



**Submission on Plan Melbourne,
Metropolitan Planning Strategy**

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Contact

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1.0 Introduction

unChain Inc (formerly unChain St Kilda) is an incorporated body of Port Phillip residents and traders. (See www.unchainstkilda.org). Originally we were brought together by concerns about the proposed development on the St Kilda Triangle. Now we are interested in an array of matters arising in Port Phillip, especially the appropriate development of our inner city.

We have members from all political parties but we do not have any political allegiance. We have an e-mail membership of over 2000 people. In the 2012 Port Phillip Council elections, three unChain councillors were elected and we gained about 36% of the first preference votes across the municipality. We can therefore claim to speak on behalf of a significant number of residents and traders in Port Phillip.

unChain supports the general concepts underlying Plan Melbourne and welcomes the opportunity to comment on the plan.

unChain Inc supports the general principles of

- Delivering jobs and investment
- Housing choice and affordability
- A more connected Melbourne
- Liveable communities and neighbourhoods
- Environment and Water
- A State of cities

unChain also concurs that some issues confronting us are:

- Congestion
- Affordability
- Accessibility
- A changing climate and
- Rural encroachment

2.1 Melbourne's Population Target

Plan Melbourne anticipates that Melbourne's population will grow to between 5.6 million and 6.4 million by 2050 (at p. 5). Is this an appropriate basis for the planning of Melbourne?

There will be many resident groups who do not accept the premise that significant population growth is inevitable or desirable. They may assert that the majority of people do not want a bigger Melbourne or a bigger Australia. They would argue that Melbourne's famed liveability is threatened, as more and more people squeeze into our neighbourhoods and onto our roads and into our schools and hospitals. Such critics would advocate measures such as

cutting the migration intake and restricting family benefits for the third and subsequent children (see for example the 14 point plan of MP Kelvin Thompson).

However unChain's submission does not accept that our metropolitan planning should be simply to declare that Melbourne is full. It is our submission that the Victorian government must manage Melbourne's growth, not try to stop it.

There are many cities in the US, Europe and Asia that have large populations and yet have better public transport, good healthcare, more affordable housing, beautiful public spaces etc.

It is our submission that the Victorian (and Australian) government must manage Melbourne's growth, in accordance with sound, evidence based objectives, to achieve sustainability, prosperity and inclusiveness.

unChain submits that it is appropriate for the Federal Government to develop a population policy based on principles of environmental sustainability. But planning for metropolitan Melbourne cannot assume that there will be no significant growth in our city. We believe that it is inevitable Melbourne will see significant population growth during the next 50 years and we believe that this growth presents both opportunities and challenges for Melbournians. We also submit that regional development policy at State level should be strengthened so that the challenges and opportunities of population growth within Victoria are shared throughout the State.

3 The Philosophy in Plan Melbourne

unChain believes that Melbourne's planning must be:

- Long term

- Bi-partisan and

- Strategic: with the identification of key issues, a clear idea of where we are going and how we are going to get there.

The metropolitan strategy must not be allowed to become a 'free-for-all' where developers put in ambit claims over individual sites and have most of them approved by Councils, the Minister or the VCAT.

If Melbourne is to manage a significant increase in its population over the next half-century, what is needed is more planning, not less. unChain does not interpret the Plan Melbourne as advocating the de-regulation of planning controls. In urban renewal areas like Fishermans Bend, there should be better planning than has occurred at Southbank and the Docklands. The experience of unChain in Port Phillip is that it is essential for us to invest in new infrastructure for our growing population, whether this is in the form of new schools, public transport, affordable housing, measures to deal with global warming and the like.

It is unfortunate that Plan Melbourne does not clearly explain how the new plan has learned from and differs from the past plan, Melbourne 2030.

Melbourne 2030 was introduced by the Bracks government in 2002. It aimed to concentrate development within activity centres close to transport. It aimed at reducing urban sprawl by redirecting new development to inner and middle suburbs, establishing urban growth boundaries and protecting green wedges. It was amended in 2008 to become Melbourne@Five Million with an extended growth boundary. Melbourne 2030 has been criticized on various grounds including:

- The failure of Melbourne 2030 to be accepted by the broader community
- Melbourne 2030 gave the VCAT multiple policy rationales to decide in favour of developers.
- The impact on heritage areas in the inner suburbs
- The impact on residential amenity of increasing density in the inner and middle suburbs
- The failure to stop urban sprawl through the release of new land on Melbourne's fringes
- Poor implementation on matters such as transport and infrastructure, for example with significant public expenditure on roads rather than public transport.
- The failure to have an identifiable body responsible for the implementation of the strategy in Melbourne 2030 with Planning, Treasury, Infrastructure and Human Services, the Growth Areas Authority, the Victorian Civil and Administrative Tribunal, VicUrban, VicRoads and VicTrack all having a say in its implementation.
- The weakening of the powers of local Councils and local communities and the strengthening of the powers of the Planning Minister and the VCAT.

Some critics have said that Plan Melbourne simply reproduces the strategy of Melbourne 2030. These critics are often particularly concerned about the impact of development on the heritage values and residential amenity of the inner and middle suburbs. unChain shares the concern of these critics about heritage and amenity. However unChain does not believe the Plan simply reproduces Melbourne 2030. We believe that the Plan does attempt to overcome some of the failings in the Melbourne 2030. These include

- Formation of a Metropolitan Planning Authority responsible for implementation of the Plan
- An attempt to stop urban sprawl
- A new zoning system that may help Councils protect neighbourhoods from inappropriate development
- Integration of development with provision of social and physical infrastructure

However other problems are not addressed in particular whether there will be a further weakening of the powers of local Councils and local communities and the strengthening of the powers of the Planning Minister and the VCAT.

