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Committee Secretary
Standing Committee on Environment and Heritage
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Madam

FEDERAL SUSTAINABILITY CITIES INQUIRY

The Victorian Government welcomes the House of Representatives Standing Committee on Environment and Heritage Inquiry into Sustainable Cities 2025.

I attach the Victorian Government submission to the Inquiry in accordance with the extension of deadline to 18 December 2003 agreed with the Department of Sustainability and Environment.

In addition to the focus on *Melbourne 2030 - Planning for Sustainable Growth* as a model for planning for a sustainable city, the targeted submission also focuses on key transport issues and suggests possible roles for the Commonwealth Government.

If you have any queries about the submission, please contact Serenity Hill, Acting Manager, Policy Integration on 9637 8742.

Yours faithfully

Mary E Delahunty

MARY DELAHUNTY, MP
Minister for Planning

Victoria
The Place To Be

Victorian Government Submission to the
House of Representative Standing Committee on Environment and Heritage
Inquiry into Sustainable Cities 2025

INTRODUCTION

The Victorian State Government welcomes the Inquiry into Sustainable Cities 2025 by the House of Representatives Standing Committee on Environment and Heritage.

The Discussion Paper issued by the House of Representatives Standing Committee on Environment and Heritage indicates that one of the key purposes of the Inquiry is to identify "what innovative alternatives or international models can usefully be applied to the Australian situation". Although there is value in looking at international models, Victoria through *Melbourne 2030 – Planning for Sustainable Growth*, has provided a model framework for responding to the issues identified in the Discussion Paper and in ensuring an integrated approach to implementation.

This submission highlights the key features of *Melbourne 2030 – Planning for Sustainable Growth* and the leadership Victoria is demonstrating in the creation of a more sustainable city and region. A long term plan of this nature is critical to secure a sustainable and prosperous future. In addition to the focus on *Melbourne 2030* as a model for planning for a sustainable city, the submission also focuses on key transport sustainability issues.

An important issue in this submission is that efficiency of the metropolitan transport system - for freight, commercial and personal movements - is essential to the sustainability of cities and to national economic growth. Furthermore, improvement and development of the metropolitan public transport system will be crucial, in order to divert personal travel away from congested roads (in the inner city, and along a number of corridors) and to allow commercial vehicles and freight to move more freely. The submission highlights the interrelated nature of passenger and freight / commercial traffic, and points to the need for the Commonwealth Government to provide greater support for sustainable transport options.

Sustainable Development of Australia's Cities – An Issue of National Importance

Cities are central to economic growth of the nation.
The Organisation for Economic Co-operation and Development's recent report, *OECD Territorial Reviews: The Metropolitan Region of Melbourne, Australia*, (the OECD report) highlights the importance of cities to the economic growth of nations (p.44). With the transition to a globally integrated knowledge based economy our major cities are continuing to grow strongly and are increasingly 'engines of economic growth'. For example, they are locations for the growing business and financial services sector, for much of our education, research and development investment and for advanced manufacturing activities. They are also key tourist locations and their housing markets have been important drivers of national economic growth over recent years. Overall they are generating a growing share of national income and need to be seen as a source of economic competitiveness.

Melbourne is well placed to drive economic growth in the South Eastern region
Melbourne has a crucial role in economic activity for the south-eastern region of Australia. The OECD report emphasises that "*Given Melbourne's role in Australia's economy, gains to that region's economy could lift the country's overall performance, and would induce other metropolitan economies in that country to improve their competitiveness*". Melbourne is the largest container port in Australia and is the natural hub for distribution in a region that is highly trade dependent; it has long been a strong centre for manufacturing; it has a skilled workforce, with excellent education facilities at all levels, thus providing the expertise and the foundations for innovation that is essential in the growing knowledge economy; and it is highly rated as one of the most liveable cities in the world. The OECD report recognises that, in a highly competitive global context, these are all important attributes in attracting and fostering leading industries, in furthering economic growth and in providing future job security.

The management of cities is also central to national environmental and social outcomes.
The planning and management of development of our major cities also has a critical impact on national environmental and social outcomes, for example:

- Urban transport is a substantial source of greenhouse gas emissions and with the energy use associated with the industry, commercial offices and housing in our major cities makes a major contribution to Australia's overall greenhouse performance.

