



31 July 2017

Mr John Alexander OAM, MP
Chair, Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600
~by email ~

Dear Mr Alexander

Subject: Submission - Inquiry into the Australian Government's role in the development of cities

Thank you for the opportunity to comment on the Standing Committee on Infrastructure, Transport and Cities' current Inquiry into the Australian Government's role in the development of cities.

At its meeting of 24 July, Lake Macquarie City Council resolved to make this submission to you, providing feedback on the Terms of Reference of your Inquiry and some background about Lake Macquarie City. We would be pleased to discuss in more detail our perspective on the Australian Government's role in sustainable regional development with the Standing Committee if the Committee sought such contact.

Brief Overview of Lake Macquarie City

Lake Macquarie City is a coastal local government area, located about 60 minutes north of Sydney. The City offers an incredible lifestyle, with world-class infrastructure, engaged and connected communities, a strong and diversified local economy, and superb natural beauty. Our population is currently around 205,000, making us one of the largest regional cities in Australia, by population.

"Quality Lifestyle"

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Lake Macquarie City has an estimated Gross Regional Product of \$9 billion annually, with the mining, manufacturing, real estate, construction, financial and insurance, retail and healthcare sectors all contributing to a strong local economy.

The City's population is expected to grow to 226,800 by 2036, creating demand for an additional 14,000 dwellings and 12,000 jobs. Council has well-developed plans to accommodate and support this growth, within the framework set by NSW Government's Hunter Regional Plan, and Council's own Lifestyle 2030 Strategy.

Council is aware that continuing to rely on approaches that have served the City well in the past is unlikely to be sufficient to meet the challenges of the future, which include an aging population and significant climate change risks. We welcome the Australian Government's commitment to work with state, territory and local governments to create more equitable and liveable cities across the country.

Specific Response to Inquiry Terms of Reference

1) Sustainability transitions in existing cities

- a) Identifying how the trajectories of existing cities can be directed towards a more sustainable urban form that enhances urban liveability and quality of life and reduces energy, water, and resource consumption*

Long-term land use planning, founded on sound policy direction, is central to delivering sustainable urban forms in existing cities. This planning must be informed by our aspirations for the future rather than our experiences of the past, and be supported by regional infrastructure investment that delivers critical public infrastructure.

The Australian Government alone has limited capacity to deliver the infrastructure required to achieve sustainable urban forms across existing Australian cities. Its key role should be to provide the national policy settings that drive other actors, particularly the private sector, to deliver sustainability outcomes through brownfield redevelopment. National policy that supports sustainable development goals is particularly relevant in the areas of health, education, taxation, finance, transport, stationary energy, communications, water and biodiversity.

The Australian Government also has an important role to play in setting national standards, for example energy and water efficiency, electric and autonomous vehicles, the Building Code of Australia, and the Internet of Things.

These national policies and standards should be based on clearly articulated sustainable development goals, and be agile enough to respond to rapid change in technology and community expectations.

- b) Considering what regulation and barriers exist that the Commonwealth could influence, and opportunities to cut red tape*

Clarification of the governance arrangements and responsibilities for urban planning and development among the three levels of government is an important opportunity for the Australian Government. While the primary responsibility for land use planning rests with state and local governments, the Australian Government could enable lower levels of government through constitutional recognition of local government, reform of the energy sector, more coordinated infrastructure planning and delivery, particularly in the public transport space, and a national framework for land use planning.

Taxation and financial policy relating to the treatment of land and housing significantly influences the development of land. Horizontal and vertical fiscal inequality affect the

capacity of lower tiers of government to contribute to sustainable development goals, particularly in regional cities.

Improved natural disaster management presents an opportunity to deliver more sustainable urban forms. If, over time, we supported communities subject to natural disasters to make difficult decisions about redeveloping to a high standard, or relocating to less disaster-prone locations, cities would become more resilient. A focus of funding an increase in resilience, rather than replacing like for like.

Reform of the energy market is required to maintain grid stability while expanding distributed generation and storage. The Australian Energy Regulator has a role to play in making sure local governments have access to street lighting poles to facilitate infrastructure to support smart technologies in the public domain.

c) Examining the national benefits of being a global 'best practice' leader in sustainable urban development

Becoming a leader in sustainable urban development has direct economic benefits for Australia, as it enables us to more efficiently utilise limited natural resources, become more resilient to natural climate variability and long-term climate change, maximise the value of ecosystem services, and support healthy lifestyles.

Leadership in this area creates knowledge-based commodities; by enhancing our international attractiveness as a place to learn about sustainable urban forms and through export of sustainable goods and services. It helps to attract talent from overseas, by creating employment in local sustainable development industries and increasing the pool of liveable cities in which this talent may choose to reside. It also builds our reputation as a responsible global citizen by demonstrating our commitment to the United Nation's Sustainable Development Goals.

2) Growing new and transitioning existing sustainable regional cities and towns

a) Promoting the development of regional centres, including promoting master planning of regional communities

New South Wales has a well-established planning framework that enables alignment of local and regional land use plans. In the Hunter, the NSW Government's Regional Plan 2016-2036 identifies key strategic directions to drive sustainable development of the region, and is supported by all of the region's local governments.

Promotion of the Regional Plan is unlikely to make a material contribution to the development of regional centres in the Hunter. What is required, instead, is alignment of infrastructure investment by both the private and public sectors to deliver the collective vision and directions articulated in the Plan, and for all three tiers of government to provide sufficient flexibility for individual actors within our region to contribute to this common vision in their own way.

