

Forward Thinking Event – City Limits Book Launch Sydney 5 March 2015

In March we launched Grattan Institute's first book, *City Limits: Why Australia's cities are broken and how we can fix them*, by **Jane-Frances Kelly** and **Paul Donegan**.

Our bush heritage helped to define our identity, but today Australia is a nation of cities. A higher proportion of Australians live in cities than almost any other country, and most of our national wealth is generated in them.

For most of the twentieth century, our cities gave us some of the highest living standards in the world. But they are no longer keeping up with changes in how we live and how our economy works.

The distance between where people live and where they work is growing fast. The housing market isn't working, locking many Australians out of where and how they'd like to live. The daily commute is getting longer, putting pressure on social and family life and driving up living costs. Instead of bringing us together, Australia's cities are dividing Australians—between young and old, rich and poor, the outer suburbs and the inner city. Neglecting our cities has real consequences for our lives now, and for our future prosperity.

Using stories and case studies to show how individuals, families and businesses experience life in cities today, *City Limits* provides an account of why Australia's cities are broken, and how we can fix them.

City Limits will be available at bookstores and through [Melbourne University Publishing](#).

Speakers: Lucy Turnbull
Jane-Frances Kelly
Paul Donegan

JAMES BUTTON: Thank you all for coming, it's so great to see so many people at the launch of *City Limits: Why Australia's cities are broken and how we can fix them*. I'd like to start by acknowledging the traditional owners of the land on which we stand, the Gadigal people of the Eora nation, and I pay my respects to their Elders past and present. I'd like to thank the State Library of New South Wales for co-hosting this event with the Grattan Institute.

My name's James Button, I'm the Communications Manager at the Grattan Institute and we're very excited tonight, this is our first book, Grattan Institute's been going five years, but it's a good one and we're very excited about it. We do reports and we've never done a book before, so this is an excited day for us. This book is about our cities. Five years ago, I think it was 2008, the world population living in cities passed 50% for the first time in history, but Australia was there a long time before that, I think probably 100 years ago. We are one of the most urbanised countries on Earth, so our cities are vital to our lives, to our economy, to the way that we are as Australians and this book explores this paradox that our cities are in an incredibly lively dynamic phase of their existence, economically, socially. Yet, at the same time, there are powerful forces in our cities that are creating inequality and division and making the cities very hard places in which to function.

And tonight we have to discuss *City Limits* the two authors, Jane-Frances Kelly on my far left. For five years Jane-Frances has been the Director of the Cities Program at the Grattan Institute and in that time she's produced at least ten reports, perhaps more, and the book really is a summation of the work that she has done, I think really trailblazing work. I don't think anybody else in the country has done the kind of work that she's done in looking at how our cities function, what's wrong in terms of the way that they're governed, the way that they're run, and this book is a summation of the work that Jane-Frances has done. Before she was at Grattan she led strategy work for a bunch of governments in the UK and Commonwealth Government and State Governments in Australia. Paul Donegan in the middle, Paul is a Fellow at Grattan Institute, he is the co-author of *City Limits*. Paul has worked for the Commonwealth and State public services, he's also been an adviser to Federal ministers.

Most of all we're delighted to have Lucy Turnbull here tonight to launch *City Limits*. Lucy is an urbanist according to her CV. Now, you need to tell us tonight what an urbanist is Lucy - there's a show called *The Mentalist*, I'm not sure what an urbanist is - but you're an urbanist, a businesswoman and a philanthropist with a long-standing interest in cities. Of course, she was Lord Mayor of Sydney in 2003/4. She now chairs the Committee for Sydney, she's the chairman of Prima Biomed Ltd, which is a biomedical company undertaking research in cancer, and she's also on the board of Grattan and she's been a terrific supporter of Grattan Institute not just as a board member, but someone who's involved herself closely in our work and has been a great source of advice.

So without any further ado it gives me great pleasure to invite Lucy Turnbull to come up and launch *City Limits*. Thank you.

LUCY TURNBULL: Thank you very much and James, the Grattan is very lucky to have you as well as Jane-Frances and Paul, so it's wonderful to see you up in Sydney for a change. I'm sure you've travelled here a lot. Okay, so the aims of this book are big. They are no less than to give our cities their rightful place in the Australian story and to explore how well those cities support the economy, provide access to economic opportunities and promote social connection. And, in a nutshell, it concludes that what is wrong with our cities – and I'm probably describing this very badly and I'm sure the authors will correct me in a minute – is that our cities have very limited housing choices, poor spatial access to jobs and traffic congestion, all of which can lead to social exclusion and loneliness.

So are our cities broken? Perhaps in my view that's a slight exaggeration. I certainly hope they're not beyond repair because so many of us live in them. They, our capital cities, support not only two-thirds of our population, they're the places where the hopes and the dreams of those many millions of citizens will be fulfilled or not, but they also support a huge amount of our economic activity and national productivity. New South Wales, for example, represents 30% of the national economy and Sydney generates the lion's share of that. If Sydney does well, so does the rest of Australia; ditto, mutatis mutandis, Melbourne and all the other large cities in Australia. So what we really need to do, and the book explains this very well, is to defrag and delocalise our understanding of how our cities work to promote national productivity everywhere.

