



Cairns, QLD

Appendix A

Council of Australian Governments planning criteria for cities

COAG has agreed to reforms to ensure our capital cities are well placed to meet the challenges of the future. The COAG Reform Council has been asked to:

- review capital city strategic planning systems against agreed national criteria
- support continuous national improvement in capital city strategic planning
- build and share knowledge of best practice planning approaches.

There are nine criteria for future strategic planning of capital cities. These are described below. These criteria will provide the platform to re-shape our capital cities. The criteria are intended to ensure that our cities have robust, transparent and long-term planning systems in place to manage population and economic growth, address climate change, improve housing affordability and tackle urban congestion.

The Australian Government is working with each of the State and Territory Governments to support improvements in strategic planning, and to share best practice planning approaches. This sharing of knowledge and best practice benefits not just the capital cities but all the cities of Australia.

The Reform Council's report on the review of capital cities strategic planning systems against the national criteria will be submitted to COAG in December 2011.

NATIONAL OBJECTIVE AND CRITERIA FOR FUTURE STRATEGIC PLANNING OF CAPITAL CITIES

Objective

To ensure Australian cities are globally competitive, productive, sustainable, liveable, socially inclusive and well placed to meet future challenges and growth.

Criteria

Capital city strategic planning systems should:

1. Be integrated across:
 - a. functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development
 - b. government agencies
2. Provide for a consistent hierarchy of future oriented and publicly available plans, including:
 - a. long-term (for example, 15 to 30 years) integrated strategic plans
 - b. medium-term (for example, 5 to 15 years) prioritised infrastructure and land-use plans
 - c. near-term prioritised infrastructure project pipeline backed by appropriately detailed project plans.

3. Provide for nationally-significant economic infrastructure (both new and upgrade of existing) including:
 - a. transport corridors
 - b. international gateways
 - c. intermodal connections
 - d. major communications and utilities infrastructure
 - e. reservation of appropriate lands to support future expansion
4. Address nationally-significant policy issues including:
 - a. population growth and demographic change
 - b. productivity and global competitiveness
 - c. climate change mitigation and adaptation
 - d. efficient development and use of existing and new infrastructure and other public assets
 - e. connectivity of people to jobs and businesses to markets
 - f. development of major urban corridors
 - g. social inclusion
 - h. health, liveability and community wellbeing
 - i. housing affordability
 - j. matters of national environmental significance.
5. Consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections.
6. Provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfields development.
7. Clearly identify priorities for investment and policy effort by governments, and provide an effective framework for private sector investment and innovation.
8. Encourage world-class urban design and architecture.
9. Provide effective implementation arrangements and supporting mechanisms, including:
 - a. clear accountabilities, timelines and appropriate performance measures
 - b. coordination between all three levels of government, with opportunities for Australian Government and Local Government input, and linked, streamlined and efficient approval processes including under the Australian Government's Environment Protection and Biodiversity Conservation Act 1999
 - c. evaluation and review cycles that support the need for balance between flexibility and certainty, including trigger points that identify the need for change in policy settings
 - d. appropriate consultation and engagement with external stakeholders, experts and the wider community.

Appendix B

Perspectives on Australian cities

Australian Parliament

The past five years have seen renewed interest in the role of the Australian Government in urban policy and planning. In 2005, the House of Representatives Standing Committee on Environment and Heritage conducted an enquiry—*Sustainable Cities*—to report on issues and policies related to the development of sustainable cities to the year 2025. The vision adopted by the Committee was for cities to be ‘vibrant and healthy—environmentally, socially and economically’.

The Committee called for coordinated and concerted action by government, industry and the community. It recommended that the Australian Government assume a leadership role in securing more sustainable outcomes for cities. The Committee also made recommendations in the areas of planning and settlement patterns, transport, water, building design and management, energy, research and monitoring. Many of the recommendations have been, or are in the process of being, addressed.

In addition, the *Australia State of the Environment Report 2006* brought attention to the environmental risks of continued population growth along the coastline, projecting the formation of mega-metropolitan regions with the potential to consume or degrade areas of highly-valued biodiversity and agricultural land. The report also argued that a reduction in net individual consumption and waste is required to improve the sustainability of our cities and settlements through various measures, including greater

population densities in cities and major urban areas; increased recycling and reuse of building material; the capture and use of stormwater; the recycling of wastewater and biological waste, and improved urban form and urban structures.

The report also argued for the development and implementation of national policy under the leadership of the Australian Government to provide guidance to government, industry and consumers and achieve a common approach to the creation of sustainable settlements.

State and Territory Government

State and Territory Governments accept that they have principal responsibility for effectively planning and managing their cities, and all have slightly unique mechanisms for undertaking this task. Most have metropolitan and regional city planning strategies that are agreed at a whole of government level but have considerable variation in implementation and in the regulatory planning systems that aim to deliver on the plans.

Through the COAG agreement for cities of December 2009 a united position has now been adopted about the importance of cities and the need for effective planning.

It is noteworthy that State and Territory Planning and Local Government Ministers and the Australian Local Government Association have advocated stronger involvement from the Australian Government in our cities.

Local Government

Council of Capital City Lord Mayors

The Council of Capital City Lord Mayors is a voluntary collective of councils whose jurisdictions cover the central business districts of the eight capital cities, and a much broader area in the case of Brisbane. The Council has a history of more than 40 years and aims to provide effective co-ordination and representation of the special interests of the capital cities of the Australian States and Territories, especially in their relations with other levels of government.

The Council of Capital City Lord Mayors has recently invited the participation of the major cities of Newcastle, Gold Coast, Wollongong and Geelong to form a major cities working group dedicated to achieving the sustainability of our cities.

The Australian Government has ongoing discussions with the Lord Mayors and will continue to collaborate with them to improve sustainability of our major cities.

National Growth Areas Alliance

The National Growth Areas Alliance is a recently formed collective of councils representing the interests of 24 of the fastest growing Local Government areas across Australia. The populations of these councils represent one in four Australians and the Alliance is advocating for a commensurate amount of funding and infrastructure to support these communities.

