies to Sydney. City of Cities was built on the basis that 380,000 residents were to be added to the city between 2006 and 2031. But now this outlook has been upped by the ABS to 1.47 million.

How does Sydney cope with an extra half-a-million residents over and above the number that was initially planned for? Can Kellyville and Rouse Hill really accommodate the "system surge" generated by new projections? And if not, then where are these extra bodies going to fit?

And then there's the issue of what infrastructure is required to facilitate new growth areas?

There's also the issue of how an apparently "hefty" state Government will fund this infrastructure.

**Now is the time to develop a long-term and strategic vision for each city based on a 2050 perspective**

There's a great political response to this dilemma. It's called the "getting of religion".

Politicians get the religion of consensus the minute they understand the task of allocating funds for urban infrastructure.

The better to put your hand on your chest and swear that you believe the city is big enough and that no further growth is required. This closes down the city and the heat generated by the demand for infrastructure simply melts away.

Conservation is such a beautiful concept on so many levels. But there's a problem. The states can embrace conservation all they like, but if the federal Government continues to pump immigration levels to 280,000 per year, then where does all this humanity flow?

It flows and jams and crams into cities, packing up cities. This, too, is a beautiful thing. High rises can be managed by planners by mandating that developers include affordable housing into their estates.

Here is a neat shuffling of responsibility: the state's obligation to provide infrastructure has now morphed into the

development industry's obligation to deliver affordable accommodation.

And on 2 rails Perth's Network City was developed on the understanding that the city would add 546,000 residents between 2006 and 2031, whereas in Brisbane the Regional Plan was to accommodate 476,000 over the same time frame.

But in both cases the new projections up the ante. Perth must now cope with 877,000 extra residents and Brisbane 865,000 in total. That's about 800,000 extra residents across both cities over and above the provision in existing plans.

Oddly enough, it's Adelaide that has come through the process with its strategic plan more or less intact. But that's only because the plan was sufficiently flexible to accommodate an upside forecast based on the aspirational political objective of "Two Million by 2050".

Adelaide is on track to reach this target and it doesn't have to toss out its metropolitan plan to get there.

The issue for the development community is how this will play out. The official response from state planners will be that they don't rely on ABS projections; they rely on state projections. And where are these state projections?

They are all being recalculated right now to accommodate the new census data. No state releases its projections before the ABS releases its. So, even though the official response is that the ABS projections carry no weight, the fact is that they do set the tone.

I think developers with land on the edge of each of our five largest cities should be right now briefing state planners and demanding to know how the strategic plan will accommodate heightened growth rates.

Now is the time for the development community and planners to continue forces and develop a long-term and strategic vision for each city based on a 2050 perspective.

Such a plan should accommodate a variety of housing styles, including low density and a checklist and timescale of infrastructure required.

It would even be appropriate for state governments to start looking at new ways of funding and delivering infrastructure that does not impinge on their "most worthy" uses for our state taxes.

It's time to drop the pretence that the current strategic plans will manage our cities in the first half of the 21st century and develop bold new models for housing, infrastructure and funding. Bernard Salt is a RPNQ partner. bsalt@rpnq.com.au

“Now is the time to develop a long-term and strategic vision for each city based on a 2050 perspective...”  
*Bernard Salt*

The Australian – 18 September 2008

*Regional & Rural Victoria needs  
to secure its place and role in  
providing a socio-economic  
solution to population growth  
and decline*

*“The prosperity of both our cities and regions depend on each other, so that planning for the separate needs of regional Australia and metropolitan Australia is in the interest of the whole nation.”*

- Prime Minister, 27 October 2009

# Make sure we are part of a bigger picture to.....

- Build productive cities – with efficient transport and communications networks that connect regions
- Build affordable, liveable communities
- Build sustainable cities and communities

# \$3.06B Price Tag of Liveability

Category	Requirement Type	Costs	Total Costs
Bus services	Operational and capital	\$13m	\$13m
Passenger Rail services	Capital	\$130m	\$130m
Passenger Rail services	Operational	\$65m per annum (pa) over 4 years	\$260m
Residential Land (servicing)	Capital	\$287m	\$287m
Industrial Land (servicing)	Capital	\$173m	\$173m
Hospital	Capital	\$240m	\$240m
Hospital	Operational	\$150m p.a. over 4 years	\$600m
Emergency department costs	Operational	\$15m p.a. over 4 years	\$60m
Electricity	Operational and capital	\$110m p.a. over 4 years	\$440m
Gas	Operational and capital	\$34m p.a. over 4 years	\$136m
Victorian TAFE	Capital	\$10m	\$10m
Victorian TAFE	Operational	\$34m p.a. over 4 years	\$136m
Water	Operational and capital	\$50m p.a. over 4 years	\$150m
Schools	Operational and capital	\$75m p.a. over 4 years	\$300m
Libraries	Operational and capital	\$3.9m p.a. over 4 years	\$15.6m