The economic transformation that began in the 1970s has meant that more and more of our economic activity is now concentrated in the centre of our cities at the same time as those cities have become much more spatially dispersed. There's now, as the book illustrates very clearly, a great dissonance between where the jobs are and where the housing growth is or has been and this is creating a spatial inequality and spatial disadvantage. For example, from 2000 to 2010, 60% of the housing starts in New South Wales were in public transport deficient locations, that is where it was further than

800m to any form of public transport. With the de-industrialisation of our cities from the '70s to the present day, a phenomenon experienced in all high cost countries of the developed world I might say, we've been witnessing what one book, and I can't remember the name of the author, called "The great inversion" and what Ed Glazer called in his book "The triumph of the city".

There is an ever-increasing appetite to live close to the city centre. There's value in proximity and that value is reflected in higher incomes and higher housing costs there. There is a compelling quote from Jane Jacobs in *City Limits*, possibly the first self-described urbanist, and it's a quote from the 1960s, before the transformation of large urban economies away from manufacturing towards complex services started to happen. And her words still ring true today and they're words that I think we should always bear in mind: "The metropolitan economy, if it is working well, is constantly transforming many poor people into middle class people, illiterates into skilled people, and greenhorns into competent citizens. Cities don't just lure the middle class, they create it." One of the books central ideas is that geography is destiny. It's a strong idea and a rather alarming one in a place where we like to think that everybody gets a fair go. I would add that for the citizens of our cities, education is destiny too.

All the economic growth has and will probably continue to be in the highly skilled jobs located at or near the city centre. Those who are distant from the centre are less able to participate fully in the high value, high growth sectors of the economy. They, and let's not forget especially women in the context of International Women's Day on Sunday, are missing out on a lot of the opportunities because of the distance from jobs. Women who do much more part-time work are more constrained by long commuting times so that in the outer suburbs female workforce participation is 20% lower than it is for males, which is a much larger differential than it is closer to the centre, as the book explains. The costs and access to childcare when added to long commuting times can make workforce participation an impossibility. One-third of single parents, mostly mothers of course, have poor access to public transport. This makes getting children to after-school activities and sports an insuperable obstacle and it's one of the reasons I think we should explore deregulation of the taxi industry with a view to reducing transport poverty on our city fringes and to look at how enterprises like UberX and Lift can create more part-time employment and give cheaper access to affordable transport where public transport is completely deficient.

So we have to operate on two channels at the same time. We have to both extend the reach and availability of public transport and housing near that transport and promote job creation outside the city centres. The role of education and on health and research institutions is critical here. One of the strong and compelling aspects of this book which really humanised and contextualised the points that it's making is the powerful personal stories that it revealed to us. One that really struck me and actually brought me to tears was the story of Alice and Jason Osborne. Alice has a doctorate in public health and her specialty is in prenatal screening. She and Jason left the inner city to start a family at Cooks Point 25km from the CBD of Melbourne on the Werribee train line. When she had her first child she worked two days a week in a research institute in the city, waking at 5am to organise everything. Having their second child made things much more difficult, so she left her job and now teaches sewing half-a-day a week at a local school. What an incredible loss to our health system and what a loss for her. She does not have a teaching qualification so she cannot teach science, but she can teach sewing. It doesn't seem logical, fair, or in the public interest.

Part of the reasons our cities are challenged – I am avoiding the word "broken" Jane-Frances and Paul – is the complex interrelationship between our levels of government. At the top of the pyramid is the Federal Government which does the macro policy work, especially when it comes to the city. It

does immigration policy, tax policy like negative gearing and capital gains tax, but also fiscal policy and sometimes investment in large infrastructure. We have had and will probably have around a quarter of a million people arrive as immigrants a year and those people mostly live in cities, especially Sydney and Melbourne. High levels of migration are seen as an antidote to the aging population and, indeed, they are, especially when those migrants are conveniently pre-educated. But all these people have to live somewhere. The Federal Government policy is created without any spatial dimension.

State Government, on the other hand, is in the systems delivery business, notably for cities roads, transport, health and education and, to a lesser degree perhaps in terms of financial clout, planning. So State Governments are primarily tasked with the job of population growth management, yet they receive little fiscal incentive for doing this because our tax system suffers from extreme vertical fiscal imbalance. Often these State Government delivery systems can work in isolation from each other which makes interrelated land use and transport planning a practical impossibility. Local government, very much the baby bear of the family, is in the place-making business usually, except for in southeast Queensland, at quite a micro level. Often the housing that is the most in demand, medium density townhouses, terraced houses and three to four storey apartments in or near the city centre or transport, are the hardest to deliver with fragmented local governance and strong voices opposed to change in small communities who represent the incumbent home-owning community, not the younger generations locked out of the housing market. So it's as if all three levels of government are talking about our cities in completely different languages, say Greek, Latin and Chinese.