The National Growth Areas Alliance formed in response to recognition by these Local Governments that the cost of building socially vibrant, economically viable and environmentally sustainable communities is high and is projected to increase.

Many of these growth area councils have identified that their capacity to deliver the quantity and quality of facilities and services required by these new communities will become increasingly compromised over time. The Australian Government is also concerned that in working towards a balance between infill and greenfield development that communities in new growth areas have a level and quality of services and urban amenity that is of a standard equitable with established urban areas.



Perth, WA



Community perspectives

Since November 2007, the Australian Government has sought the participation of the wider community in policy development. It has sought initial input from the community to inform the development of the *National Urban Policy* directions by conducting independent community focus groups in different sub-regions of metropolitan areas across the nation. This research indicated that people:

- want to contribute to and share in the nation's prosperity and benefit from opportunities created by growth and innovation in our cities
- value their quality of life and want to maintain and enhance this
- would like to reduce their environmental impact and preserve the environment for future generations.

While there is broad agreement on these general aspirations for our cities there are some differences in opinion about how to achieve them. Industry and government consider governance of cities to be of primary concern, whereas the community is more concerned with outcomes rather than the process of delivery.

Industry perspectives

Peak industry organisations and professional associations have also advocated for a national approach to policy and planning in cities to address future challenges of growth and change. Among these are:

- A draft principles-based framework for strategic planning of cities and communities that emerged from the 'Built Environment Meets Parliament' initiative. The 2009 consultation draft noted there is: 'broad agreement that reshaping the future development of cities through better integrated infrastructure and land-use planning arrangements will be critical to Australia's future GDP and productivity growth as well as providing improved access to services for the growing populations of the nation's cities, enhancing quality of life and conserving the environment.'
- The *Sustainable Communities 2006* report, prepared by the Sustainable Communities Roundtable (comprising the Planning Institute of Australia, Property Council of Australia, Australian Institute of Architects, and Intergovernmental Planning Officials Group) advocated the development of a national sustainable communities strategy; setting targets linked to planning outcomes; independent review and guidance through the establishment of a Sustainable Communities Commission; and the establishment of a National Sustainable Communities Fund.



Perth, WA



Sunshine Coast, QLD

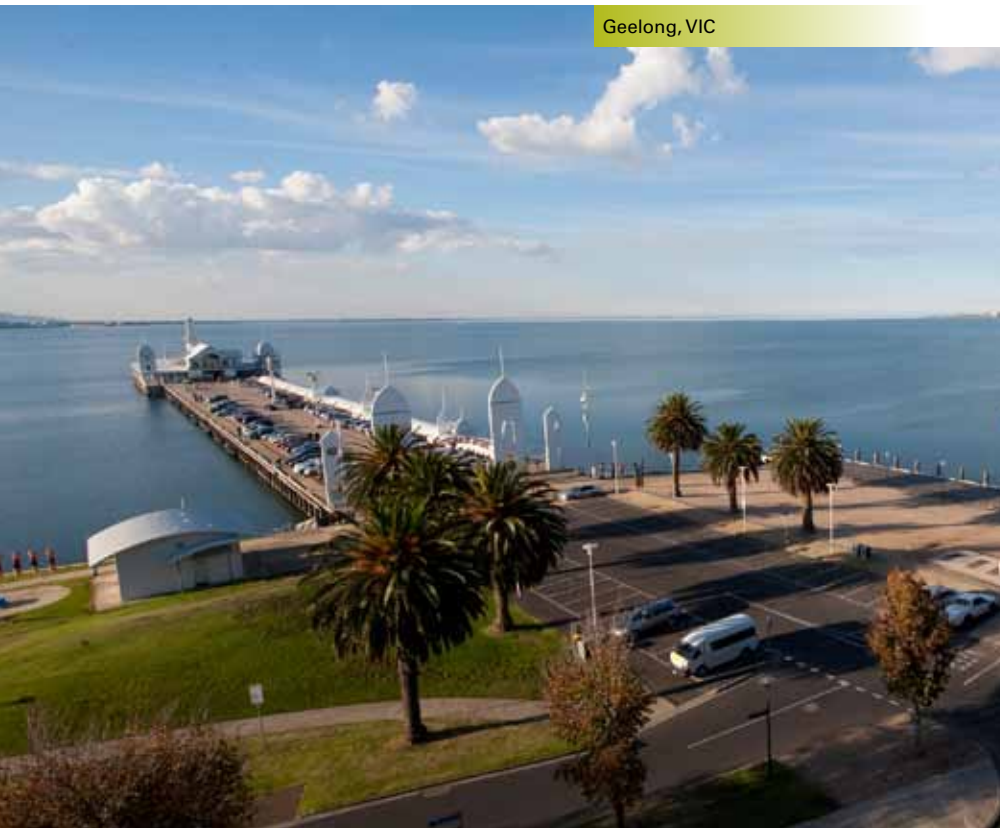


Darwin, NT

- Infrastructure Partnerships Australia's, *Australia's Infrastructure Priorities: Securing Our Prosperity* report (2009) focused on strategic infrastructure planning and investment to underpin national productivity. It made recommendations on governance, approval processes, procurement, skills base, supply chain reforms, specific infrastructure initiatives, and market or regulatory reforms. The report also called for Australian Government and State and Territory Governments to address impediments to better urban liveability and functionality of cities, with a focus on affordable housing, health, justice, sport, cultural and education needs.
- The Business Council of Australia's policy agenda highlights the economic and social necessity of increasing workforce participation, and that infrastructure quality and capacity plays an important role in determining the structure and strength of economic growth and activity.

The views of leading industry groups were also among the submissions received by Infrastructure Australia in October 2008 in undertaking the first national audit of Australia's infrastructure. These submissions covered issues related to infrastructure in cities and of sustainability and liveability. Of particular relevance for cities were the challenges and opportunities presented by organisations such as the Council of Capital City Lord Mayors, the Property Council of Australia, the Urban Development Institute of Australia, the Planning Institute of Australia, among other industry, stakeholder and professional associations. Recurring themes were the importance of national leadership, governance reforms and partnership approaches to managing the array of complex and interrelated issues faced by cities. Adequate planning for and investment in cities was also seen as vital.