# \$3.05B Price Tag of Liveability

<b>Category</b>	<b>Requirement Type</b>	<b>Costs</b>	<b>Total Costs</b>
Kindergarten	Operational and capital	\$3.2m p.a. over 4 years	\$12.8m
Childcare	Operational	\$8.4m p.a. over 4 years	\$33.6m
Arts and cultural	Capital	\$16.2m	\$16.2m
Arts and cultural	Operational	\$4.5m p.a. over 4 years	\$18m
Recreational	Capital	\$8.8m	\$8.8m
Recreational	Operational	\$4.0m p.a. over 4 years	\$16m
<b>Costs required to support the development of regional cities until the year 2015</b>			<b>\$3.06 billion</b>

# The Business Case for Regional Victoria

- **\$3.05 billion** - to develop and retain liveability in regional Victoria to accommodate and retain population
- **\$7.0 billion** – inefficiency and greenhouse cost to retain that population in Melbourne

# Challenges & Opportunities

*“certainty”*

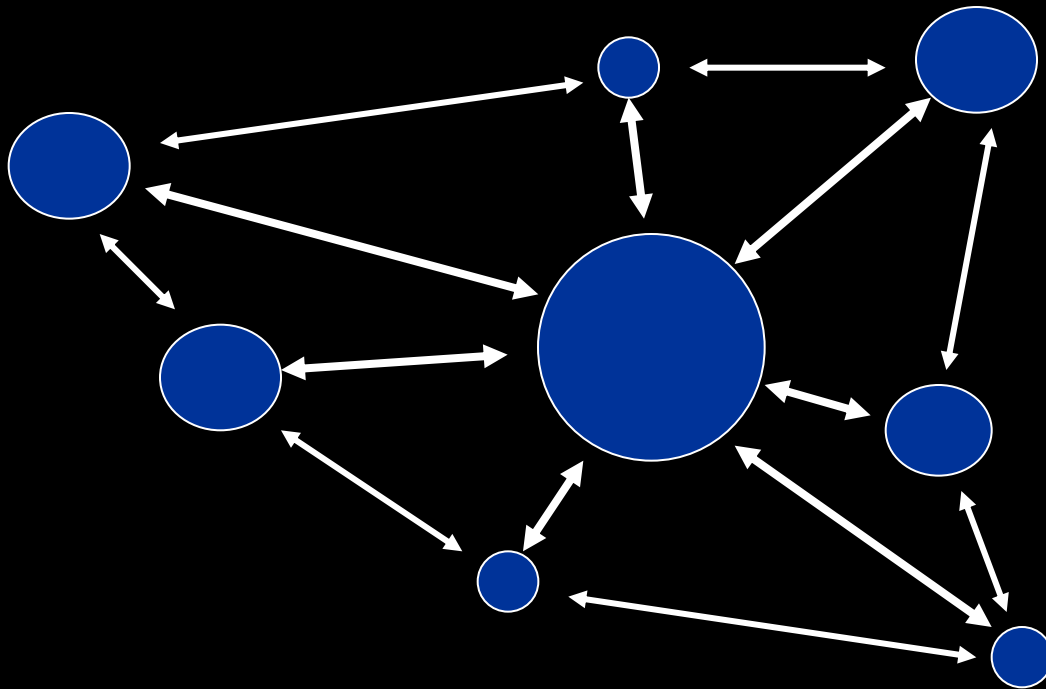
# Local Government

- Create certainty through effective long term financial strategy

Year		Inflation	Rate %	Underlying Result %	Liquidity	Self Financing	Indebtedness	Investment Gap
1	09/10	3.0%	4.0%	Low	Low	Low	Low	Low
2	10/11	3.0%	4.0%	Low	Low	Low	Low	Medium
3	11/12	3.0%	3.5%	Low	Low	Low	Low	Medium
4	12/13	3.0%	3.5%	Low	Low	Low	Low	Medium
5	13/14	3.0%	4.0%	Low	Low	Low	Low	Medium
6	14/15	3.0%	4.0%	Low	Low	Low	Low	Medium
7	15/16	3.0%	3.5%	Low	Low	Low	Low	Medium
8	16/17	3.0%	3.5%	Low	Low	Low	Low	Medium
9	17/18	3.0%	3.5%	Low	Low	Low	Low	Medium
10	18/19	3.0%	3.5%	Low	Low	Low	Low	Medium

# Regional Game Plan

- Think “Liveable Regional Community”



# State & Federal Government

*“Grants don’t work!”*

- Portion of GST linked to cost of living

# State & Federal Government

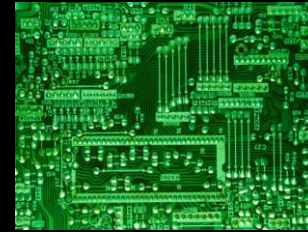
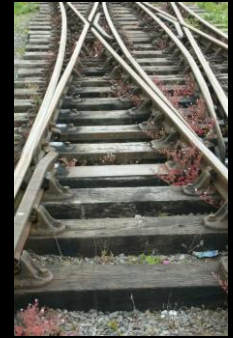
*“Build on what works”*

- Expand the parameters and flexibility of the RIDF to include the full spectrum of liveability infrastructure and services required to support growth in regional Victoria
- Increase the RIDF funding allocation to support 30 per cent of the State’s population

# State & Federal Government

## *“State of ALL Australian Cities 2010”*

- Expand the Infrastructure Australia Major Cities Unit to examine interdependencies with Regional Australia
- Expand the “indicator framework” to include regional towns and cities



*“Sustained, future defining strategies require long term thinking and long term action”*