- Our cities are making increasing demands upon our water resources and urban water conservation and reuse will be a major challenge for most Australian cities.

- Managing the impact of urban and peri-urban growth on biodiversity and primary production in the areas surrounding our major cities is becoming an increasing issue.

- The way our cities and urban transport systems develop and function also affects access to jobs, affordable housing, and a wide range of facilities and services. It is critically important that in managing growth of our major cities we take steps to ensure that we avoid the risk of increasing social polarisation and the emergence of areas of severe and ongoing disadvantage in terms of access to jobs, facilities and public and private transport.

These economic, social and environmental issues are a central concern of *Melbourne 2030*. The Victorian Government welcomes Commonwealth Government recognition of the national importance of addressing the issue of Sustainable Cities. This submission sets out specific proposals regarding the way in which the Commonwealth can contribute to sustainable urban development.

MELBOURNE 2030 – PLANNING FOR SUSTAINABLE GROWTH

Melbourne 2030 – Planning for Sustainable Growth, is a 30-year plan to manage growth and change across metropolitan Melbourne and the surrounding region. It emphasises the city's interdependence with regional Victoria, and the need to deliver sustainable growth across the whole State.

Melbourne 2030 outlines nine key directions whose achievement over time will make Melbourne and its region more sustainable. The nine directions relate to:

1. A more compact city
2. Better management of metropolitan growth
3. Networks with regional cities
4. A more prosperous city
5. A great place to be
6. A fairer city
7. A greener city
8. Better transport links
9. Better planning decisions & careful management

Melbourne 2030 adopts a co-ordinated approach to land use, transport, and infrastructure development. The strategy recognises that our major cities are increasingly drivers of national economic growth, but that growth needs to be managed to ensure the balanced achievement of environmental, social and economic outcomes. *Melbourne 2030* provides an integrated approach to metropolitan development, and its approach to integrating land use and transport planning provides an effective model for achieving more sustainable cities.

Improved environmental management underpins *Melbourne 2030.* The Government is committed to reducing resource use and waste generation and to creating an environmentally sustainable path for future growth and development in Melbourne and the surrounding region. The Strategy includes actions that will help reduce greenhouse emissions and promotes measures to improve air quality. Efforts to reduce potable water use and recycle waste water will be encouraged and water harvesting areas protected from incompatible uses. *Melbourne 2030* also includes measures to reduce the negative impact of stormwater on waterways and bays.

Melbourne 2030 aims to continue to protect the liveability of established urban areas while better managing 'greenfields' urban development and accommodating an increasing proportion of new development in and around activity centres and at other strategic redevelopment sites. It focuses fringe development in defined growth areas based around major regional transport corridors, with the bulk of new greenfields development to be within accessible distance of high capacity public transport services. An urban growth boundary has been established to direct greenfields development to the defined growth areas and protect non-urban uses in the eleven 'green wedges' which surround Melbourne.

To provide greater certainty to both the government and the development industry, and to ensure that land supply constraints do not affect housing affordability, the Victorian Government has instituted an Urban Development Program to ensure that a 15 year ongoing land supply is maintained in Melbourne's growth areas. The Urban

Development Program will be updated annually and will encompass land supplies both the growth areas and major infill/redevelopment sites in established areas of Melbourne and Geelong. It is also worth noting in this context, that in recognising the importance of housing affordability in the planning and development of a sustainable city, the Victorian Government has also invested significant State-only funds in new public and community housing since 1999, and committed substantial Commonwealth State Housing Agreement (CSHA) funds to upgrade and redevelop existing public housing stock (in contrast with the substantial Commonwealth reduction in CSHA funding in real terms over the past decade).

In *Melbourne 2030* it is envisaged that, in support of the overall development pattern, the public transport system will be upgraded to connect local communities to activity centres and to places of employment. Central to this will be a newly defined 'Principal Public Transport Network' (PPTN) which is designed to provide substantially improved public transport options to metropolitan residents, especially in relatively poorly served middle and outer suburbs. The PPTN is central to providing greater transport choices to Melbournians and to achieving a more sustainable future for Melbourne.

