

## **Getting the housing we want**

The Hon. John Brumby  
Jane-Frances Kelly  
James Button

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**Transcript**

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Former Victorian Premier, John Brumby, spoke with Grattan's Cities Program Director, Jane-Frances Kelly, at the launch of Grattan's latest report, *Getting the housing we want*.

Our big cities are deadlocked. They continue to grow yet the market is not providing the housing that Australians say they want. Residents feel they have little say in how their neighbourhoods change: developers point to a range of barriers to building housing in established areas. Change is urgently needed. Grattan's new report offers a plan to make it happen.

**Speakers:**     **The Hon. John Brumby, Former Victorian Premier**  
                      **Jane-Frances Kelly, Cities Program Director, Grattan Institute**  
                      **James Button, Communications Manager, Grattan Institute**

AUDIO: This is a podcast from Grattan Institute, [www.grattan.edu.au](http://www.grattan.edu.au).

JAMES: Thank you all for coming tonight. My name is James Button, I'm the communications manager at Grattan Institute. On my right is Jane-Frances Kelly who's the City's Program Director at Grattan Institute.

JAMES: On my left is John Brumby whom you all know, the former Treasurer and Premier of Victoria and who has been keeping very busy since the last election a year ago. We've just been talking about what John's been doing. He's a Vice-Chancellor's Professorial Fellow at Melbourne and Monash University, and he's also a member of a three person panel which is looking at the GST review, which is looking at the distribution of the GST across the States, which is a fascinating issue. But we won't be discussing that tonight I don't think.

JOHN: No questions on the GST.

JAMES: No questions on the GST. So thank you all for coming. We're here tonight to launch Grattan's latest report, *Getting the housing we want*. And I thought I'd just start by reading some figures from an article that Tim Colbatch wrote in *The Age* on April the 1<sup>st</sup> 2011. I don't think it was an April Fool's story although it is astonishing. This is what Tim said, these are ABS figures: Melbourne's outer suburbs are growing faster than any area of Australia. Melbourne is now closing the gap on Sydney. Melbourne has four million people, Sydney has 4.5 million. According to these figures Melbourne will equal and pass Sydney by the year 2028 when both cities will have populations of 5.6 million people. A thousand people a week are moving into the fringe of Melbourne. So, of these newcomers to Melbourne, five out of eight will live 20km or more from the CBD of Melbourne. Wyndham alone - Wyndham which is Werribee - last year reported growth faster than the whole Gold Coast. And this sentence which is amazing, no other city in Australia has ever recorded growth of this size. Now Grattan is a national think tank and our work is focused on cities across Australia, but we're in Melbourne tonight and I imagine most people here are from Melbourne. So obviously Melbourne will be a major part of our discussion.

In a way these are problems of success. On one level it's exciting to live in a city that has so many people who want to come and live here. But it creates lots of problems as well, and we're here to talk about these problems tonight. And I thought I'd start by asking you Jane-Frances, first of all to set the scene a little, because this report, *Getting the housing we want*, is preceded by another report published about four or five months ago called *The housing we'd choose*. So perhaps if you could just start by telling us a bit about that first report and how it leads into the second.

JANE-FRANCES: Sure. And to preface even that with the sort of coverage of the reports, so we put the survey on which the housing we choose was based into the field in Melbourne, Sydney and Brisbane, so we were going to ... but obviously ... I was in Perth last week and they weren't happy even about that as you can imagine, and the only way I could explain that to them was you know, if I'd been able to manage that, even if I'd been able to manage to put Hobart in, the people from Launceston got really upset. So there's no winning. But the Brisbane detail we ended up not being able to use because that was when the floods happened, so we had to ... we didn't get the numbers, it wasn't a good enough sample, so we had to take that out. So the recommendations in the report we're going to talk about later tonight are primarily for Victoria and NSW, but as I've been saying to people if there are ... any city in Australia that's facing the challenges of population growth should consider these kinds of recommendations very carefully.