Geelong, VIC



Urban research leaders

Various leading urban researchers have made valuable contributions to informing policy on urban issues and have similarly argued that sustainable development of our cities requires the collective efforts of all levels of government, industry and communities.

The biannual State of Australian Cities Conference, established in 2005, and other national research conferences serve to highlight emerging issues and new approaches to urban challenges.

Since 2008 there have been a number of initiatives between industry and research organisations which have contributed to the growing body of research and position papers that are helping to inform the *National Urban Policy*. These include, but are not limited to:

- *ADC Cities Report : Enhancing Liveability*, Australian Davos Connection Forum
- *Cities for the Future Report: Transport Baseline Emissions*, Australian Sustainable Built Environment Council
- *Green Star Communities Framework*, Green Building Council of Australia
- *The Cities We Need*, Grattan Foundation
- *Sustainable Cities Index*, The Australian Conservation Foundation
- *Towards a City Strategy*, Council of Capital City Lord Mayors
- *New Ideas for Australia's Cities*, Urban 45
- *Spotlight on Australia's Capital Cities*, KPMG
- *Melbourne Beyond 5 Million*, Committee for Melbourne



Appendix C

What the Australian Government is doing now

Since November 2007, the Australian Government has pursued policy reforms and invested significantly in our cities. Its involvement in major cities is discussed further in this Appendix, under the themes of productivity, sustainability and liveability.

Population policy

The Australian Government is currently developing a *Sustainable Population Strategy* scheduled for release in 2011. The Strategy will consider how population size, distribution, composition and growth rate affect the sustainability of Australia's economy, environment and society. The *National Urban Policy* and the role of Australia's cities will have strong links to the development of the Strategy.

Three Advisory Panels have been appointed to provide advice on the issues that a *Sustainable Population Strategy* will need to address. A public discussion paper will be released towards the end of this year, with the strategy being finalised in the middle of the year.

The Government recognises that a growing and ageing population presents both challenges and opportunities for Australia. With better information, and the right policy settings, particularly around natural and built environments, infrastructure provision and use, immigration, and fiscal sustainability, the Government believes that it can meet the challenges, while making the most of the opportunities.

Regional policy

Complementary to the development of the *National Urban Policy*, the Australian Government is developing its regional policy agenda. This agenda will reflect the Government's commitment to the following four principles:

- acknowledging regional diversity
- ensuring place-based thinking and localism—developing approaches or encouraging responses which effectively address and meet local and regional needs
- empowering communities to innovate and shape their own future
- ensuring a fair balance of investments and access to services for regional Australia.

These principles are consistent with the principles broadly reflected in COAG's capital city strategic planning system reforms, which stress the importance of coordinating across government and working with communities and the private sector to create productive, sustainable and liveable cities.

The Australian Government has also acknowledged the importance of the diversity of Australia's regional communities to the character of Australia.

Productivity

Infrastructure

Our cities' capacity to accommodate a larger population while supporting productivity growth will depend on the efficacy and adequacy of their infrastructure, particularly future communication and transport systems.

Along with State, Territory and Local Governments, the Australian Government has a direct role in funding and facilitating investment in major productivity-based infrastructure vital to the national economy. At the same time, it has a role in pursuing reforms to ensure that existing infrastructure is efficiently and effectively utilised to further increase productivity and meet future demands.

Infrastructure Australia

Infrastructure Australia was established by the Australian Government in April 2008 to review and advise on infrastructure reform and investment initiatives of national significance. One of its early priorities was the development of national *Public-Private Partnership Guidelines for Infrastructure Projects*, in conjunction with the States and Territories.

Following an audit of the nation's transport, water, energy and communications infrastructure

in 2008, Infrastructure Australia strongly advocated a new, national, structured approach to infrastructure planning and policymaking. The approach was founded on a clear seven step Reform and Investment Framework to develop and assess infrastructure strategies, investments or actions.

The Australian Government is investing \$37 billion in infrastructure commitments through the *Nation Building Program* over the period 2008–09 to 2013–14. This includes unprecedented funding under Infrastructure Australia's theme 'Transforming Our Cities' for urban projects such as the Regional Rail Express in Melbourne, Seaford Rail Extension and Gawler line in Adelaide, Northbridge Rail Link in Perth, and Light Rail on the Gold Coast. Further, it provided contributions to studies of urban railway projects in Brisbane and Sydney.

A suite of proposals worth \$4 billion received priority under Infrastructure Australia's recommendation (Infrastructure Australia 2010) for managed motorways in Brisbane, Sydney, Adelaide, Melbourne and Perth. The intention is to improve the operation of the motorway networks in major cities via the construction and retrofitting of intelligent transport systems. These include loop detectors, motorway ramp signals and lane use management systems, including variable speed limits and message signs.

Case Study: Perth Airport Transport Master Plan

The Australian Government provided \$3 million to Western Australia to develop the Perth Airport Transport Master Plan in 2007–08. The Western Australian Government contributed \$0.5 million.

The transport master plan will provide a strategic framework for the transport network around Perth Airport to address congestion and increasing demands as a result of growth in passenger numbers and the proposed consolidation of terminal operations and commercial and industrial development on the

airport and in the surrounding areas of Kewdale and Forrestfield.

The master plan will be important in the prioritisation of the \$530 million in funding that has already been committed to Perth's Urban Freight and Transport Corridor by the Australian Government. It will also inform the Australian Government in its consideration of future investment in Western Australia's urban infrastructure, such as the \$480 million announced during the 2010 election towards Western Australia's 'Gateway WA' project.

The Australian Government committed \$236 million from the *Building Australia Fund* for a link project in Northbridge, Perth. The project involves sinking the Fremantle rail line between the Horseshoe Bridge and Milligan Street to connect Perth's Northbridge precinct with the main city retail and business area, to enable redevelopment of the land in this important urban renewal project. The Western Australian Government and City of Perth will contribute the balance of the estimated total cost of \$335 million and fund associated bus station works.