Melbourne 2030 also provides for the promotion of growth in the regional centres of Geelong, Ballarat, Bendigo and the Latrobe Valley by more effectively connecting these centres to the metropolitan economy, employment and housing markets. The concept of a region of networked cities is fundamental to *Melbourne 2030*. The Government is actively planning for and supporting the regional centres close to metropolitan Melbourne as alternative locations in which to live, work and run businesses. Commonwealth investment along corridors of regional and national significance is central to this goal.

***Melbourne 2030* as a model for sustainable growth**

Developing Melbourne in a way which achieves improved sustainability outcomes is a key principle of *Melbourne 2030*. The Strategy recognises that achieving sustainability requires an integrated approach to decision-making. This means taking a long-term view, which ensures that economic, social and environmental implications are considered.

The Strategy provides a valuable model for an integrated response to the range of issues identified in the Committee's Discussion Paper 'Sustainable Cities 2025'. In particular, it includes many directions, policies and projects that are directly applicable to the seven 'visionary objectives' identified in the Discussion Paper.

Melbourne 2030 has been recognised internationally as an important model for sustainable growth. In particular, the OECD report noted that '*The reform and modernisation of State planning currently under way...all combine to create a framework for a very high level of economic, social and environmentally sustainable development which should underpin a prosperous future for Metropolitan Melbourne and the State of Victoria*' (page 327).

The OECD noted that the Victorian Government is targeting its policies in the important areas of: providing necessary infrastructure, fostering internationally competitive industries, enhancing a strong knowledge and human capital base, promoting growth and entrepreneurship, and co-ordinating development and services.

Integrated approach to implementation

Melbourne 2030 is being actively implemented by all Victorian Government agencies, and in partnership with local government, key stakeholders and the community.

Since the launch of *Melbourne 2030* in October 2002, the Government has:

- formed a high-level *Melbourne 2030* implementation task force (comprising key stakeholder groups) with an independent chair;
- secured legislative recognition of the Urban Growth Boundary and protection for Melbourne's green wedges;
- provided $5.6 million to councils to help them implement *Melbourne 2030*;
- established 'Smart Growth Committees' to prepare detailed plans for sustainable development in each of Melbourne's five designated growth areas;
- established regional housing working groups to plan for changing housing demand at a sub-regional level; and
- implemented initiatives to foster development in areas well served by public transport (the 'Transit Cities' program) and to create better public transport access across Melbourne such as the Box Hill tram extension, Doncaster Park and Ride, and Metlink.

The Government has also recently released a five year implementation program which maps how the blueprint for a more sustainable city provided by *Melbourne 2030* will be turned into a reality. The integrated implementation program is accessible through the *Melbourne 2030* website (www.melbourne2030.vic.gov.au) and will be updated regularly to keep stakeholders up-to-date with how *Melbourne 2030* is being implemented.

The Victorian Government continues to make a significant contribution to the goal of Melbourne as a 'Sustainable City'. There is also an important opportunity for the Commonwealth in furthering Melbourne as an efficient and sustainable city through an integrated investment program that takes into account public transport.

THE IMPORTANCE OF SUSTAINABLE METROPOLITAN TRANSPORT

If the metropolitan region is to function effectively and continue on a path of sound economic growth, it must have an efficient and sustainable transport system. Public transport must be considered and developed as a key part of the system, and in fact as the preferred mode for a range of trip types, particularly in view of its speed and efficiency in moving large numbers of people and its lower levels of greenhouse gas emissions. Current transport systems have a number of adverse economic, social and environmental impacts, namely:

- *Traffic congestion*: According to estimates published by the Bureau of Transport Economics, if current trends and patterns of travel were to continue,

then, over a 20-year period, the population of Melbourne would increase by 20%, the total amount of vehicular travel would increase by about 30%, but the costs of traffic congestion would almost treble. Congestion must be recognised as a major threat to the economic sustainability and liveability of Melbourne and other metropolitan regions – with increasing costs for business, and reducing quality of personal access and mobility in future years.