4. Fishermans Bend Urban Renewal Area

A major part of the strategy of Plan Melbourne is to transition Melbourne to a more compact, sustainable city by through urban renewal projects (at p. 33). In Port Phillip this means the Fishermans Bend Urban renewal area.

While supporting the Government's initiative for the Fishermasn Bend URA, we are concerned as to how the objectives will be realised. There are many ways that even the best visions can go awry including a failure to learn from the past, a failure of implementation planning and a failure to ensure adequate funding is available. Dependable and resilient planning controls are required; as is a clear identification of a timeframe and funding approaches. Plan Melbourne (at p. 63) implies that the planning of Fisherman's Bend has learnt from the shortcomings in past urban renewal programs but no details are given of what these lessons are. There is no acknowledgment that there have been significant mistakes in the development of the Docklands and Southbank precincts that must not be repeated.

In November 2013 unChain made a submission to Places Victoria on the Fishermans Bend Urban Renewal Area. A brief outline of the some of the key points in our Submission are as follows:

Economic Cost Benefit Analysis: The State should undertake at an early stage and release for public comment an Economic Cost Benefit Analysis of the proposal with objectives to include: informing the community, guiding the selection of the most beneficial mix of uses for the area, justifying the expenditure of public monies on infrastructure for the area. unChain is confident that the enormous savings of Government and community funds in locating employment and housing in this concentrated area rather than allowing Melbourne to continue to sprawl will more than justify Government expenditure on infrastructure for the area.

A Centre of Employment and New Economy Businesses: It is essential that Fishermans Bend remains and grows as a major economic and employment contributor to metropolitan Melbourne by not only retaining industry currently in the area but also by targeting the growth of New Economy businesses in the area. Fishermans Bend must not be allowed to become little more than a residential "dormitory". Clever strategies must be adopted to ensure that it becomes a thriving centre for creative, knowledge based industries that provide sustainable employment.

Siting a University Facility on Public Land: All current publicly owned land in the area must be retained and careful assessment needs to be undertaken to ensure that such public land is used to create the most community benefit. In line with this thrust and the benefit of having the area become a cluster for New Economy businesses, efforts should be made to make one of these sites available for the establishment of a University facility in the area that will enhance the development of New Economy businesses.

Greater Limits on High Rise: The extent of high-rise proposed must be reviewed and reduced and strict planning controls should be applied to high-rise to ensure design quality, privacy, solar access, and to limit overshadowing and adverse wind effects. Also, high rise must not be allowed to cluster around the Yarra River but should be widely dispersed on sites throughout the area.

Government Commitment to Early Infrastructure Delivery: Government at all levels must ensure that essential infrastructure including transport, schools, roads, parks and head-works for water, sewage and power services are committed early to avoid highly expensive retrofitting and to encourage the private sector to invest.

Low Cost Accommodation and Community Housing needs to be delivered: This is essential to meet the objective of a vibrant and diverse community in the area. unChain submits it is also essential that low cost accommodation solutions be delivered for both living and workspace to ensure that young entrepreneurs can develop New Economy businesses at Fishermans Bend.

Government must deliver certainty and efficiency of process: All levels of the community, whether businesses or residents, earnestly seek certainty and efficiency from Government processes. Residents will not come to the area if they cannot be assured that planning restrictions will not be suddenly overturned allowing high rise into an area that they bought into on the basis it would be medium rise. Similarly, businesses need assurance that Government services and processes will lead to low cost outcomes for them.

5. Delivering Jobs and Investment

Plan Melbourne promises to create a city structure that drives productivity, supports investment through certainty and creates more jobs (at p. 20). One aspect of this is to facilitate private sector tourism investment opportunities. The St Kilda Triangle has the potential to be the core of a nationally significant cluster focused on Arts and entertainment.

In 2001 the Council began the preparation of the St Kilda Foreshore Urban Design Framework (UDF). It promised a cultural and entertainment precinct at the Triangle with a refurbished Palais and significant public open space.

Six years later in 2007 the previous Council approved a plan by Babcock Brown Citta. This included a massive shopping mall, six nightclubs, a 'Sydney' style beer tavern and other licensed venues with a capacity of over 10,000 people. This was a betrayal of the promise in the UDF. Had this plan gone ahead, there would have been a significant adverse impact on the residential amenity of St Kilda residents and on the viability of the shopping strips of Fitzroy St and Acland St.

After a community revolt that threw out the old Council, a new one elected in 2008 negotiated a commercial settlement to terminate the BBC contract. The Council also amended the Planning Scheme to control concentration of nightclubs and alcohol venues. It also began the process of consulting with the community concerning the future of the Triangle. The vision involves public open space, a creative arts focus, maintained views, improved beach access and is affordable proposal. It rejects domination by alcohol venues and large retail and/or commercial development.

The Council commissioned a Palais Theatre Requirements Study (2012). The study assessed three possibilities for the Palais ranging in cost from \$26.5 million to \$130 million. The Triangle is of city, state or national significance and is a clear example of the need for a partnership between the local community, the Council, state and federal governments and private developers.

The possibility exists therefore for the St Kilda Triangle to be the centre of an Arts cluster, with a refurbished Palais and new buildings in accordance with the Council's vision. For example the Triangle could be the new home for the Australian Centre for the Moving Image if that institution were moved from its currently unsatisfactory premises at Federation Square. Alternatively it could have a music focus, for example as the Melbourne Centre for World music and dance. There are many possibilities and the next step is to identify the appropriate theme and establish how it can be funded.