Economic and gateway infrastructure

Cities are the international gateways for 96% of air passengers and 89% of imports by value—both of which are expected to double by 2030.

Key components of our national transport infrastructure are located in our major cities as hubs of people and as gateways to both international and domestic markets.

Seaports and airports, most of which are located in our major cities, are the hubs around which the shapes of the urban freight and rail passenger systems are determined.

The Australian Government, through Infrastructure Australia, is preparing a *National Ports Strategy* and *National Freight Strategy*. The first of these is aiming to reduce truck queues at ports, to minimise the potential for urban encroachment, and to improve and sustain the competitive position of our international

trade gateways. It notes the importance of comprehensive planning at national and state level, as well as at the level of metropolitan transport such as urban road and rail systems, and at the port precinct level. The second of these is aimed at the network of freight movement across the nation, including where it affects urban areas.

Likewise, airports are critical components of the nation's economic infrastructure, supporting trade and tourism and helping to drive growth across the economy. The Australian Government has regulatory control of planning at Australia's 22 federally leased airports.

In the 2009 *National Aviation Policy White Paper* the Government committed to working with airports, State, Territory and Local Governments to achieve a more balanced airport planning framework to support more integrated planning outcomes.

One of the most important long-term infrastructure challenges is meeting the future aviation needs of the Sydney region—Australia's biggest city and one of our key international and domestic tourist destinations. For this reason the Australian Government has committed, with the NSW Government, to develop a strategic plan by 2011 for aviation capacity in the Sydney region. This will help inform future infrastructure planning and investment by governments and industry and enable the proper integration of future airport operations with surrounding state land use planning and land transport networks.

Case study: The tourism industry

The Australian Government is committed to maximising tourism's net economic contribution to our economy and to fostering an industry that promotes the principles of environmental responsibility and sustainable development.

Major cities are integral to Australia's tourism industry. Cities are attractions in themselves as centres of people and culture, and they are

convenient gateways for tourists to visit other areas of Australia.

The 2009 *National Long-Term Tourism Strategy* outlined how the Australian Government is working with industry and State and Territory Governments to strengthen our tourism industry by addressing issues including labour and skills outcomes, regulatory impediments to investment, integration of tourism into transport access and infrastructure planning and better use of internet technology.

High speed rail

With passenger travel between the capital cities of Brisbane, Sydney and Melbourne each set to double over the next two decades, investigations into the capacity of the existing and alternative modes of transportation are necessary. In this context the Australian Government has committed \$20 million to undertake a feasibility study for a high speed rail network along the east coast between Brisbane and Melbourne.

Regulatory framework

The Australian Government has both a direct and indirect role in overseeing the regulatory framework underpinning road, rail, maritime and aviation transport which move goods and people around, and to, Australia. Aside from directly regulating aviation and maritime transport, given that the national transport network covers all jurisdictions, the Australian Government also works with State and Territory Governments to improve efficiency to provide nationwide economic benefits.

The Australian Government is responsible for the policy and regulatory framework for Australian airports and the domestic and international aviation industry, as well as for the efficient management of Australian airspace and aircraft noise and emissions. Similarly the Australian Government manages the regulatory framework for shipping, which includes environmental and safety regulations.

The Australian Government sets and enforces a preventive transport security framework for aviation, air cargo and the maritime sector, as well as working with State and Territory Governments to implement effective and consistent preventive security measures in surface transport.

The Australian Government is working through COAG to put in place single national regulators for rail, maritime and heavy vehicles. This will contribute to national productivity by reducing transaction costs, improving safety outcomes, encouraging intermodal accessibility and providing a solid framework through which to

influence the global and regional regulatory development.

Communications and broadband

Fast, reliable, modern communications is an essential element in a modern knowledge-based economy.

Currently, Australia is behind other OECD countries on a range of telecommunications indicators. These indicators suggest that in the long-term Australia's existing telecommunications infrastructure could jeopardise Australia's productivity and global competitiveness.

High-speed broadband will increasingly become available to all Australians through the Government's National Broadband Network.

High-speed broadband will have significant impact on the way cities work, particularly in the following areas:

- delivering government services
- delivering health services
- providing opportunities for flexible work
- providing education
- ensuring social and community connections
- developing smart infrastructure to manage transport (traffic flows, public transport)
- enabling commercial transactions.

Economic impacts of Australian Government operations

The decisions that the Australian Government makes about the location and distribution of its services, agencies and employees impact on, and contribute to, the economies of cities and regional areas.

For example, the Australian Defence Force (ADF) maintains 60 major bases and many other facilities across all States and Territories. These bases occupy millions of hectares of land, making the ADF the largest real estate portfolio in Australia. In addition, Defence Housing Australia manages around 17 000 residences which are occupied by members of the ADF. These bases and facilities make a significant economic contribution, in terms of employment opportunities and benefits, to local businesses and service providers.

The location and purchasing policies of the ADF and other portfolios in the Australian Government also have significant business flow-on effects for communities. The most notable example is the existence of the national capital of Canberra itself. Whilst the private sector is continually growing and diversifying the economic base of Canberra, the Australian Government provides a significant and stable economic base for the city, indirectly fostering innovation and supporting a multitude of private sector businesses.

The Australian Government also has an impact on cities through its decisions on direct spending, for example income support payments, and indirect spending through funding delivered by other jurisdictions, such as education and health.

Human capital, education and skills

The accumulation of human capital, like physical capital, requires investment of both resources and time. The attributes and skills people learn through formal education and work experience determines how productive they are in their workplaces and in society.

The Australian Government's agenda in building human capital includes the following:

- Recognising the pivotal role early childhood development plays in productivity, through support for a nationally consistent, accessible, affordable and high-quality early childhood education and child care system for all Australian children and their families.
- Major reforms to school education, including improving quality, transparency, addressing educational disadvantage and improving school infrastructure through the *Building the Education Revolution*, the *Trade Training Centres in Schools Program* and the *Digital Education Revolution*.
- Targets to increase the proportion of the population with vocational and university qualifications, demand-driven funding and a focus on quality, transparency, access and sustainability in higher education.