Yeah so in June we published a report that showed that there's a large mismatch between the housing that we have and the housing that we want. I've now been in Australia almost eight years. You can tell by how much the accent has transformed, and I've been struck ever since I arrived by the number of people who would say to me, well Jane Francis what you have to understand about Australia and Australians is that everybody wants to live in a large detached house with outdoor space and so on and I had found that slightly confusing because I was sure I had come to a liberal democracy where surely we didn't all want exactly the same thing. But when we started to look for good detail on what people's realistic preferences were as opposed to the answers you get when you ask people what would you like if you could have anything, in which case you do get the answer a large detached house near the centre of the city presumably with butler apartments and a trophy husband and so on. You do get that, but we asked people to trade off between type of house, size of house, part of the city within their budget critically. And the answers that we got were a much broader mix of choice of housing than people expected.

So in particular, relative to what people say they want, we're short of a lot of semi-detached houses and flats in established areas. And then we took a look at what was being built and saw ... asked kind of whether that was reducing the mismatch. In Sydney what was being built was not a bad match for what people said they wanted, but they weren't building very much at all. Whereas in Melbourne there was really a very big mismatch. So in Melbourne overall, 46% of people said that taking those things into account they'd like to live in a detached house, that's compared to the stock in Melbourne of detached houses which is 72% and what we've been building in Melbourne has been around about 70% detached houses. And so we kind of asked, well why isn't the market building what people want that's supposed to be how it works and we ended up identifying a lot of bad errors that there are to building the kind of housing we're short of in established areas. And so that was essentially the problem that the housing we choose set up.

JAMES: And so that was the basis of the report we're here to discuss tonight, that was the work. So can you tell us a bit about that second report and what you have found and recommended?

JANE-FRANCES: Yeah, so we ... I mean we deliberately didn't put recommendations into the first report, partly because we nearly killed ourselves just doing the first report. But also because we wanted people to pause and take a look at that data about what Australians were saying that they wanted which was a little bit different from what a lot of myths and assumptions were, and you know, sort of finding the world of policy that if you kind of put recommendations in straight away then people will kind of jump to talking about whether that's the right solution and whose job it is to pay for it and so on, and we wanted to kind of pause on kind of the data first of all. And we all ... the other reason we wanted to pause was because we thought there was quite a lot at stake, not just whether we were going to get a choice of housing but also for the structured adversities overall. So if current residential development patterns continue, there is a lot of consequences of the kind of ... you know, very kind of large spread out structure of the city that we'd end up with and you know, there's various of those consequences. And also for the health of neighbourhoods, particular neighbourhoods, where if there's not a diversity of housing choice then there's a danger that children are not going to be afford to live where they grew up. And as people get older and some of them might choose to downsize, there won't be the housing

options for them to do that in the neighbourhood where they built their lives. So there was kind of quite a lot at stake. So yes, we made four recommendations.

JAMES: And are you going to talk about some of the main ones?

JANE-FRANCES: Yeah so let me talk about the first three. The first one was that we ... and this relates back to a report that we did last year called *Cities: Who Decides*, where we looked at comparable cities around the world and how they had faced up to challenges of growth that were similar to what Melbourne and Sydney are facing at the moment. And we found that where cities had faced up to those challenges managed them and come out better on the other side and so made decisions and stuck to them and so on, that was ... are very different level of engagement with residents in the decisions facing the city and the trade offs. So the first recommendation that we made in this report was that ... to essentially call for political leadership to lead a debate at metropolitan level about the choices facing the city and the consequences of each of those choices, because the status quo also kind of has heavy costs. And then following that to have real resident engagement at neighbourhood level on the back of that.

Then there was two housing related recommendations I'll just go through briefly. So these were really targeted at changing what gets built where to kind of address that mismatch between what we want and what we have. The first was we said that in some areas we should be able to opt in to establish what we call neighbourhood development corporations, which were independent entities which would increase the amount and diversity of housing in an area while ensuring that residents had more control, more of a say over the future of their neighbourhoods. And I'm sure we'll kind of come back to those, so I'll leave those at the moment. And then the second of those two main recommendations was recognising that that wouldn't be appropriate for many parts of the city. There are parts of the city that wouldn't be able to take any more households and there are parts of the city that are simply not going to be interested in kind of opting into something like that. And ... but you know, there's a lot of small scale development that happens throughout the established areas of the city. One lot on a street or a corner block, and so we said that where a building is one or two stories high, so two stories or under, has between two and 10 dwellings in it depending on lot size, and where it complies with a strict set of rules that are designed to protect existing residents from horrible developments essentially, and which covers the kinds of things that neighbours really ... very understandably worry about like overlooking, overshadowing that kind of thing. As long as it complies with all of those it should be able to go through a 15 day code assessment process as opposed to the lengthy and very uncertain planning processes that exist at the moment.