A new St Kilda Triangle as an arts and entertainment precinct with significant public open space could be seen as the southern end of a wider Arts precinct that extends to the Arts Centre, the Victorian College of the Arts and Federation Square. The possibilities are exciting for Melbourne.

6. Housing Choice and Affordability

Plan Melbourne promises to provide diversity of housing in defined locations that cater for different households and are close to jobs and services. (p. 52). unChain supports this aspiration.

The increasing cost of accommodation in our city is a major problem. unChain wants Port Phillip to continue to be an inclusive, diverse and exciting community – one that includes people who cannot afford high rents and house prices.

This is a particularly important issue in Port Phillip. The Table in the Discussion Paper at page 35 shows the change in rental affordability of a three bedroom house from 2002 to 2012. In 2002 Port Phillip was the most expensive area to rent in 2012 (at about \$400 per week) compared to a municipal average of around \$210 per week. This continued in 2012 with the average rental in Port Phillip at \$750 compared to the municipal average of around \$330. The submission by the City of Port Phillip included a similar figure for the purchase of a median priced house. The threshold income required to buy a median priced home in Port Phillip in 2011 was \$269,000 (compared to \$135,000 for the whole of Melbourne). This meant that 86.5% of households could not afford to buy a house in Port Phillip (70% for the whole metropolis). Clearly there is a city-wide problem of affordable housing and it is particularly important in Port Phillip.

unChain agrees with the submission of the City of Port Phillip that government policy should not just focus on outer fringe development - the government should also be dealing with housing affordability in the inner city since that is where the jobs, services and public transport are. One lesson is that in planning for Fishermans Bend, the authorities should be identifying mechanisms for the provision affordable housing.

We note commentary in the *9th Annual Demographia International Housing Affordability Survey* which assessed for each year 2004 to 2012 that Australia, along with New Zealand, had the most unaffordable major housing markets of the 337 metropolitan markets surveyed in Australia, Canada, Hong Kong, Ireland, New Zealand, the United Kingdom and the United States. The survey concluded that every major market in Australia, including the Melbourne market, was severely unaffordable in every year surveyed. This assessment indicates a chronic failure of government housing, planning and regulatory policies at all levels – local, state and federal. A performance indicator in assessing success for Fishermans Bend will be its capacity to deliver affordable housing.

unChain also supports the aspiration of Plan Melbourne to improve the quality and amenity of residential apartments (at p. 59). Clearly at Fishermans Bend and other areas in Port Phillip, much of the new accommodation will be through apartments. We do not want to be building the slums of the mid-21st century.

unChain supports the promise in Plan Melbourne to facilitate the supply of more social housing (at p. 65). In particular, unChain supports community housing because of the model of delivery involved. It is localised, non-bureaucratic and allows for the leveraging of local COPP funds with State and Federal funds. This is a different model from public housing plonked down in neighborhoods by centralized State Housing Commissions.

The Port Phillip Housing Association (PPHA) has been outstandingly successful in providing community housing. Over the last 5 years the Association has built 257 community housing dwellings valued at \$88.48 million for the less privileged in our society. Most of the funding has been provided by state and federal housing sources, leveraging up the modest contribution from the City of Port Phillip. Plan Melbourne uses the success of the PPHA as a case study (at p. 66).

What Plan Melbourne fails to acknowledge is that the success of the PPHA is the result of community involvement and participation over the past 25 years. This is typical of the whole document, which does not realize that Plan Melbourne will only succeed if it is accepted by the broader community.

It is further submitted that Plan Melbourne should set a target for social housing. The percentage of social housing stock in Melbourne is currently 3.5% compared to an Australian average of 5%. The target should be to increase the percentage of social housing in Melbourne to at least the national average.

7. A More Connected Melbourne

Plan Melbourne promises to provide an integrated transport system connecting people to jobs and services and goods to market (at p. 70). This involves city shaping transport projects such as the East West freeway link (p.73), the Melbourne Metro project (p. 75), improvement of the tram network (p.77), support for walking and cycling (p. 79) and removal of level crossings (p. 83).

Plan Melbourne makes the heroic statement that ‘all projects and initiatives requiring budget funding will be carefully assessed in relation to budget capacity and will have rigorous business cases using cost-benefit analysis as part of their economic impact assessment’ (at p. 151). No more political-driven projects like the desalination plant, the National Broadband network, and the East West link?

unChain supports the need for cost-benefit analyses to be undertaken on major city or state sponsored projects. More importantly, unChain believes that these studies should be made public as the basis for community debate on the desirability of implementing the projects before there is a commitment to their implementation. Well-rounded community consultation and debate will undoubtedly lead to better more community based outcomes for the projects concerned.

unChain believes that too much of the private enterprise criteria of assessing projects on the basis of earning a “return on capital invested” as the basis of assessing public projects has been applied by Governments in recent years. The result is that highly desirable public projects are shelved in favour of only

those that the private sector will fund. This is not a formula that Government should blindly continue to pursue as it will lead to a dearth of public projects that will enhance our community even though they do not provide a strict return. Accordingly, the aforesaid cost-benefit analyses should also incorporate a methodology that seeks to take account of long term non-fiscal community “returns”.

The East–West Link (p.73):

There have been major issues with freeways such as the proposed East West link. Many residents and transport experts believe that major roads need to be discouraged and that our investment in infrastructure should be rail or light rail. This view is based not just on financial grounds, but also on environmental and social grounds. It is impossible to assess the merits of the East-West Link because the full information has not been made public. Do the costs outweigh the benefits? Quite frankly we do not know. The government has not given us the full information. This is not how we should do major infrastructure projects.