Higher education, research and innovation are central to achieving the Australian Government's vision of a stronger and fairer nation. In the 2009-10 Budget the Australian Government announced it would invest \$5.7 billion in higher education and innovation over the next four years and commit substantial additional resources over the next 10 years. The key reforms include:

- promoting greater diversity and quality by
 - » allocating student funding to universities on the basis of student demand
 - » providing significantly greater opportunities for participation in higher education for students from disadvantaged backgrounds through equity initiatives and better targeted student income support

- » driving a sharper focus on quality and participation through funding tied to achievement
- providing a substantial boost in research funding to better meet the cost of research and enable universities to achieve research excellence against internationally recognised benchmarks
- supporting improved international competitiveness and sustainability by providing improved indexation arrangements for universities
- establishing a new national body to manage regulation and quality assurance
- providing world class infrastructure for universities and Vocational Education and Training providers.

The Australian Government's *Skills for Sustainable Growth* package is a \$660 million investment in training, apprenticeships, adult literacy and numeracy. It aims to reduce skill shortages and address ageing workforce issues by investing in training, and is designed to ensure Australia has the skills it needs to support a growing economy. The strategy includes an emphasis on regions (including cities) and sectors under stress as a result of skilled workers being attracted to major projects in other industries and regions.

The Australian Government has the primary responsibility for funding higher education. Australia's higher education system makes a fundamental contribution to the future of our cities, playing a vital role in Australia's intellectual, economic, cultural and social development.

Australia's 39 universities have campuses across the nation and overseas with most located in

Australia's major cities. Universities play an important role in cities by promoting them as the centres of the knowledge-based economy, acting as hubs for innovation and connecting business and industry directly with research. Universities also contribute to urban economies and enhancing Australia's international reputation by attracting international students to live and study in Australia.

The Australian Government also funds employment services to reconnect unemployed people with the labour force, as well as the income support system and associated compliance framework for working age people.

The Australian Government supports workplace productivity through the *Fair Work Act 2009*. The implementation of the paid parental leave scheme, scheduled to start on 1 January 2011, and the commitment to provide two weeks paid paternity leave for fathers from 1 July 2012 will help employers retain skilled staff and boost workforce participation.

Special measures, such as those introduced through the *Keep Australia Working* package, provided additional assistance to communities hardest hit by the global recession, including a number of urban regions and it has been agreed that the *Priority Employment Area* initiative will be extended. As well as investing in future school infrastructure, the *Building the Education Revolution* ensured that skills were not lost from the construction sector during the economic downturn. The on-going implementation of this program continues to deliver economic activity in communities across Australia, including in cities.

Sustainability

The challenges facing cities are not unique to Australia, with the United Nations predicting that more than 70% of the world's population will live in cities by 2050. Cities will come under increasing pressure if this growth is not managed effectively.

Climate change, water and the environment

Today Australia is grappling with multiple challenges: economic, social and environmental, including water and climate change. As the impact of climate change becomes more evident, it is clear that our economic future depends on helping Australian householders live more sustainably in a healthy and resilient environment.

The *Environmental Protection, Biodiversity and Conservation Act 1999* (EPBC Act) is the Australian Government's central piece of environmental legislation. The EPBC Act provides a decision-making framework for ecologically sustainable development which balances the protection of environmental and cultural values with economic and social needs.

The Australian Government has embarked on strategic assessments of EPBC Act-listed species and habitat in many urban growth areas around Australia. These include Sydney's western growth centres; Melbourne's urban growth boundaries and new suburbs in Canberra. The purpose of the assessments is to reduce regulatory burden, facilitate timely environment and planning approvals, and maximise environment protection outcomes.

The Australian Government is working with States and Territories to progress the implementation of urban water policy reforms to improve the long term security and sustainability of urban water supplies. These include the COAG work program on water, which covers microeconomic reform in the urban water sector and urban water planning, and the *National Water Initiative* (NWI), which identifies reform

opportunities including developing water sensitive cities.

Important reforms have already been implemented, such as the *NWI Planning Principles*, which were adopted by COAG in 2008 and endorsed by the Natural Resource Management Ministerial Council in April 2010. They provide governments and water utilities with the tools to better plan the development of urban water and wastewater service delivery in a sustainable and economically efficient manner.

The *National Water Initiative Planning Principles* to achieve optimal urban water planning outcomes are to:

- Deliver urban water supplies in accordance with agreed levels of service
- Base urban water planning on the best information available at the time and invest in acquiring information on an ongoing basis to continually improve the knowledge base
- Adopt a partnership approach so that stakeholders are able to make an informed contribution to urban water planning, including consideration of the appropriate supply/demand balance
- Manage water in the urban context on a whole-of-water-cycle basis
- Consider the full portfolio of water supply and demand options
- Develop and manage urban water supplies within sustainable limits
- Use pricing and markets, where efficient and feasible, to help achieve planned urban water supply/demand balance
- Periodically review urban water plans

Future work in the urban water sector will be informed by the Productivity Commission inquiry into microeconomic reform of Australia's urban water sector. The inquiry scope includes investigating opportunities for efficiency gains in the structural, institutional, regulatory arrangements in the Australian urban water and wastewater sectors. The Commission is due to report in July 2011, and will deliver clear policy recommendations for future action.

Reducing greenhouse gas emissions

Managing climate change and environmental pressures will be vital to the way our cities develop. Reduced carbon footprints and improved energy efficiency in cities could be assisted through more efficient buildings, lower-emission transport fuels, more fuel efficient vehicles, lower-emissions transport modes and better planned public transport systems.

The Australian Government is investigating options for the introduction of a carbon price that will help the Australian economy make a multi-decade transformation to a low-carbon future. For cities, a carbon price will provide greater certainty for investing in transport infrastructure and in the built environment.

Energy efficiency also has a key role to play in mitigating climate change, in assisting households and businesses to adjust to rising electricity prices, and in enhancing the reliability and security of energy supply for cities. The Australian Government has an extensive and busy energy efficiency agenda. Work includes improving the efficiency of appliances and buildings, providing incentive programs, providing a wide range of information resources, and working on improving the energy efficiency of the Government's own operations.