The housing conundrum, detached housing on the fringe has a clear production cycle. Well, detached housing anywhere, but it's particularly on the fringe, has a clear production cycle and is much less risky to build and deliver, as the book points out. High density tall apartment buildings are the next easiest it would seem if development approvals in cities are any indication. But the medium density infill construction is fraught with risk, uncertainty, resistance and delay which, in turn, increases the cost of the very housing type people say they would prefer. Now what are the solutions proposed in this book? Firstly, to defragment governance and stop siloed thinking. This is always a big challenge in any large organisation or system, but no less important to address despite its difficulty. Secondly, to embed and establish in the system strong systems of civic engagement, and Vancouver and Seattle are cited as being very good examples of this. Thirdly, to have a clear and transparent means of assessing large infrastructure projects, a demand always from opposition parties which is often on it in the breach when those parties form government.

And another issue is work at all times to mitigate the disconnection between housing and jobs and explore ways of adopting the tax system - and I would say also the residential tenancy law - to increase the supply of rental accommodation which provides security of tenure, or greater security tenure, because there isn't much now. And also look at congestion pricing to shift the sharpness of commuter peak hours. My own suggestion is that there should be further exploration of the value capture systems which encourage the principle that the beneficiary of public sector investment pays for part of the cost of that investment. And also I would say strata title legislation needs to be looked at to make sure it's possible to redevelop on old strata title schemes if a large majority, say 75% or 80%, of strata entitlement holders support the redevelopment.

This is a really valuable book which captures a great deal of the work that the Grattan Institute's Cities Unit's done and it's wonderful to have it in a permanent – not that anything's impermanent these days

– readable form, accessible for the general public just as much as it is for the urbanist. And an urbanist is somebody who loves cities, that's all an urbanist is. Congratulations to the authors.

PAUL DONEGAN: Thank you.

JANE-FRANCES KELLY: Thank you. I met Lucy for the first time a few months into the program and it was amazing to walk through her door and find someone with the level of knowledge and passion that she has about cities and who knows what an urbanist is. I once got accused of being an “urbanista”. I still haven't figured that one out. We will now have a three-way conversation between us, which Paul will keep us all moderated, and then James will jump in and remind us that the audience is here and may have questions.

I just wanted to start with why we wrote our book and the title. You didn't hear the 43 bad titles, oh dear, the title was one of the last things to get done. As James mentioned, the Cities Program over the years produced ten reports and various background papers and so on and many people were involved very substantially in that work. I mean, really the work that's in this book doesn't just belong or reflect on Paul and I, but on a whole series of people who in very long hours over the years of the program – I've taken a look at all of their names in the acknowledgements actually. I was really struck by how many of them are not even in the country anymore and presumably I should take a message from that, but I'm delighted that one of them is here tonight.

So we realised over those years that those different reports that we produced, which are sort of normal Grattan product, it's an analysis-heavy report, it's aimed at senior decision makers. We try to make them legible so that they can be, as we say to ourselves, overheard, if you like, by the general public, but they do concentrate on the analysis rather than story-telling, which is something that keeps James extremely busy trying to make us understandable to the outside world. They all looked at different issues, so from governance, decision making in cities through to mapping the Australian economy, where does the Australian economy happen, so much of it happens in cities; about housing preferences, the nature of housing supply, how the housing market works; how tax policy affects the housing market; social connection in cities and so on. And all these different areas we were realising as we went along that they were all parts of one jigsaw. They're all different elements of one larger story that we didn't think was being told end-to-end because cities are very complex, you can't just pick one aspect of it and just look at that and think you can either understand or intervene.

The other thing we were realising as we were going along, and partly because of the way that Australia is governed, it's very hard to give these issues a good hearing. Nobody speaks for cities; they're kind of orphans, if you like, which is ironic given their importance in Australia. And so the combination of those things, we sort of felt we would turn the normal model at Grattan on its head and write a book for a general audience, so the analysis and the rigour is still in there but it's more lightly worn, and concentrate also on finding, as Lucy said, stories of real people who are living these challenges that we've been looking at over the years and really try to lead with the story. When Paul and I were pre-briefing journalists last week I think we were trying to persuade one of them to read it. I've never written a book before and I may never write one again, but I've been really struck by my desire to say to people, “Please read it. It would be great if you could read it”. And so we were handing over to a journalist and I was saying to them, “This is genuinely readable” and reassuring them that James Button had been involved in the editing and you didn't have to just rely on our writing and so on. And he eventually laughed and he said, “That should be a sticker on the front, ‘genuinely readable’”.

So that's what we were looking for, to try and get the story out there in a different kind of way, in a different kind of a cut through. So that's why we wrote the book and I think Paul's got a little bit to say about the context and the historical context in particular.

PAUL DONEGAN: That's right, thank you Jane-Frances. Really all I'm going to do now is, after Lucy's terrific introduction, put a little bit more meat on those bones and talk through the history of why we talk about geography being destiny, or at least being very important to how we live. If you think back to Australia 100 years ago, we were really a nation which was riding on the sheep's back, we were one where the backbone of the economy was agriculture, people lived in the bush or in small regional towns, market towns, supporting the agricultural economy. The reason I take us back that far is to illustrate the point that location doesn't just matter in a real estate sense, but also in the macroeconomy, our national life, in demography.