- *The environmental impacts of traffic, such as gaseous and noise emissions*: Over 60% of the greenhouse gas emissions from transport are attributed to private cars. Emissions and a car-based lifestyle increase the burden on the health system. In addition, the amenity of residential areas and of community and shopping precincts needs to be protected.
- *Keeping up with growth:* As the metropolitan area expands, there are continuing demands for transport infrastructure and services to be provided - for example, for outer urban arterial roads to be upgraded to acceptable safety and service standards, to support new industrial development and to enable freight to move efficiently; and for public transport services to be extended, so that the residents of new suburbs will have access to a range of employment opportunities, community services and social activities.
- *Inefficient energy consumption,* particularly of fossil fuels.

While the Victorian Government is working to reduce these impacts by improving the sustainablity of the urban structure, and developing an improved, integrated transport system as a key part of this, the Commonwealth also needs to ensure that its contributions are complementary and work with State investments to deliver a holistic and effective urban strategy.

Freight and Passenger Interaction

Over 80% of vehicles in Victoria are private passenger cars, while approximately 16% of vehicles have freight carrying capacity (13% light commercial vehicles, and 3% trucks). In the freight and logistics sector, the majority of trips (and the majority of tonnes moved) occur within the metropolitan area. Over 80% of the freight task in Victoria, whether measured as tonnes moved or as tonne-kilometres, is connected with Melbourne; that is, the origin, or the destination or both are within the metropolitan area. Interstate and inter-regional vehicles use the network of urban arterial roads to reach their destinations (or to progress from their origins), intermingling with intra-metropolitan freight vehicles and private cars. And conversely, private cars and intra-metropolitan commercial traffic use the major highway corridors and associated freeway links for commuting and everyday local travel.

A systems approach is needed to support commercial activity and improve the efficiency of freight movements. As it is within the metropolitan area that congestion delays and environmental impacts are most acute, improving the performance of the transport system in Melbourne is essential to overall productivity. This cannot be achieved through one particular program of solutions. Rather, a range of co-ordinated strategies will need to be developed and applied, and the State would not wish to have

that range restricted or distorted by funding programs that favour particular modes or particular types of solutions.

Some of the different areas where action may be taken include:

a. infrastructure improvements, where warranted and feasible, to manage growing transport demands associated with economic growth and continuing urban development;

b. strategies to allocate road space to priority users (e.g., high-occupancy vehicles and freight) and/or to improve vehicle productivity (e.g., through measures to reduce delays for road-based public transport vehicles, or technological advances in the freight and logistics sector);

c. strategies to optimise peak traffic flows, or to manage demands (e.g., through behavioural change programs, and pricing where appropriate), and

d. targeted increases in vehicle standards relating to gaseous and noise emissions and energy consumption.

In summary, we are entering a phase in which it is necessary to consider the performance of the transport system more holistically, and to examine and implement a wider range of solutions – with public transport likely to play an important role.

A Variety of Approaches are Needed: Some Examples

Examples of the variety of approaches needed to address transport issues in different parts of the metropolitan area are outlined in the following paragraphs.

Inner City

The arterial road network in the inner suburbs, within 10-12 km of the CBD, is significantly congested both during peak periods and throughout much of the day. This area is well supplied with public transport, particularly trams, though the efficiency of these can be compromised due to vehicle congestion. As indicated earlier, congestion effects are expected to escalate with increasing vehicle travel. The Victorian Government will focus on systems to make best use of existing infrastructure, by allocating priority to high occupancy vehicles (trams and buses), and to improve conditions for commercial vehicles. The improved reliability and travel speed will make public transport more attractive for personal travel, thus reducing car usage, and increase the productivity of tram operations. As part of the re-allocation of traffic priority and road space, improvements for commercial and freight traffic will be a key consideration.