Adapting to a changing climate

Many investment decisions taken today by governments, industry and the community will have lasting consequences and involve long-lived, critical and costly assets. The sensitivity of existing development to extreme weather events is increasing and the reliance on historical climate data to inform infrastructure design standards, construction, maintenance and service delivery, does not provide a reliable forecast of future climate.

The Australian Government has a role in promoting efficient risk management and is committed to working with other levels of government, businesses and the community to build understanding of climate change risks and support cost effective adaptation.

In the 2010 position paper *Adapting to Climate Change in Australia*, the Australian Government identifies national priority areas for adaptation action over the next five to 10 years, including:

- coastal management
- water
- infrastructure
- natural systems of national significance
- preparation for and management of natural disasters
- agriculture

On the basis of these priorities, the Australian Government proposes to work through COAG to develop a national adaptation agenda.

In November 2009, the Australian Government released a first-pass national assessment, *Climate Change Risks to Australia's Coast*. This assessment provides the evidence base around which to develop national co-operation in the coastal zone, along which many of Australia's major cities are located.

To assist in the integration of climate change adaptation within emergency management planning a climate change adaptation action plan has been developed. From 2009 to 2010, the Australian Government has also committed approximately \$110 million over four years to enhance the resilience of our cities and regions to the impacts of natural disasters. A key focus is on improving resilience to extreme weather events arising from climate change.

Liveability

The Australian Government's vision for a stronger, fairer, more resilient nation implies that in our cities we must aim to strike a balance between productivity and sustainability and liveability. We must also ensure that the advantages and opportunities available in cities are distributed equitably.

Social inclusion

Improving liveability and removing disadvantage is an important consideration in ensuring that cities create opportunities and reduce the chances that pockets of disadvantage become entrenched.

The Australian Government, assisted by the Social Inclusion Board, has developed principles to guide governments, businesses, community organisations and individuals as they formulate social inclusion programs. These principles focus on building on individual and community strengths by developing tailored services and whole-of-government solutions.

A range of policies target social inclusion. The Australian Government launched *Job Services Australia* in 2009, which represents an investment by the Australian Government of \$4.7 billion in flexible, tailored and specialist employment services. *Disability Employment Services* was launched in 2010 and is a \$1.2 billion package to improve employment prospects of job seekers with a disability. Both *Job Services Australia* and *Disability Employment Services* aim to achieve greater social inclusion through increased workforce participation of Australian job seekers, particularly the disadvantaged and persons with a disability. *Closing the Gap* initiatives will increase social inclusion for significant numbers of Aboriginal and Torres Strait Islander Australians who live in major cities.

Adelaide, SA



Housing affordability

The *Housing Affordability Fund* is designed to increase housing supply, particularly for Australians on the lowest incomes, and is vital to improving housing affordability. With an investment of \$512 million, it helps to reduce the costs incurred by homebuyers as a result of planning delays and infrastructure costs. The Fund does so by contributing to development costs such as water, sewerage, transport and the provision of open space.

The Government has committed to investing \$200 million to help build up to 15 000 more affordable homes in regional cities over three years to relieve pressure on our major capital cities, and help regional cities to grow. This program will give participating councils new funding to invest in local infrastructure projects that support new housing developments, such as connecting roads, extensions to drains and sewerage pipes, and community infrastructure such as parks and community centres. 46 regional cities across Australia have been invited to participate.

The Australian Government has also been active in making rental housing more affordable, with the *National Rental Affordability Scheme* stimulating the supply of new affordable rental dwellings, investing \$500 million to reduce the cost of building new homes by removing 'supply' barriers through the *Housing Affordability Fund*, and introducing *First Home Saver Accounts* to encourage individuals to save for their first home.

COAG agreed in April 2010 to a housing supply and affordability reform agenda which includes an examination of zoning and planning approval

processes, infrastructure charges, environmental regulations and opportunities to identify currently underutilised land. In addition, the National Housing Supply Council will focus on the impacts of the planning system and the difficulties and merits of infill developments.

The Australian Government, with State and Territory Governments, has also sought to support first home buyers and the construction industry through a range of measures, including the first home buyers grants and stamp duty concessions.

Social housing and homelessness

The *National Affordable Housing Agreement* establishes a framework to improve access for all Australians to affordable, safe and sustainable housing that contributes to social and economic participation. The Agreement sets out clear responsibilities for each level of government and links programs at the Australian Government, State and Territory and Local Government levels to improve housing affordability for low and moderate income households, and to support and accommodate people who are homeless or at risk of homelessness.

Governments have committed to undertake reforms in the housing sector, including better integration of homeless and mainstream services; reduced concentrations of disadvantage in social housing estates; improved access by Aboriginal and Torres Strait Islander people to mainstream housing, including home ownership; and enhanced capacity and growth of the not-for-profit housing sector.

Case study: The Social Housing Initiative

Due to crippling medical costs and other financial burdens a mother and her son could not afford to rent a home in the private market in South Australia. They were homeless and sleeping on a mattress in a friend's house. The mother had a number of medical conditions including Multiple Sclerosis and cancer, and was a victim of domestic violence.

Under the Social Housing Initiative a property owned by Housing SA, which was in a state of disrepair and slated to be sold, was upgraded to reflect the needs of the family including the provision of specialised furniture required for the mother.

The Australian Government has invested \$5.6 billion in the *Social Housing Initiative* to boost public housing and housing administered by the not-for-profit sector, as well as to assist low income Australians who are homeless or struggling in the private rental market. The Initiative will stimulate the building and construction industry, both through funding additional dwellings and increasing expenditure on repairs and maintenance. More than 19 300 new social housing dwellings will be built in urban and non-urban areas, with 57% of these in major cities. Another 80 000 dwellings will be repaired under the Initiative, including 12 000 social housing dwellings that would have otherwise remained vacant or become uninhabitable without this work.