If you fast-forward subsequent to World War II, suddenly manufacturing played a much more substantial role in the Australian economy and Australian life, almost a third of national income was being generated by manufacturing and we had factories setting up in particular in the outer areas of large cities, western Sydney being the most substantial manufacturing region in the country but outer Melbourne, Adelaide and other parts of the country also very important, and that led to a really profound shift in how people lived and where they lived. We saw a big influx of people to cities and cities worked really well, to paraphrase the Jane Jacobs quote, to generate and to distribute opportunity among people. You had rising levels of motor car ownership leading to much, much more mobility than people had before. This gives much more opportunity to live in different places, so we saw people having good choice of good jobs, rising home ownership, employers having an increasing choice of employees which contributed to productivity growth around that time, and the common challenges of traffic and of the physical footprint of a city leading to the distance from A to B being not as far as they are today, so those challenges being far less acute.

But then if you look at the present day, the economy's changed again. While manufacturing has remained relatively stable as an employer, much more knowledge-intensive work has become increasingly important in how we live. Our nation has become one where we live much more on what we know and what we do compared to what we make or what we harvest or dig out of the ground, and that has a geographic dimension too. We see increasingly knowledge-intensive and skilled firms choosing to locate close to each other. There's an important premium on being connected with customers, with suppliers, partners, even competitors in their field, and an increasing premium on being able to draw from as deep a pool of potential employees as possible. That's something that's happening right across the economy, from the kind of professional services firms located in skyscrapers to some of the more almost tip of the iceberg examples, it's something that's quite profound and quite widespread.

What's happened though is that in recent years those forces have driven more than half of job creation to be occurring within 10km of city centres but meanwhile, as Lucy touched upon, we're seeing population growth continuing as it did in that post-war manufacturing model, which worked really well then but is not serving our cities and the people who live in them as well now. More than half the population growth is occurring in suburbs 20km or more from the city centre, so that's 6million Australians, it's not a small number of people or a niche issue, and the result is a big and growing divide between where people live and where people work. There are a number of consequences of that: increasing levels of traffic congestion; access to opportunity declining; and a number of others.

Lucy, you touched on the consequences being especially acutely borne by women, particularly people caring for children and maybe Jane-Frances, if you'd like to illuminate that in a bit more detail?

JANE-FRANCES KELLY: Sure. When Lucy mentioned that I thought, "Excellent, I've got things to say about women as well". We were really struck when we realised what was going on and did that analysis about who was participating in the labour market and where. And for us the really important thing is if all of the women who are not able to stay attached to jobs and get to jobs as well, because it's usually the woman in a partnership who has the primary carer role and needs to stay closer to the primary school or the childcare or wherever. If they're choosing to leave the workforce for a few years or for longer while their children are growing up that's one thing and that's fine. But what we found, and it was the case with Alice Osborne, is that choice was being imposed on them by a poorly functioning city.

And it's interesting, I'm in the process of moving back to Scotland and I was there for three months on a sabbatical last year where the cold, the dark and the rain just convinced me that it was where I wanted to spend a few years. And it was really noticeable to me, there's just more women around everywhere, in meetings, on the television in panels, half the cabinet, the first minister, leading the church. There are just women everywhere. I mean, it's like half of who you see is women, it's bizarre. I found it's very noticeable and when I came back to Australia I began again counting oh, there are 24 people in this room and three of them are women and so on. This is by no stretch all of the answers, there are lots of other reasons why we're bad in Australia at keeping women attached to the labour market, women without children as well as with children, but this is definitely one of them.

Barbara Pocock, who's a Professor at the University of South Australia, first did this analysis and she called it "a spatial leash", that women are on a spatial leash; they can't travel as far because they need to be near where the children are. And Alice Osborne's story about the day when all the carefully set arrangements broke down and unravelled - and I had the same and it's affecting me even now speaking about it. As the case studies came in Paul and I would be reading them and shouting across to James, "Have you see this? Have you read this?" and yes, that really wasn't her choice, she's on a spatial leash because she can't access very many jobs.

LUCY TURNBULL: Yes, but the thing that actually really rocked me about her story is that she's a public health expert in prenatal screening and anybody who has spent any time in that urban periphery, especially in intensely socially disadvantaged areas, once when I was helping the Salvation Army raise some money I went to a childcare centre at Macquarie Fields. And I think the whole place has been flattened since and is being redeveloped, and I hope it's better than it was then, but in the childcare centre the closest hospital was Liverpool Hospital and that a chequered record of health service delivery at that time - I'm sure it's been improved in the meantime, I certainly hope so. But a lot of people didn't trust the local Liverpool Public Hospital, so the only way that these mothers could get prenatal screening was actually at the preschool place run by the Salvation Army. They would get a nurse to just come in voluntarily one day a week so these mothers could at least have their blood pressure checked. There weren't any sonograms or CAT scans or anything, but at least they could have their blood pressures checked and their tummies investigated. And so not to have that woman's, Alice's, skills used on the urban periphery when they're so acutely needed actually just really rocked me.