The Melbourne Metro project (p. 75):

There has been no major rail extension in Melbourne since the 1930s. At that time Melbourne had a population of just 1 million. A city of 6.5 million residents needs a world-class public transport system. The government has set up Public Transport Victoria to administer trams, buses and trains. This gives us the capacity to get a modern public transport system in Melbourne..

The mandate of Public Transport Victoria should be to build a world-class public transport system. Melbourne should emulate cities like Portland, Oregon, which is called one of the most ‘green’ cities in the world because of its public transport network and land-use planning.

unChain agrees with Plan Melbourne that we should be building a metro rail system like other great cities across the world. Unlike a suburban rail system, a metro (or rapid transit) rail system is a network of dedicated lines segregated from each other and other rail traffic and running back and forth along the one line. Passengers wanting to traverse the network make interchanges at hub stations where two or more lines pass by each other. Melbourne needs a metro style rail service that can run at higher frequencies and speeds and with greater reliability. The metro network must be complemented by a suburban rail service to the outer metropolitan areas.

Melbourne must not repeat the mistakes of the 1970s when the equivalent of \$5 billion was spent on building the City Loop. Because the loop used up all the available funds, Melbourne did not built any new rail lines.

There should be some clear targets for Melbourne’s future transport system to raise public support. For example:

- To raise approximately \$35 billion over the next two decades to build the system.
- No more than 5 per cent of Melbourne households would be more than 800 metres from a fixed-rail transport service. (A similar target has been adopted for the expansion of Singapore's MTR)
- The metro rail system would run at frequencies of every five minutes.
- In budgeting and building the metro rail system, world best practice would be used.

Melbourne should learn from examples such as the 'Madrid Miracle'. That city has built so much rapid transit so quickly at such a low cost. The system is now the sixth longest metro in the world. Its fast growth in the last 20 years has rivaled many Asian metros such as Shanghai, Guangzhou, Beijing and Delhi. How could a city build so much rapid transit so quickly? Part of the answer lies in the political climate. But part is the lower cost of building subway tunnels in Madrid compared to other cities thereby making subway expansion much more affordable.

In contrast the Melbourne Metro is frustratingly slow. Delivery of an unproven East-West freeway has been given priority over a proven Metro 1. Commencing construction of Metro 1 is only a 'medium term' project and assessing the feasibility of Metro 2 is only a 'long-term' project.

The Metro project has had planning approvals 'fast-tracked' by being declared under the Major Transport Project Facilitation Act. However this will still take years to complete and construction can only begin when funding is available, if ever, from the federal government or other sources. This is not good enough.

It is submitted that Plan Melbourne should be more aggressive in its targets for realizing Metro 1 and 2. It should be more open about the planning and financing restraints on developing a world-class public transport system. The plan should discuss how these restraints can be overcome or minimised. The plan should indicate new funding options such as a metropolitan improvement rate in addition to relying on federal government funding.

unChain agrees with the City of Port Phillip submission that advocates early Government commitment to the delivery of Melbourne Metro project and extension of the Collins Street tram into Fishermans Bend.

Improvement of the tram network (p.77):

Plan Melbourne promises to improve tram travel times, capacity and reliability and extend the tram networks into key urban renewal precincts. As a stand-alone aspiration, this is unimpeachable. But there are other considerations that have to be taken into account.

One of the problems with Melbourne 2030 is that developers, including public authorities, could use simple statements like the discussion on trams to ram

through projects without an appropriate consideration of other important factors. The unChain experience is that this could also be true of 'improvements' to the tram network advocated by Public transport Victoria or operators like Yarra Trams.

The Melbourne Plan says that the 'Route 96 Project is currently undergoing community consultation and is exploring options for improving existing infrastructure and services, including investigating new level-access tram stops, segregating trams and general traffic, tram priority at traffic signals and connections with trams and buses'. What a misleading statement!

Yarra Trams and PTV proposed options for the 96 tram in Acland St and Fitzroy St that had major issues relating to traffic management and flow, impacts on local traders and residential amenity. Plan Melbourne does not acknowledge the complexity of these issues. It is Pollyanna planning.

unChain understands and supports a sustainable, reliable and accessible transport system. The PTV's original proposals for the Route 96 Project met their mandate to extend public transport – but no more. Their options excluded consideration of all the other components that contribute to the success of Melbourne as a liveable city.

There was widespread community outrage about the single-minded focus of PTV and its apparent belief that it could ignore the interests and concerns of other stakeholders, especially residents and traders

Ultimately the Port Phillip Council established Community Reference Groups for the two streets and these have been successful. While not everyone is happy with the =current outcome, PTV have made significant concessions and the result will be an outcome for Fitzroy St and Acland St that is demonstrably better than the original proposals from PTV/Yarra Trams. But it should not have taken a significant community reaction to force PTV to genuine community consultation. This should have been built into the expectations of PTV, Yarra Trams, the Council and the local community about how to improve the tram network. Plan Melbourne should make clear that this is the expectation.

Melbourne has an extensive tram network and historic streets, many of them like (say) Acland St that perform significant functions other than being a public transport conduit. It is difficult to introduce disability and disabled access tram stops and segregated tram routes into established narrow streets like Acland St. It is therefore submitted that Plan Melbourne should recognize this complexity and clearly state that in the improvement of the tram network, there will be a genuine consultation with other interested parties.

Removal of level crossings (p. 83):

Plan Melbourne promises to facilitate development and drive investment through strategic removal of level crossings. unChain submits that the first

priority in improving the train system is to make the existing train set work better. This has two elements.

One is to element is the level crossings. Plan Melbourne should target the removal of all the 180 level crossings, not just some as implied in the Plan that only promises 'an ongoing program of removals'. unChain agrees that many of these may be attractive to developers because they are in high value locations.