Corridors

A key policy developed in *Melbourne 2030* is to concentrate urban expansion into growth areas served by high capacity public transport, and with efficient freight infrastructure. These are typically corridors where there is intensive industrial and commercial activity, in addition to residential development, and the key transport arteries carry considerable freight and commercial traffic – a mixture of intra-

metropolitan, inter-regional and interstate – as well as high volumes of passenger movements. Examples include:

- *Werribee corridor to the south-west* - with residential development in Wyndham; industrial / freight activity centred around Altona North and linking to the Western Ring Road; major road transport routes including West Gate Bridge and Princes Highway West; and rail services (metropolitan to Werribee, regional to Geelong and Warrnambool, and interstate).
- *Western corridor* - with residential development at Caroline Springs and Melton; the Western Highway to Ballarat and Adelaide, connections to the port; and metropolitan and regional rail services.
- *Hume corridor to the north* - with residential development at Craigieburn, an industrial / freight precinct around Somerton; major road transport routes connecting from the Hume Highway, via the Western Ring Road, to the Tullamarine Freeway and City Link; and metropolitan and regional rail services (including extension of the electrified system to Craigieburn).
- *Dandenong corridor to the south-east* - with residential development in the Berwick – Cranbourne area beyond Dandenong; a strong commercial centre at Dandenong, with major industrial / distribution activity, particularly associated with containerised freight, in the surrounding area; major road transport flows along the corridor (the Monash Freeway) with connections to the port, to Latrobe Valley and Gippsland, and with transverse links to the eastern and southern suburbs; heavily used metropolitan rail, as well as regional rail services.

The Victorian Government recognises that improvements along such corridors will be necessary to ensure that transport remains efficient as the city grows.. It may be sensible, for instance, to manage the system so as to take personal travel away from road corridors that are important for freight movements, by providing users with alternative options and appropriate incentives. Selected improvements in the public transport infrastructure, which operates at or near capacity in several corridors, could reduce congestion for other traffic, including long distance freight traffic

Outer Urban Areas

As indicated earlier, there are challenges in continuing to provide effective and safe arterial roads and local public transport (bus) services in outer urban areas – to enable freight to move efficiently and to bypass congested activity centres, to enable buses to operate reliably and efficiently, and to enable outer metropolitan residents to access job opportunities, activity centres and essential services. Some of the existing outer urban arterial roads are former rural roads that cannot perform with acceptable levels of service under the new urban conditions, or with the forecast growth in freight, commercial and personal activity.

Cross-town Travel

Melbourne is characterised by large volumes of cross-town travel, both personal and commercial. The Western / Metropolitan Ring Road has been built to enable more

efficient movement throughout the western and northern suburbs and has brought significant benefits to freight. In the eastern suburbs, the Mitcham-Frankston Freeway (now committed) will address north-south travel demands, relieving the heavily congested parallel routes (particularly Springvale Road and Stud Road), and enabling freight to move more efficiently between the south-east and other destinations in the north of Melbourne, and to connect to interstate and inter-regional highways.

In addition, to provide effective alternatives to car travel, 'Smart Bus' services have been introduced along Springvale Road and Blackburn Road initially. These are characterised by: frequent services; a wider span of operating hours; priority over other road traffic; co-ordination with train schedules; real-time passenger information, and DDA compliant stops. These service improvements have had significant success in growing patronage in a short period, and the program will be rolled out to form a network of cross-town routes linking to the established (radial) rail network.

Such initiatives are directed at ensuring the most efficient use of road space, with priority given to high occupancy vehicles (such as buses) and commercial / freight movements.

POSSIBLE ROLES FOR THE COMMONWEALTH

Planning for Sustainability

As indicated in the submission and recognised by the Commonwealth Government through the institution of this inquiry, cities are the focus of population and economic growth and their sustainable management is an issue of national importance.

Some specific roles / actions for the Commonwealth Government are suggested:

1. The Commonwealth Government should clearly indicate that it supports the principles of *Melbourne 2030 – Planning for Sustainable Growth*, taking the directions and policies into account in its strategies and investment decisions. This would provide increased certainty with respect to the future form of development and infrastructure investment in Melbourne. Unfortunately, as evidenced by the recent approval of the Master Plan for Essendon Airport, the Commonwealth's actions have at times worked in direct contradiction to the principles of *Melbourne 2030*. Investors, local government and key stakeholders have called for the Commonwealth to indicate its support for *Melbourne 2030* principles and directions. In particular key stakeholders say that the Commonwealth should reflect the directions of *Melbourne 2030* when dealing with its landholdings and when planning investment in Government services and facilities as well as public infrastructure.