JANE-FRANCES KELLY: The other part of the story that Robert Doyle, the Melbourne Lord Mayor, did the Melbourne launch of the book last night and when he arrived he said, "Jane-Frances, I want to

check this with you because it's in your book but I've been telling everybody and I need to check that it really is the case" and I was able to confirm it was, is that Alice Osborne also tells a story that in Point Cook where they live there are women who essentially make the choice to be induced when they get close to their due date because the congestion in getting out of the suburb to the hospital is so unreliable that women who are maybe having a second or third child and have had fast labours before can't rely they're going to be able to get to the hospital in time and so they have an elective induction. And, again, I'd call that broken. That was the publisher's idea that word, but that's definitely broken.

PAUL DONEGAN: One of the other things that traffic congestion causes and these kind of bottlenecks and difficulties and access to getting anywhere in parts of cities further from the centre is we see the whole of people's lives being pushed into difficult compromises. And we've touched on the compromise between work and family life. We also see more and more households spending, for instance, we profile one household in Epping North in Melbourne spending more than 20 hours a week and they came along last night, the most lovely family.

JANE-FRANCES KELLY: And when you've read their story in the book you'll realise how much effort they had to put in to be at the launch last night, and so we were particularly appreciative of them coming.

PAUL DONEGAN: Absolutely, they describe the experience of very, very hectic family life, 20 hours or more a week in the car, substantial living cost pressures, \$900 a month on petrol and parking but not having access to public transport services nearby that are suitable for them. All the time that's being spent by the wheel is not spent with family and friends doing whatever other things that are important to them, and this is something that's reflected in areas in all our large cities.

One of the things though that is particularly difficult in some of the discourse around Australian cities and where people live and the housing market is there's a degree of tribalism, at times it can become even a bit pejorative. People in inner parts of cities and people in outer parts of cities don't necessarily see eye-to-eye and people are almost looked down upon for the circumstances in which they find themselves. And one of the things we wanted to do was investigate some of these phenomenon, particularly what drives people to make the choices that they do about the kind of home they live in and where they live. And certainly the increases we've seen in house prices relative to incomes, in parts of Sydney downright super-heated but certainly something seen throughout the country, for many households that means that being able to afford a home means living far from where jobs and where transport are.

However Lucy, you touched upon the lack of opportunities to trade off the location of your home against the type of home you might wish to live in. Some people very happy living in detached houses on the urban fringe, having a backyard, and it's really good that the city is providing people with those choices that they wish to make. Others however, maybe their choices are not being so easily met and I'm wondering, Jane-Frances, if you can describe the research that we did and then maybe Lucy, if you wanted to reflect on that?

JANE-FRANCES KELLY: So in 2011 we wrote a report called *The housing we choose* and I was very struck that I was hearing from a lot of people saying to me Australians want to live in detached houses on quarter-acre blocks and that's something that should be taken as given and we need to start from that position. And I was sceptical because I thought I had migrated to a liberal democracy where one

of the important things is that we don't all have to have the same thing or want the same thing, and I also saw how the ways that we're living, the types of households we're living in are changing over time. Single person households are the fastest growing household type, single parent households have increased, and older households as well are also greatly increased and they're often also single person households. So I was seeing all this change and thinking perhaps they're being reflected in changing housing preferences.

So rather than asking people what they would like if they could have anything, which had often been done before and the answer obviously is a large detached house in the centre of the city with butler's quarters and a garage for the sports cars – and I'd like a trophy husband in mine as well – we asked people to mimic real world decisions and trade off type of house, the location of the house in the city – because of course every dwelling is located somewhere – and to make the decision within their budget constraint, because we couldn't remember a golden age when what you could and couldn't afford didn't matter.

So we put that survey in the field in the Melbourne and Sydney, also in Brisbane but unfortunately it was during the floods, and so we didn't get the numbers and also some strange answers about people wanting to live on the tenth floor of buildings on the outskirts of the city. But the answers that came back were very interesting and I'll talk about the Sydney numbers, and the Melbourne numbers are quite similar. It's since been redone for Perth because in Western Australia they said people in Perth are different so we need to re-do it and actually it turned out not to be that dissimilar. In Sydney, 48% of the participants said that taking all those things into account they would like to choose a detached house. That means that more than half, 52%, are choosing something other than a detached house. And the biggest shortfall relative to the housing that we have was medium density townhouses, terraces, units – as Lucy was saying – apartments and flats in established areas of the city.

So in a very shorthand, it's about diverse housing choices in the middle suburbs of the city which already have better access to public transport and much better access to jobs than the further outer areas. And so we found that we don't in fact all want the same thing. Who knew? But they're not being built.