The second element in improving the existing train system is to adopt dynamic signalling, as in many European countries. This should be added to Initiative 3.2.3, even though it does not have the same potential as the removal of level crossings to attract private sector funding.

8. Liveable Communities and Neighbourhoods

Plan Melbourne promises to create healthy and active neighbourhoods and maintain Melbourne's identity as one of the world's most liveable cities (at p. 96).

The Plan aims to create a city of 20-minute suburbs (at p. 101). Port Phillip is already such a place and unChain supports this aspiration for other places.

unChain agrees with the statement in Plan Melbourne that residents and businesses believe it is important to protect Melbourne's suburbs from inappropriate development (at p. 103). Like the residents in the middle suburbs, many residents in Port Phillip are concerned about multi-level apartments being approved in inappropriate areas of our municipality. There are significant impacts on residential amenity and on our stained physical and social infrastructure. Residents are concerned to protect our leafy green suburbs from opportunistic developers.

We therefore welcome the biggest changes to planning zones in 30 years. Although separate from the metropolitan planning strategy, this new zoning system is essential if the new strategy is to achieve widespread community support. The new zoning system should enable Councils to identify the areas that are appropriate for more intensive development and those that are not. This aspect of the new zoning system appears to be similar to the new Local Planning Policy Framework in the Port Phillip Planning Scheme (Amendment C62) which the State government approved in 2011. The C62 amendment has already had an impact in Port Phillip in that fewer applications for larger developments have been made in areas where they would conflict with existing neighbourhood character.

Plan Melbourne proposes that each local government prepare a local housing strategy and may protect Neighbourhood Centres including mandatory height controls (at p. 103). The Plan also proposes to protect our waterways from inappropriate development. The method would be 'in partnership with local

governments and stakeholders, (to) prepare and implement planning provisions for height controls for medium- and high- density development in sensitive locations around Port Phillip Bay' (at p.103). unChain is concerned that this statement should not be used to weaken the height controls along the Port Phillip foreshore. These controls have been successful in protecting our foreshore from a 'Gold Coast' type development of a series of towers along the foreshore. unChain submits that there should be a statement in Plan Melbourne recognising that there may be existing controls protecting our waterways and that any review would aim to strengthen these controls, not to weaken them.

Plan Melbourne also promises to make our city greener (at p. 107). It recognises that our green spaces are under increasing pressure. It promises to develop a new metropolitan open space strategy. unChain supports these proposals but wonders how this would be applied to the Grand Prix at Albert Park.

unChain, the Port Phillip Council and the majority of the residents are opposed to the use of Albert Park by the Grand Prix. Our largest park is not the appropriate site for a Grand Prix. The original contract was entered into by the Kennett government and subsequently extended by the Bracks and Brumby governments until 2015. What should be done now?

The Grand Prix has a significant impact on local residents, schools and traders. There is disruption for months to park users, especially with respect to community sporting facilities. This disruption gets worse every year as more and more park users are displaced.

There is also a significant financial cost to the Victorian taxpayer. There have been conflicting opinions on whether the Grand Prix delivers value for money when economic and tourism benefits are considered. This debate has now been put to rest. The Victorian Auditor-General's peer reviewed cost benefit analysis found the GP is a net loser for Victoria and his office found there is no evidence of extra tourists coming to Melbourne. The Grand Prix has over \$250 million of accumulated losses. Furthermore the claimed global TV audience figures, the value of the 'Melbourne brand' and the attendance figures all appear to be greatly exaggerated.

Are there not better ways for the State government to spend over \$50 million dollars each year? Plan Melbourne demonstrates that there is a need for Melbourne to invest massively in new infrastructure. How many schools, hospitals, aged care facilities, train-lines etc could be built with this money?

unChain submits that Plan Melbourne should contain a strong statement that our public parklands are to be protected. Events like the Grand Prix at Albert Park should only be allowed if they satisfy an open, honest and comprehensive cost benefit study. In the particular case of the Grand Prix, it is submitted that this cannot be demonstrated and the Park should be returned to its proper purposes.

One controversy that is absent from Plan Melbourne's discussion of creating liveable communities and neighbourhoods is the impact of live music on residential amenity. Melbourne's sporting, educational, artistic and cultural institutions add to its distinctiveness and offer residents an enriched life. However the Paper does not address the vital issue of the conflict between residential amenity and live music and how this should be resolved.

Live music has been an important part of the heritage of Melbourne in general and Port Phillip in particular. But live music venues are under threat from inappropriate planning and licensing laws or their enforcement. An example in St Kilda is the 'Pure Pop' live music venue. Plan Melbourne should recognise the 'agent of change' principle to protect live music venues but also safeguard the amenity of new residents – as developers are obliged to implement proper urban design and noise attenuation. There are a multitude of other measures that can be developed to promote both local amenity and live music. For example there can be accords between venues and local residents that may see venues agreeing to pay for installing double glazing and soundproofing for the benefit of local residents.

9. Environment and Water

Plan Melbourne promises to protect our natural assets and better plan our water, energy and waste management systems to create a sustainable city (at p. 117). The Plan says that adapting to climate change is about taking deliberate steps to manage the potential impact of climate change and recognises that Australia must reduce its greenhouse gas emissions in line with international efforts.

unChain agrees with the City of Port Phillip submission that '*Plan Melbourne* does not address how government will respond to the impacts of climate change – specifically climate adaptation to heat waves and flooding/ sea level rise. This is considered a major gap in a long term strategy for the development of Melbourne'.

unChain submits that as well as reducing our carbon footprint, Melbourne will need to adapt to a changing climate, potential sea level rises, and the potential for extreme weather events'.