More than 60% of new housing will be constructed within 500 metres of public transport. In stage two, 97% of dwellings will be six star energy efficiency rated. Universal design standards will be incorporated into 99% of dwellings and at least 30% (more than 5 000 dwellings) will meet the higher Class C standard, which incorporates such elements as moveable walls to provide appropriate access for a person in a wheelchair.

The *National Partnership Agreement on Social Housing* provided \$400 million from 1 July 2008 to 30 June 2010 to increase the supply of social housing and stimulate the building and construction industry. The outcomes under the Agreement include tenants being able to rent housing that meets their needs, improved social inclusion, better housing amenity, and reduced overcrowding.

Under the Agreement, the States and Territories committed to increase the supply of social housing by 1 600 – 2 100 dwellings. Of the dwellings built under the Agreement, 50% have been allocated to households who were homeless or at risk of homelessness, and 67% are in major cities.

Homelessness is not just a housing challenge. Homelessness has many drivers and causes, including the shortage of affordable housing, long term unemployment, mental health issues,

substance abuse, and family and relationship breakdown. Homelessness is also more prevalent in urban areas.

The Australian Government's White Paper on homelessness, *The Road Home*, sets out a national approach to reducing homelessness by 2020. In the White Paper, the Australian Government, with the agreement of State and Territory Governments, committed to halving overall homelessness by 2020; and offering supported accommodation to all rough sleepers who seek it by 2020. The Prime Minister's Council on Homelessness is overseeing the implementation of the White Paper.

Human services

The Australian Government makes significant contributions to the liveability of our cities through the human services provided by key agencies such as Centrelink, Child Support Agency, CRS Australia, Medicare Australia and Australian Hearing.

Population ageing and growth will increasingly place pressure on government service delivery. The locations of government services are based on number of factors including population and need. Decision makers in Australia's major cities must take into account the placement of these types of service and have regard for social inclusion issues including transport accessibility.

Health

Major cities, as population centres, are important hubs for the delivery of health services to the community.

The Australian Government, through the Department of Health and Ageing, sets national health policies and subsidises health services provided by State and Territory Governments and the private sector. Total expenditure on health by all levels of government and the private sector accounts for nearly 10% of Australia's gross domestic product.

The Australian Government is undertaking important reforms of the health sector through COAG, establishing the Australian Government as the majority funder of public hospital services, general practice and primary health care, as well as a national aged care system.

A part of these reforms, the Health and Hospitals Fund invests in major health infrastructure programs, and makes strategic investments in the health system that will underpin major improvements in efficiency, access or outcomes of health care. Many of these investments will be made in major cities. Under this program, for example, the Australian Government has committed to invest \$560 million in new or upgraded cancer centres across the country.

On 20 April 2010, it was agreed under the the *National Health and Hospitals Agreement*, by all States and Territories, except Western Australia, that the Australian Government will become the majority funder of Australia's public hospitals and will take full funding responsibility for primary care and aged care. A significant portion of this funding, especially in hospitals and aged care, will be directed to capital infrastructure. The Australian Government also funds specific capital projects through the *Health and Hospitals Fund*, the *GP Superclinics Program* and other initiatives that fund health-related infrastructure.

In the case of aged care, facilities are dispersed in the community and provide different levels of care according to residents' needs. The *Ageing in Place* policy has resulted in more than one level of care being provided at each site. This means that residents that enter a facility with low care needs, can remain in the facility if their needs increase to higher care. The Australian Government has been involved in the formal planning for the geographical distribution of funded aged care places since 1997 through the Aged Care Planning Advisory Committees (ACPACs) in each State and Territory.

The Australian National Preventive Health Agency, announced in November 2010, will focus on preventing chronic disease related to physical inactivity, poor nutrition, smoking and alcohol consumption. The Australian Government has

committed \$872.1 million over six years under the COAG *National Partnership Agreement on Preventive Health*. It will target the lifestyle risk factors of chronic disease including: interventions to support behavioural changes in the social contexts of everyday lives; social marketing aimed at obesity and tobacco; and enabling infrastructure.

Of particular concern for the Preventative Health Taskforce is the increasing level of obesity in the Australian population. The annual financial cost of obesity is estimated at \$8.3 billion, with additional costs of lost well-being of \$49.9 billion. Over 60% of Australian adults and 25% of children are overweight or obese.

The *Healthy Spaces and Places* project provides information and guidelines on how to create environments that support physical activity. It was developed by a collaborative team comprising the Australian Local Government Association, the National Heart Foundation of Australia and the Planning Institute of Australia and was funded by the Australian Department of Health and Ageing. It is based on the premise that the quality and design of the urban environment plays an important role in facilitating exercise. 'Walkable' neighbourhoods encourage incidental exercise where people can walk or cycle, rather than drive, to local amenities such as shops, schools, services and public transport. Quality open space and recreational facilities also encourage a greater level of participation in recreational exercise.

Heritage and the arts

Australia has a rich and unique natural and indigenous heritage that is protected and celebrated across portfolios in the Australian Government.

Vibrant and diverse arts and cultural activities are an important contribution to the liveliness and vitality of an urban environment. Arts and culture can be seen as having both economic and social value.

Studies of community attitudes have indicated that the conservation of heritage places sustains a sense of community wellbeing and identity.

Thirty one National Heritage Listed places are in capital cities, including the Sydney Opera House; the Royal Exhibition Building and Carlton Gardens in Melbourne. The World Heritage List also includes some of Australia's convict sites. Many of these places are major tourism attractions and generate considerable economic and social benefits.

The Australian Government supports national visual and performing arts organisations.

Regional and local community infrastructure

The *Regional and Local Community Infrastructure Program* has provided more than \$1 billion to Local Government to build and modernise community infrastructure, including town halls, libraries, community centres, sport and recreation infrastructure and facilities, and environmental infrastructure. These types of facilities are integral to the liveability of towns and cities around Australia. Around \$391 million has been invested so far in community infrastructure projects in cities through the *Regional and Local Community Infrastructure Program*.

The Australian Government provides important funding to Local Government across Australia through Financial Assistance Grants. These grants include a general purpose component and a component for local roads. They were first provided in the mid 1970s and to date the Australian Government has provided around \$35 billion through this program. The grants are now worth around \$2 billion annually to Local Government.