LUCY TURNBULL: And I think everybody lives in their own little part of the world, but I suppose my most familiar part of the world is the eastern suburbs of Sydney and I grew up in Potts Point as a small child and I can dimly remember that. But then when we had our first child in 1982 we lived in Woolloomooloo/Kings Cross and Bond Street in Woolloomooloo and I used to go to the baby health centre all the time because you're a panicking first time mother, and the clinic sister there said she's just so happy to have a middle class family come into her because at that time there were very few children in Elizabeth Bay or Potts Point or Kings Cross. There were lots of kids from Woolloomooloo which was kind of like a complete socio-demographic flip of what it's always been like up in Potts Point was they had a lot of kids coming up from very socially disadvantaged families. And I was the middle class mother and she was always so happy to see me for that reason because, thank goodness I was probably insane, but I didn't present with so many problems.

And nowadays in those sorts of communities in the inner city there are so many kids you can hardly walk down the street without getting run over by Hummer strollers. It's completely different. I mean, Jane lives in the same building that I used to live in when I was a little baby and the inner city has transformed. It is alive with strollers and little kids. It's sort of got a complete dispersion between very

young kids and much older people, but it's given the whole area life and impetus which reflects the fact that a lot of new households with young kids are very much prepared to trade space for urban convenience which is putting, again, enormous pressure on housing prices in the inner city at exactly the same time as aging people are downsizing from their detached houses and wanting to live cool urban lifestyles.

So you've got these two funnels of people very happy to lead a less spacious but much more convenient life, which is really transforming the way our inner cities work, but putting a lot more pressure on physical mobility and social and economic mobility in the outer parts of the city. And that's really a huge conundrum that all our city makers actually are facing.

JANE-FRANCES KELLY: We should quickly cover the answer before we open it up, because otherwise people will leave going, "Aaaah".

PAUL DONEGAN: Or if the first question might be what do you do about it? So Jane-Frances, what do you do about?

JANE-FRANCES KELLY: No, actually Paul, I was going to suggest that you could. What's the one biggest thing?

PAUL DONEGAN: We contend in relation to a number of these issues that the most important things governments can do to turn some of these difficulties around and give people more choices, better quality of life and support a growing economy as well is making it easier to build new and different kinds of home in inner and middle established suburbs throughout Australia's large cities. A particular point is the very convoluted and expensive, time-consuming system of rules and processes around decision making, getting permission to build new homes. I have no doubt whatsoever that in Sydney, just as in other large cities in the country, these are politically sensitive issues and issues that go to things that are very important to people, their homes and their neighbourhoods. Nonetheless though, if we don't tackle these challenges the kind of trajectories that we've identified will continue and that doesn't work for people.

So change can be hard when we look at it upfront, but also I'd give a somewhat optimistic message that us Australians are actually pretty good at adapting and making change happen, and in the rear view mirror it tends not to be as difficult when we thought out would be when we set out on that. So there are a number of other issues that the book covers, but if there were one thing you could do that's what we'd advocate.

JAMES BUTTON: I'm going to throw it open to questions now.

AUDIENCE: Very interesting and I'm really looking forward to reading a readable book.

JANE-FRANCES KELLY: Thank you.

AUDIENCE: It was fascinating because I worked in the Department of Housing in the mid-80s and the statement that was made about Piermont, which is a very highly densely built up area now, was Australians don't live in apartments if they have children. That actually is in the report for future planning and, as you say, that is changing. People are shifting in Australia, their ideas about how you might live are shifting. The other thing I think is shifting, I live in Annandale which is one of those inner west areas, is people's perceptions about medium and higher density. The sense I get is that in the

inner city people are much more open to that happening, however they really want it to happen with proper social infrastructure and that's not what's happening at the moment. So they distrust it and that's why they distrust it because they say, "You're going to throw all these people in, like, at Green Square for instance, but where is the social infrastructure?" And that's where the bits of government, the government as developers are trying to charge ahead, but the government that's responsible for social infrastructure isn't coming to the table. So, any comment on that?

JAMES BUTTON: Maybe we'll take a few questions at once and then we can get some more views. They'll respond to your statement, thank you.

AUDIENCE: I'd like to get the panel's comments on this issue. With the rise of the knowledge economy, creative industries, the digital era, do you think the spatial leash is going to become less determinant because people are choosing to increasingly work from home?

JAMES BUTTON: And we'll just have one more question.

AUDIENCE: We've been let down for years by poor transport policy, when will we start to see an improvement in transport policies in our cities?

JAMES BUTTON: Thank you.

JANE-FRANCES KELLY: I'll start quickly around the density and social infrastructure. It's interesting, "density" is a word that I've consciously not used and we don't use it very much in the book, and part of the reason was that it's one of those words that really polarises people and when people hear the word "density" it's like there's a picture in their heads of downtown Shanghai. Whereas I also knew that the densest residential suburb in Melbourne is South Yarra and in Sydney it was Potts Point until about three years ago when Piermont overtook it. Now, Potts Point and South Yarra are not undesirable or cheap suburbs, so it was interesting. So I think some of it, especially when governments and others would be making the case for change, we don't always use the kind of language that is helpful and point out the benefits of change.