In Port Phillip we confront the possibility of rising sea levels causing flooding. CSIRO oceanographer Dr John Church in his book *Understanding Sea-level in Rise and Variability* has brought together the work of over 90 researchers. He explains that there may be major changes in sea level brought about by the melting of the ice caps, thermal expansion and run off from aquifers. The Bruun rule says that for every centimeter the sea level rises, there is a good chance of the shoreline retreating by up to a meter. Scientists say it is possible that over this century the sea level could rise by a meter. This would mean that the ocean could swallow 50 to 100 metres of coastline. During the

lifetimes of children now going to primary school, large areas of Elwood, St Kilda, Middle Park and Port Melbourne could be affected.

According to CSIRO studies the average sea level in Port Phillip Bay has already risen over 3cm during the 1990s with a rise of no less than 0.8m predicted by 2100. Therefore the Port Phillip Council has to plan for the possibility of a sea level rise of not less than 0.8m by the end of this century and allow for the combined effects of tides, storm surges, coastal processes and location conditions, such as topography and geology when assessing risk and impacts associated with climate change.

Port Phillip Council is a member of the Association of Bayside Municipalities. The major project is to gain Federal funding to do a “3rd pass assessment” of Port Phillip Bay, which will bring together studies on sea level rise with studies on overland flooding. This will then inform the best strategic work all councils can do to mitigate storm, flood and sea level rise damage.

Flash flooding of the Elwood canal is a major local issue that requires joint action by the State government, Melbourne Water, Port Phillip Council and neighbouring Councils. Melbourne Water is carrying out a major study on the Elster Creek catchment. Once completed, its findings will provide specific projects for advocacy and guide future work of all stakeholders to alleviate flooding in the catchment.

Rising sea levels will also be an important consideration in the development of Fishermans Bend. We do not want to be setting ourselves up for a Brisbane-type flood in the future.

It is submitted that the Plan Melbourne should contain a more detailed explanation of government policy on sea levels, how it will be developed and how this will be applied by local governments.

10. Implementation: Delivering Better Governance

Plan Melbourne says ‘The Metropolitan Planning Authority will work with government departments and agencies, landowners and development partners to plan for the future urban structure of significant precincts. It will also focus on facilitating appropriate development., help to coordinate government investment, speeding up development processes and advising when red tape can be reduced’ (at p. 149). The Metropolitan Planning Authority, amongst other responsibilities, would coordinate government authorities in major infrastructure and urban renewal projects.

unChain supports the creation of the Metropolitan Planning Authority. One of the failings in the previous metropolitan planning strategy, Melbourne 2030, was that there was no identifiable body responsible for the implementation of the strategy.

However unChain notes the failure of Plan Melbourne to include residents in the list of entities with whom the Metropolitan Planning Authority will work. This must be corrected.

unChain submits that the responsibilities of the Authority should include conducting research and stimulating discussion on the methods of funding infrastructure, as discussed below.

unChain also submits that the authority should not have any power to issue consents. This should remain the responsibility of the local Councils. The metropolitan strategy should define the respective responsibility of the State and local governments. The State government should set the vision for planning but the local Councils should have the authority to implement this policy at the local level.

Plan Melbourne also proposes five metropolitan subregional groupings of local councils to work with the Metropolitan Planning Authority and collectively plan for jobs, housing and investment infrastructure and services. (at p. 151). Post Phillip would be part of the Central Subregion along with the Melbourne, Stonnington, Maribyrnong and Yarra Councils.

Again it is important that residents are not disenfranchised by the creation of the Central Subregion. It should also be noted that some resident groups have already agreed to work together as the Inner Metropolitan Planning Alliance and it is not unlikely that an important part of this new body will be to work with the Central Subregion.

The new planning system, including Plan Melbourne, gives us an opportunity to reconsider the role of VCAT. Plan Melbourne merely says that improving the effectiveness of the decision-making framework will increase clarity for the development industry and VCAT must be sufficiently resourced to hear matters in a timely way (at p. 32). This is inadequate.

VCAT was established more than a decade ago as a modern, accessible, efficient and cost effective one-stop shop providing justice services to Victorians. As Melbourne grows, it is inevitable that there will be complex and controversial planning disputes. It is absolutely important that the community has confidence in VCAT decisions on these disputes.

However there have been concerns about the operation of VCAT in planning matters. There have been issues with the consistency, predictability and quality of tribunal decision-making. There are also concerns about delays and costs for thousands of tribunal users.

More fundamentally there is a need to reconsider the role of VCAT. It is submitted that the State government should be responsible for setting the metropolitan planning strategy. It should then be the responsibility of the local Councils to implement it, consistently with local planning instruments. The role of VCAT should not be to undertake a *de novo* re-hearing of the application,

with the VCAT able to substitute its decision on the merits of an application for that of the local Council. The role of the VCAT should be limited to that of an appeal body: only quashing a Council decision if the Council has misapplied the Planning Scheme, including Plan Melbourne. This is the best way to achieve the government's aim of improving the effectiveness of the decision-making framework.

Any consideration of planning laws must also involve the powers of the Minister to intervene in planning decisions. The Windsor Hotel redevelopment fiasco revealed fundamental problems with Victoria's planning system.

Every government since John Cain's has increased the centralisation of planning power in state government ministries, initially at the expense of the Melbourne and Metropolitan Board of Works and increasingly at the expense of local governments and local communities. Increasingly, proper planning processes are circumvented in an effort to fast-track development, especially for major projects.

The Planning Minister currently has the power to call in and approve any development project. In the central city zone, which includes Fishermans Bend, the minister is the responsible authority for major buildings. No other portfolios need this level of direct ministerial intervention in the decision-making process.