The concept of the 30-minute city suggests an optimal density for a sustainable city: it must be large enough to provide employment and public services; small and well-served enough to allow people to access day to day activities within a reasonable timeframe. The decisions that people make to live in these places won't be based on the strength of their planning frameworks, but rather in the evidence of those plans coming to fruition in terms of liveability and opportunity.

Two key levers that the Australian Government may apply to support the development of regional centres are through the decentralisation of government agencies (where their function is aligned to the attributes of a region) and the provision of high (or higher) speed rail connectivity between regional centres, and between regional and metropolitan centres.

b) Promoting private investment in regional centres and regional infrastructure;

Reducing the risk profile for private investors is critical to promoting private investment in regional cities. The Australian Government has significant capacity to achieve this by creating more certainty in national policy settings, particularly in taxation and finance, and by supporting regions to build on their strategic advantage.

The Australian Government also has capacity to increase the demand for private services in regional centres through direct and indirect investment, for example through decentralisation of government administration, support for resettlement of migrants, investment in defence facilities and services, and investment in public infrastructure.

c) Promoting the competitive advantages of regional location for businesses

In the Hunter, the employment market is in transition, from a heavy reliance on mining and mining related services to a more diversified economy based on manufacturing, construction, mining, real estate, financial services and retail trade. Regional Development Australia has identified the following critical strategic growth industries for the Hunter:

- advanced manufacturing,
- creative industries,
- defence,
- food and agribusiness,
- mining equipment, technology and services,
- medical technologies and pharmaceuticals, and
- oil, gas and energy resources.

Priority actions to support these industries include:

- developing inclusive regional leadership through the Hunter Innovation Network,
- encouraging entrepreneurship, through education, training and business planning,
- developing skills for innovation by actively training and recruiting people to deliver core work-related skills required for the jobs of the future,
- supporting collaboration between the university and business sectors,
- building a Hunter Innovation Initiatives Investment Fund to support start-ups, and
- coordinating regional policies and programs across the three tiers of government.

The Hunter has the capacity to both relieve pressure on Sydney, particularly in the area of affordable housing, and stimulate growth in other parts of regional NSW. To avoid becoming a dormitory for Sydney, it requires improved physical and virtual connectivity. This would make the prospect of satellite offices for Sydney-based companies and access to Sydney markets for Hunter-based knowledge based services a realistic proposition. It would also facilitate access to the diverse range of visitor offerings within the region. Accelerated public transport routes, particularly rail, and business grade broadband connectivity are critical elements of this improved connectivity.

Diversifying international trade through the region's major air and sea ports creates opportunity to support the agricultural sector in other parts of regional NSW. Expansion of Williamtown airport to increase international trade routes to the Asia-Pacific will allow development of export markets for key agricultural sectors including dairy, viticulture, equestrian and avian industries.

d) Examining ways urbanisation can be re-directed to achieve more balanced regional development

To re-direct urbanisation, it is critical to understand the demand side of the urbanisation equation. People choose to live in locations that they consider desirable in terms of family, culture, climate, services, employment, and a host of personal preferences.

Increasing the desirability of regional areas requires analysis of the characteristics of the areas in which increased urbanisation is sought, and the implications of urban development in these areas. This is effectively a gap analysis of the capacity of a particular location to

provide employment, affordable housing, transport, health and medical services, and virtual connectivity. To close these gaps requires a collaborative approach by all three levels of government, to apply the policy and investment levers at their disposal and present a compelling case for private investment.

It is also important to identify regional areas that are at risk of population decline, due to economic, social or environmental constraints, and to work with local communities to support them to prosper. This may involve investment in new industries, targeted to local capability and resources, investment in services that communities should reasonably expect, particularly in health and education, and investment in solutions to environmental constraints, such as agricultural water conservation.

e) Identifying the infrastructure requirements for reliable and affordable transport, clean energy, water and waste in a new settlement of reasonable size, located away from existing infrastructure.

The Australian Government's Smart Cities Plan provides a useful high-level summary of the characteristics of smart, sustainable cities. These characteristics include provision of reliable and affordable housing and transport (private, public and active), as well as access to employment, services and green urban spaces.

Infrastructure requirements for sustainable new settlements are well described by tools such as the UNDP's suite of support to assist countries to implement the Sustainable Development Goals, Green Building Council's Green Star – Communities rating system and VicUrban's Sustainable Community Rating Tool. These tools identify specific performance criteria for sustainability. Effective measurement and reporting on these performance criteria is a critical success factor.

Given the rate of biodiversity loss in Australia, and the lack of water and distances to neighbouring settlements in many locations across the country, it is questionable whether new settlements of a reasonable size (say, populations of 100,000-200,000) are sustainable. There has been significant historical investment in infrastructure, particularly in rural communities, that may currently be underutilised. Urban expansion into greenfield sites also has the potential to threaten Australia's food security, by converting arable lands to urban land uses.

Instead, it would be useful to invest in infrastructure in Australia's coastal settlements to increase their resilience to climate change impacts, improve their liveability, and support sustainable economic development in the places Australians prefer to live.

Should you require further information about our submission, please contact Council's Executive Manager - External Engagement, Alice Howe, on 4921 0337 .

Yours sincerely

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