On the social infrastructure and also on things like handling more traffic, the things that come along with having more households in the area, we tell stories in the book about other cities which are overseas. In fact, we talk about Portland, Seattle and Vancouver and they involve residents in deciding how more households will be taken into the area and also what amenities will be needed in order to be able to cope with these households so that you come to a better outcome for both the existing and the new, future residents as well. And also it has to be good quality development, that's the other thing. I think there's another reason why maybe some Australians don't trust it is because sometimes it hasn't been as good quality as it should be and it should be in keeping with neighbourhood character, but that doesn't mean doing nothing.

LUCY TURNBULL: Density and social infrastructure, of course it's really important and, in fact, Piermont is a fascinating example of how a social plan can leave a few bits out. At the time the densities were really being drastically increased in Piermont - and a lot of people were worried about it, but I think it's actually a fantastically liveable suburb now - it was decided that because the school age population had completely decimated they closed down the school. And now they have a problem, there's a real shortage of schools on the Piermont peninsula, there is precious little childcare. Nobody imagined in the '90s, when this new Piermont community was being conceived,

that it wouldn't be full of cool people, single or double person households with no kids just walking or cycling or getting to the city by the light rail or whatever. Nobody imagined that suddenly people would want to live in Piermont with young families, so that the best plans actually were misconceived because they missed that fundamental demographic shift which really started late-'90s/early this century. And so social infrastructure is always important, but what I'm saying is the planning and conception of the infrastructure is often missing a few beats so we have to be careful about that.

Transport planning, New South Wales for many generations has been conspicuously bad at transport planning. Whenever I get into the Kings Cross railway, which I do a lot, I always think I was at the opening of this railway in 1977 and no big railway has really opened anywhere near the city since then, what an absolute disgrace. But I'm much more optimistic about it now than I have been for a while. I think that the light rail will be a pain in the neck to live through, but it will transform the way the city works and the connectivity to central etc. The second harbour crossing, which will make it possible to connect that northwest rail and untangle the railway network all around the metro area, will be similarly transformational and the new southwest rail's been very good. So there has been a lot more thinking about transport and it needs to keep going, but we haven't been great at it.

Working from home, in concept I completely agree with you. In 1999 I thought that was going to be the way of the future, however it may still happen but it hasn't happened yet.

PAUL DONEGAN: I might just add a little remark on that last one. One of the things we find is that telecommuting and fast broadband are changing how we work at the margins, but if you look at the way the economy's growing, the industries that you touch upon doing things that involve complex problem solving, using our knowledge, interacting with lots of people, these are things that tend to be done most effectively face-to-face. By way of analogy, we don't parent by Skype, we do it face-to-face.

JANE-FRANCES KELLY: And we've all come here in person.

PAUL DONEGAN: So if you look at an industry like financial services, the most highly, highly digitised industry, could conceivably be dispersed just about anywhere and yet the headquarters are in two streets in Sydney and two streets in Melbourne. And similarly, firms like Yahoo and Google are saying to their workers, "We don't want you working from home, we want you in the office so you're bumping into people, exchanging ideas, coming up with things, having conversations serendipitously". So certainly things will continue to change, but I agree with Lucy that the transformation, I'm not sure whether it will occur.

AUDIENCE: The analysis side that you've describe is great, but I take a couple of points out of that analysis. One was Lucy's wonderful anecdote about poor health services and access to health services in outer suburbs as an example, and the other was an increasing problem of getting people to high value or high quality jobs. So we've got an access issue and yet the conclusion that you highlighted as your big number one ticket was fairly prosaic in those terms, it was let's allow a few more houses to be built by adjusting the planning controls. It seemed to me the big answer would be much better investment in health infrastructure and other government infrastructure in our outer suburbs and much better investment in our public transport to get people from the burbs to the jobs.

AUDIENCE: You speak a lot about the different solutions and particularly some of the governance challenges that are faced in delivering what you're talking about and I'm just interested if you explored

the role of leadership? Because it seems to me that when you look at some of the successful cities and some of the big changes that have happened overseas you've got some big personalities behind it, like Boris in London, Bloomberg in New York, and even someone like Darryn Lyons in Geelong is drawing a lot of attention. So I'm just wondering if you've thought about that or considered that at all?

AUDIENCE: We see in the newspaper "A fair go for the west". I wanted your opinion on whether this was more than a seductive slogan? It calls for, amongst other things, government intervention to force jobs closer to homes. That has costs.

JANE-FRANCES KELLY: Sorry, what are you referring to?

AUDIENCE: I'm referring to a thing I read in the paper every other day called "A fair go for the west".

JANE-FRANCES KELLY: Oh, I see, right.

LUCY TURNBULL: Yes, that's a media campaign.

PAUL DONEGAN: Telegraph.

AUDIENCE: Yes. My question is what methods do they have to measure and inform the costs associated with essentially decentralisation of jobs?

JANE-FRANCES KELLY: I'll go first to the first question and say that you're absolutely right if what we're suggesting was a few more houses in middle suburbs that would be prosaic, and that's why we put our one big solution the way it is. Read the book! There's a whole chapter on all the deeply non-prosaic things that we think will make an enormous difference to the kinds of lives that people are able to live in cities, to the level of productivity in this knowledge-intensive economy that we have, and to people's access to opportunity. So seriously, I could spend the next hour-and-a-half explaining it to you but I doubt anybody else would thank you for that.