2. Commonwealth support for urban development initiatives and investments which lead to further integration of land use planning and transport systems to achieve triple bottom line outcomes is also a way in which the Commonwealth government can demonstrate effective support for sustainable cities outcomes. Active promotion by the Commonwealth of the development of significant transport nodes in urban areas is required. The Victorian Government's Transit

Cities program is currently leading the way in Victoria on such initiatives. The Commonwealth could have great influence and leverage improved outcomes with relatively small investments through a competitive program to fund demonstration projects.

3. There is a similarly significant opportunity for the Commonwealth to fund pilot projects to demonstrate best practice in sustainable urban development both in the case of greenfields areas and major urban renewal projects. Commonwealth involvement could actively support the Victorian Government's efforts to influence patterns of urban development, leading to more sustainable transport outcomes. The Victorian Government is currently working cooperatively with local government to prepare growth area plans and activity centre plans based on sustainable development principles. The Commonwealth therefore needs to give urgent consideration to commitment to participate in this process.

Sustainable Transport Systems

Problems of sustainability in the urban transport system will intensify as economic growth continues. The transport system envisaged in *Melbourne 2030* will:

- provide real travel choice and reduce inequalities in access to opportunities and essential services;
- promote more sustainable travel patterns with reduced environmental impacts;
- make better use of resources by using infrastructure efficiently, and
- improve productivity in the movement of freight, and in road-based public transport.

Some specific roles / actions for the Commonwealth Government are suggested:

1. The interactions between freight and passenger travel (including public transport), and among interstate, inter-regional and intra-metropolitan trips need to be better understood. The importance of freight and commercial activity to the national economy is evident; however, the contribution that metropolitan public transport can make towards reducing road congestion and improving efficiency needs to be recognised. It is suggested that urban transport systems and potential improvements need to be approached in a holistic manner, and that an integrated set of solutions may need to be applied. Some of the problems and potential solutions have been illustrated in the foregoing discussion. In particular, the Commonwealth could help to fund a broader range of transport programs or projects that support sustainable outcomes. Improved transport infrastructure has the potential to enhance productivity, and hence promote economic growth, which provides substantial benefits to the Commonwealth in the form of increased tax revenue. The emphasis of such investment should be upon achieving improved performance, efficiency and sustainability of metropolitan transport systems – rather than on particular modes or particular types of solutions.

2. The Commonwealth could take a lead role in working with the States to ensure the development of appropriate criteria, on a nationally consistent basis, for assessing and prioritising projects. It could also promote nationally consistent

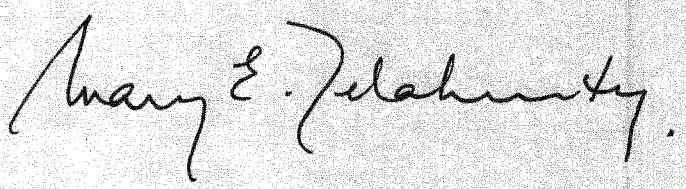
principles in relation to road pricing, which is emerging as a potentially important area of policy.

3. The Commonwealth, working with the States and the National Transport Commission, can target improvements in the environmental impacts and energy consumption of commercial vehicles. The Commonwealth could also ensure that its policies do not promote inefficiencies. For example, the current FBT arrangements provide a tax break for executives who drive to the CBD each day and accumulate at least 15,000 km of car travel per year, whereas they provide no financial incentive to those who travel by train each day. As another example, the lower import costs associated with off-road (4WD) vehicles could be reviewed in view of the relatively high fuel consumption and the extensive use of these vehicles in urban areas.

4. The Commonwealth already works with the States in the advancement of Intelligent Transport Systems (ITS). The increasing applications of ITS to achieve urban sustainability outcomes constitute a potentially valuable area for further Commonwealth / State cooperation

CONCLUSION

Melbourne 2030 is the blueprint for making Melbourne into a sustainable city over the next 30 years. The Victorian government is committed to implementing this plan. The Commonwealth should acknowledge Victoria's comprehensive and visionary strategy and support it through its investments and programs within Victoria.



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