It does not matter whether there is a Labor or Liberal government, the result appears to be the same: a developer-driven process that lacks transparency. The Kennett government had a metropolitan strategy called *Living Suburbs*. The Labor government introduced *Melbourne 2030*. Both documents had photos of smiling families and historic buildings and were full of 'feel good' statements about integration and sustainability. Plan Melbourne is similar. But the reality is otherwise.

When in opposition the Labor party promised to abolish the power of the Minister to 'call in' projects. It attacked Liberal Planning Minister, Robert Maclellan, for his imperious disdain for councils and communities and his willingness to call in projects. But when in office the Labor party has behaved the same way. Labor's Planning Minister Justin Madden regularly called in projects and sidelined local councils and VACT. The current Liberal Planning Minister, Matthew Guy, seems to be acting in the same way in approving proposals like Australia108, a 108 storey building will tower over Southbank.

It is time to abolish the Minister's power to call in projects. If there are projects of such real significance to the state that they should be removed from the normal review and adjudication processes of the community, the Council and VCAT, then that should be done by an Act of Parliament, not by an arbitrary decision in the office of the Planning Minister, whether Liberal or Labor.

Similarly it is time to regulate the Minister's power to unilaterally determine major projects in the capital city zone. If the Minister is to be the responsible authority for major developments in the capital city zone, that power should be

exercised to implement a Master Plan. The Master Plan should be developed in consultation with the local Councils and communities. We need a Master Plan for Southbank and Fishermans Bend.

Plan Melbourne proposes several initiatives to 'streamline' the planning system, including applying VicSmart to medium density housing and affordable housing projects. The City of Port Phillip says that proposals which limit community involvement in the planning process, or reduce Local Government's decision-making responsibilities, are not supported and unChain vigorously agrees with Council's position.

11. Funding

Plan Melbourne says that 'ultimately the community funds the infrastructure and services it expects and enjoys. We do this either directly (as users of services) or indirectly (by paying taxes) ... during the 1990s Victoria led the way with reform of essential infrastructure ... However, with the exception of tolling on both City Link and EastLink, there have been no reforms to the way we fund major infrastructure', (at p. 167)

unChain agrees that more infrastructure will be required to meet the needs of a growing Melbourne and that this will require hard choices and political leadership. There is a backlog in infrastructure investment and so a need to explore a range of funding sources.

Plan Melbourne discusses only a limited number of possibilities including public/private partnerships and developer contributions. However Plan Melbourne does not discuss some other funding sources, does not explain the possibilities in any detail and does not suggest a mechanism for making hard choices and giving political leadership.

Politicians are wary of raising ideas that are controversial or opposed by many in the community. An example is the re-action of the government to the courageous decision by the Labor opposition to sell lease of the Port of Melbourne. If Labor wins the next Victorian election, it plans to follow the examples of the NSW and Queensland governments and sell the long-term lease for over \$5 billion. It will use these funds to improve the state's most dangerous level crossings. In NSW 80 per cent of the two NSW ports went to Australian super funds. This 'social privatisation' of assets by Australians is more politically palatable than selling to foreign investors. Nevertheless the Liberal government attacked Labor's proposal as 'a second-rate con job' (19 November).

Can we get a bi-partisan approach to funding of infrastructure or to 'de-politicise' it? One possibility is to widen the responsibility of the Metropolitan Planning Authority to include funding of infrastructure. The Authority could be responsible for conducting research and stimulating public debate on the way

that infrastructure could be funded. The Authority could investigate possibilities such as the following:

Borrowings and Bonds

The traditional way of financing infrastructure is by borrowings and government bonds. However the federal and state governments have been afraid of losing their AAA credit rating were we to lift our borrowing ceiling and they are anxious not to run budget deficits. This is driven by short-term political tactics rather than any long-term strategy.

We should distinguish between current and capital expenditure. It is important that the government 'lives within its means'. Borrowings and sale of government assets should not be used to fund current expenditure such as the salaries of our teachers, police and health workers. The current generation should pay for the services that it consumes.

It is different with capital expenditure. Our new schools, roads, ports, public transport systems, hospitals and power stations will not just benefit the current generation. This infrastructure benefits current and future generations. This infrastructure also creates wealth through a better educated, healthier and more productive community. Therefore it is appropriate to fund this new capital infrastructure in part by public borrowings. This means that future generations help to pay for the new infrastructure that we will be building for them.

Now we have a once-in-a-lifetime opportunity for Australian governments to borrow money for new infrastructure. As the international 'currency war' intensifies, with competitive devaluation of other currencies, money is pouring into the safe haven of Australian dollars.

Infrastructure Australia chairman Sir Rod Eddington has proposed the introduction of "infrastructure bonds" to fund development of our infrastructure. This will give global investors something to invest in other than Aussie government bonds, Telstra shares and export LNG projects. We can put this foreign money to good use replenishing the national infrastructure.

We can borrow money at super-low rates to build new railways, schools etc and also cushion the economy from the decline in mining investment with the peaking of the mining boom. Rod Eddington has said the lack of a comprehensive bond market in Australia was the "missing link" in the country's financial services sector that needs to be filled.

Australia may look with envy at Germany's infrastructure. Germany has significant public debt at 80 per cent of GDP but it can service this because of its strong economic growth and its investment in productive infrastructure — high speed rail systems, long-distance roads and metro rail systems etc. Australia's public debt, at all levels of government, is only about 30 per cent of GDP. If we were to borrow another \$300 billion for infrastructure, our public debt would be about 50 per cent of GDP, which is around the OECD average and significantly less than Germany's.

Public/Private Partnerships

The alternative is to avoid debt and budget deficits by limiting the building of new infrastructure or by privatising it. Victoria has led the way in Public-private partnerships (PPPs). The theory is that the private sector can better manage the building new infrastructure.