AUDIENCE: The paper picked up this week that the book was about planners not allowing enough houses.

JANE-FRANCES KELLY: See, it's a big book, it's a complex issue. Because some of the other papers picked up on congestion charging. It's one of the reasons we wrote a book because there's no one thing.

In the leadership thing I think yes, absolutely it's important, but I don't think you need somebody charismatic and colourful. The thing that I find most interesting about Boris Johnson is he's one of those leaders that talks about how he has learned and has changed his mind about some things since he became mayor. He became mayor on a small government platform and so on and now he talks about realising how important stimulating infrastructure investment is for how cities work, and being Boris Johnson he does that with anecdotes from the Battle of Thermopylae and the Peloponnesian War and the British lap it up. But I don't think that you have to have a colourful personality, but I do think that leadership is very important and we've got some stories about that in here. Stickability, very important.

The fair go for the west and moving jobs to where people are, I'll let Paul do that.

PAUL DONEGAN: I think there are certainly some things you can do around, it was touched on, ensuring areas that are underserved in terms of health infrastructure, transport. We do emphasise that improving access to transport, particularly public transport in underserved areas is very much part of the solution, as are innovative new ways to ensure people have better mobility and connectivity - we also touched on some of them at the start - ensuring that outer areas have appropriately commercialised zones land. All of these things can make a difference, but it's worth bearing in mind as well that the kind of forces that are pushing job creation inward, we may not like them in terms of some of the social effects that they're causing, but they are very strong.

If a firm is choosing to locate in the CBD, for example, they're absorbing downright punishing rates in central Sydney, the worst traffic congestion, very expensive parking. So there have got to be some good reasons on the other side of that ledger for them to be making those decisions and they are making those decisions and that's what the research finds. We're not putting a moral right or wrong to it, but this is a phenomenon that's occurring and the forces that are driving it are very powerful. So it's worth bearing that in mind when you think about the prospects of moving jobs to people.

JANE-FRANCES KELLY: We found you can't order the economy around all this and page 148 is just for you.

LUCY TURNBULL: Can I just quickly address the last issue raised? Everybody takes your point about the cost of actually by government fiat or command redistributing jobs and it's something that shouldn't be undertaken lightly, but to put a contrary point of view. Talking about Sydney for a second, it will only succeed in the next 50 years if it fulfils the reality of becoming and truly polycentric city. Because the city centre is right on the city edge so that unless you do some job, you don't sort of depopulate the city centre, that will always continue to grow and it's already starting to happen considerably in Parramatta. Large business firms are opening large offices in Parramatta, like Deloitte and KPMG, and the reason they're doing that is not because they're getting any money from the government, they're not. They have client bases which they're servicing west of Parramatta. They need to be in Parramatta to support those new businesses which are emerging.

So I think that I'm very optimistic about the future, say, of Parramatta as really fulfilling its destiny as Australia's second city because of its geographic location in the demographic centre of the city and also because of the bones and the geography which it enjoys. So I think that Parramatta can actually show the way to achieving full polycentricity, to a lesser degree areas like Liverpool and Penrith have to do the same, but it cannot be done completely by government fiat. The animal spirits of the private sector have to fulfil that promise.

JAMES BUTTON: Very sadly we're out of time for questions. Jane-Frances, you have some last summing up comments and thank you.

JANE-FRANCES KELLY: In my last seconds of being involved with the Grattan Institute on the Cities Program. Well, it's been really interesting. I think that's all I have to say, but I have many thank yous for people who were absolutely critical to this book making it out into the wild. And I want to thank you in particular, James Button, for making it genuinely readable and Julie Eagle who went out and found the case studies and did that investigative journalism bit. And to Matt Oberklaid in particular who dealt with everything that we threw at him in research terms and, again, everybody who's worked on the Cities Program over the five-and-a-half years it's been in existence.

JAMES BUTTON: Thank you Jane-Frances. Can I make some very last thank yous, to Alex Stott for running the event so well for Grattan, thank you Alex, to the State Library again, and to Lucy for doing a terrific job launching this book, thank you Lucy. You engage with it so deeply and it was great to see the combination of intellectual analysis with passion for the subject, so thank you very much. It is Jane-Frances' last moments as the Cities Program Director of Grattan. She's going to Scotland, aren't you?

JANE-FRANCES KELLY: Eventually, yes. I'm actually going to bum around the world a little bit for a few months.

LUICY TUNRBILL: Until summer.

JANE-FRANCES KELLY: Until summer, yes.

JAMES BUTTON: Wait until it's cold and raining, it'll be nine more months before it gets really cold. So thank you all for coming tonight, it's been a great event. We didn't get all the questions answered but that's all the more reason why you should go outside right now and buy yourself a copy of *City Limits: Why Australian cities are broken and how to fix them*. Thank you all very much.

END OF RECORDING