Albury, NSW



References

Australian Bureau of Statistics (ABS) 2008a, *Australian Historical Population Statistics*, cat. no. 3105.0.65.001, Canberra.

ABS 2008b, *Population projections, Australia, 2006 to 2056*, cat. no. 3222.0.65.001, Canberra.

ABS 2010, *Regional Population Growth, Australia*. cat. no. 3218.0. Canberra, Commonwealth of Australia

ABS 2010a, *Measures of Australia's Progress 2010*, cat. No. 1370.0, Canberra.

Australian Government, Preventative Health Taskforce 2009, *Australia: the healthiest country by 2020*. Technical Report No 1, *Obesity in Australia: a need for urgent action*, Including addendum for October 2008 to June 2009. Commonwealth of Australia, Canberra. URL <<http://www.health.gov.au/internet/preventativehealth/publishing.nsf/Content/tech-obesity>> Accessed 16 May 2010.

Australian Government 2010a, *State of Australian Cities 2010*. Major Cities Unit, Department of Infrastructure and Transport. Commonwealth of Australia, Canberra.

Australian Government 2010b, *Adapting to Climate Change in Australia: An Australian Government Position Paper*. Commonwealth of Australia, Canberra.

Beeton, R., Buckley K., Jones, G., Morgan, D., Reichelt, R. & Trewin, D. (2006 Australian State of the Environment Committee) 2006, *Australia State of Environment 2006*. Independent report to the Australian Government Minister for the Environment and Heritage. Department of the Environment and Heritage, Canberra.

Bureau of Meteorology 2010, Water Storage <<http://water.bom.gov.au/waterstorage/awris/index.html#>> accessed 1 November 2010

Bureau of Infrastructure, Transport and Regional Economics (BITRE) 2007, *Working Paper 71—Estimating urban traffic and congestion cost trends for Australian cities*. Commonwealth of Australia, Canberra

BITRE 2009a, *Urban passenger transport. How people move about Australian cities*. Information Paper 31, Commonwealth of Australia, Canberra

BITRE 2009b, Dwelling and household analysis of 2006 Census data, unpublished data.

BITRE 2010, *Road deaths in Australia, 1925–2008*. Information sheet No. 38. Bureau of Infrastructure Transport and Regional Economics, Canberra.

Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Australian Bureau of Meteorology (BOM) 2007, *Climate Change in Australia: Technical Report 2007*. CSIRO, Canberra.

Department of Climate Change (DCC) 2009, *Climate Change Risks to Australia's Coast: A First Pass National Assessment*, Commonwealth of Australia, Canberra.

Department of the Environment and Heritage (DEH) 2005, *National Standard for criteria air pollutants in Australia*. Air quality fact sheet <<http://www.environment.gov.au/atmosphere/airquality/publications/standards.html>> accessed 18 November 2010. Commonwealth of Australia, Canberra.

Dodson, J and Sipe, N 2008, *Unsettling suburbia: The new landscape of oil and mortgage vulnerability in Australian cities*, Urban Research Program, Brisbane.

Garnaut, R. 2008, *'The Garnaut Climate Change Review – Modelling the costs of unmitigated climate change'* — Technical Paper No. 5 URL <<http://www.garnautreview.org.au>>

Infrastructure Australia, 2010 *Getting the fundamentals right for Australia's infrastructure priorities: An Infrastructure Australia report to the Council of Australian Governments*, June 2010, Canberra.

Intergovernmental Panel on Climate Change (IPCC), 2007: *Climate Change 2007: Synthesis Report. Contribution of Working Groups I, II and III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change* [Core Writing Team, Pachauri, R.K and Reisinger, A. (eds.)]. IPCC, Geneva, Switzerland, 104 pp.

Malcolm, P & Fahd, R 2009, Ground truthing of the Sydney vegetable industry in 2008.

National Housing Supply Council (NHSC) 2010, *2nd State of Supply Report*, National Housing Supply Council, Commonwealth of Australia, Canberra.

New South Wales Ministry of Transport, 2008 Transport Data Centre, Sydney, cited in Stanley J, and Barrett, S (2010) *Moving People*, solutions for a growing Australia. Australasian Railway Association, the Bus Industry Confederation and the International Association of Public Transport—UITP, Sydney.

Pollard, D. et al (Eds.) 2010, *Living Planet Report 2010*, World Wildlife Fund, Gland Switzerland <www.wwf.org.au/publications/wwflpr2010> accessed 17 November 2010.

Prime Minister's Task Group on Energy Efficiency 2010 Report of the Prime Minister's Task Group on Energy Efficiency. Department of Climate Change and Energy Efficiency, Canberra.

Productivity Commission 2010, *Annual Report 2009-10*, Annual Report Series, Appendix A Recent developments in Australia's Productivity, Productivity Commission, Canberra.

The Treasury, Australian Government 2009, *Australia's Future Tax System Report to the Treasurer, Part 2, Detailed analysis, volume 2*. Australian Government, Canberra.

The Treasury, Australian Government 2010, *Intergenerational Report 2010*. Commonwealth of Australia, Canberra.

World Economic Forum 2010, *The Global Competitiveness Report 2010–2011*. World Economic Forum, Geneva.



Acknowledgements

The development of this discussion paper has been informed by the generous contributions of many stakeholders.

The Australian Government would like to acknowledge the time, commitment and support provided by States, Territories and Local Governments and their various associations; the private sector including peak industry groups; professional associations; and leading urban researchers, both past and present.

Indemnity statement

The Department of Infrastructure and Transport has taken due care in preparing this report. However, noting that data used for the analyses have been provided by third parties, the Commonwealth gives no warranty to the accuracy, reliability, fitness for purpose, or otherwise of the information.

Published by
Department of Infrastructure and Transport.
GPO Box 594, Canberra ACT 2601, Australia
Telephone (international) +61 2 6274 7000

Cover image courtesy of Brisbane Marketing.

© Commonwealth of Australia 2010