However history has shown that PPPs can be an expensive way of financing social infrastructure such as public schools and public hospitals. Governments can borrow money at significantly cheaper rates than private developers. It can be argued that had the Government borrowed the money and then used the same architects, the same designs and the same construction companies, then the cost of these projects often would be significantly less. At the same time, there is ample evidence that the transfer of risks from the Government to the private sector e.g. construction risks and operating costs (and so cap the Government financial exposure to the project) can allow the government to avoid considerable risks that could be very costly e.g. cost overruns. Accordingly each project that is proposed for delivery under the PPP model needs to be carefully assessed to ensure that the risk transfer to the private sector is robust.

Infrastructure delivery by the PPP model also allows the Australian Super Funds to invest in vital infrastructure.

Privatisation

In 2012 Infrastructure Australia advised that state and federal governments could sell more than \$200 billion of 'lazy' assets to fill the nation's infrastructure gap, reduce debt and lift productivity. The report identified 82 profit making government assets that could easily be sold. These include power generators, airports, water utilities and ports. For example in Victoria the Port of Melbourne could be privatised as proposed by the state opposition. Similarly the Productivity Commission has concluded that the electricity network businesses would perform better if privatized.

Superannuation Funds

Much of the angst over privatisation could be relieved if government assets were to be sold to Australian superannuation funds. Super funds have typically invested in privatised assets because the asset has already been constructed and in most cases, has been operating for a number of year such as the Melbourne Airport. They are particularly attracted to the steady yields offered by public assets.

Sale to superannuation funds would help overcome political opposition to the privatizations and enable governments to invest in new infrastructure, such as public transport, schools and hospitals. The ACTU has backed the campaign on the grounds that "social privatisations" can transfer government assets to the community using super funds that represent "mum and dad" owners.

Currently superannuation funds invest around \$48 billion in infrastructure assets. This is a non-trivial sum but compared to the size of the superannuation pool at \$1.4 trillion, it is only a drop in the bucket. The state and federal governments should investigate methods to encourage superannuation funds to invest in Melbourne's needed infrastructure.

Sale of Railway Air rights

Melbourne has over 180 road level rail crossings. One of the challenges that Melbourne faces is that if more train services are run during peak hours, this can impact on traffic congestion on local roads simply because roads stay closed for longer when boom gates are down. The Victorian Government has promised to remove 12 crossings, with planning commencing on three immediate priority crossings. One of the solutions proposed is for private investors to finance development of Melbourne's railway crossings. There is the potential that land above railways can be utilised for development, with proceeds funding infrastructure.

Congestion Charges, User Charges and Developer Contributions

We can impose user pays charges upon existing roads or privatise them outright. As discussed in the Discussion Paper we can impose a set of developer contributions in the inner and middle suburbs similar to the contributions that are required in the outer growth areas. unChain supports the current review of development contributions and submits that this should include consideration of the low take-up of development contribution plans for established areas.

Goods and Services Tax:

In November 2012, the Goods and Services Tax review, led by Nick Greiner, found that the tax is failing to deliver the revenue expected of it and has called for a national debate about its rate and scope. The Australian GST introduced in 2001 included the exemption of food,

health and education and was set at an internationally low level of 10%.

The political parties have said that changes to the GST are off the agenda. However, far-sighted politicians could 'sell' a tax reform package that includes a more comprehensive GST tax base and a higher GST rate. This would replace other more distorting taxes and fund the infrastructure our growing cities require.

The UK and NZ have made similar changes as recently as 2010. In New Zealand-type there is a comprehensive GST tax base, which removes earlier exemptions for food, health, education, child care and water. The tax rate is set at 15%.

One legitimate concern is that consumption taxes alone are regressive. However they can be made progressive. Equity for those on low incomes is more effectively achieved by recycling the extra GST revenue as increases in social security payments. Equity is also achieved if the revenues are committed to new infrastructure such as government schools and public transport.

The provision of physical and social infrastructure is fundamental if Melbourne is to successfully grow. It is therefore submitted that we should consider ways to 'de-politicise' the question of funding. The Metropolitan Planning Authority should be responsible for conducting research on this. The debate should consider a wide range of possible funding sources for infrastructure such as: Borrowings and Bonds, Public/Private Partnerships, Privatisation, Superannuation Funds, Congestion Charges, User Charges and Developer Contributions, and the Goods and Services Tax.

Conclusion

unChain endorses the submission of the City of Port Phillip. This generally supports the objectives and directions of Plan Melbourne.

- Transitioning Melbourne to a more compact, sustainable city
- Promoting more sustainable travel – public transport, walking and cycling
- Creating a city of '20-minute neighbourhoods', to enable people to live and work locally
- Delivering jobs and investment by identifying key employment precincts, maximising the use of existing infrastructure, and bringing jobs and housing closer together
- Increasing certainty by protecting existing suburbs and delivering intensified development in defined areas
- Integrating land use and transport – delivering new infrastructure to support housing and job growth

- Facilitating a pipeline of private and public investment, including residential, commercial, transport and social infrastructure

As discussed above there are many opportunities for the City of Port Phillip. However there are gaps Plan Melbourne. The Plan does not acknowledge the complexity of some issues and the failings of past planning (eg in the development of Docklands). It does not put enough emphasis on community involvement and the need for community endorsement if the Plan is to be successful. The Plan also skips over too lightly the vexed question of how to fund the infrastructure we need.

unChain has read the draft submission by the City of Port Phillip on Plan Melbourne. We endorse that submission and believe that there would be widespread community support for the various measures that the Council raised in its submission.