JAMES: So I'm going to ask John to comment on those things. Just before I do, can I ask if anyone ... maybe someone at the front has a watch? The reason I ask, can I appoint you as the timekeeper? I'd like to have a discussion as well, I'd like people to be able to contribute and ask questions of Jane-Frances and John. Can you let me know when it's say 6:40? So John, what Jane-Frances has painted is a city growing very fast, cities growing very fast, under pressure in lots of ways. And the report ... the second report that she's discussed is an attempt to come to some way of breaking the impasse where a lot of residents don't want change in their areas, in the established areas in Sydney. And your Melbourne five million report said that 53% of all new housing came from housing in established areas. So I'd just like you to start by reflecting on what Jane-Frances said and what you see as the ways through that we need to explore.

JOHN: I had a good look at Jane-Frances' report, and I think James your introductory comments today when you're talking about Melbourne in a sense almost being a victim of its own success, very liveable, strong economy and the consequence of that was that in recent years we've seen very strong population growth. It's come off a little this year because the level of net overseas migration is down a little, but Victoria is still growing very strongly, 1.8% I think over the last year and the year before that was 2%. And my belief is that if you look around the world and look around Australia now, any city or state which has a high quality of life and a strong economy is going to continue to grow strongly, and as I often said in government you can't put up barriers along the Murray River. If you've got a great state people will want to live in it. And so I think the setting for the Grattan Institute's report is the right setting. And that setting is that like it or not, Melbourne and Victoria are likely to continue to experience steady to strong

growth for the foreseeable future. So for the next decade or beyond. Unless something way out of the box occurs, that's the environment in which we're living.

You then come to the question, this inevitable sometimes conflict or trade off about where people live. And James you mentioned 53% I think under Melbourne 2030 or Melbourne at five million. On average, and I was just doing some numbers today, if you cast forward over the next 10 to 20 years, we will need in Victoria around about 35,000 to 40,000 new dwellings every year. That's the combination of population growth, changing demographics, aging, all of those sort of things. And of those ... so 35,000 to 40,000, of those there'll be about 16,000 on average in existing areas, about 14,000 in the new growth areas of the expanded urban growth boundary and about 7,000 to 8,000 in the regions. They're roughly the proportions that we're talking about. And what the Grattan Institute's report's all about is really saying how do we get some more activity into those existing areas and how do we offer more choice. And I would agree 100% that choice is really fundamental. It's interesting if you go out to the outer suburbs or Melbourne and you're doorknocking as I used to do occasionally, and you talk to people about why they're living there, people do like to live in their own region, they do like to live where they grew up, they do like to live near their parents or grandparents. So you'll find for example around Cranbourne, lots of people live around there because their parents grew up in Dandenong and Cranbourne is the place that they can now afford to live, but it's still broadly in the same region. And so people are looking for choice. I agree absolutely with that.

And if you look at the recommendations that have been made, and I know we'll come back to look at these in more detail. Neighbourhood development corporations. The attempt there, the endeavour of that recommendation is to get local communities involved and talking and say let's look at our community and say how can we get some more medium density housing in, so that when John Brumby's 70 years of age and he wants to live in the area 'cause his kids do, he can move from a big place to a smaller place. How do you get more choice into those areas. I think my experience in government, in things like neighbourhood renewal, programs like climate communities for example which we pioneered, where you get local communities involved, that's a great thing and it helps you overcome some of those challenges. But I guess at an early stage in this discussion tonight, I suppose I'd throw in there one of the things that does happen and that is that you can involve the community, you can talk with the community, you can agree to come up with a plan to say well in our neighbourhood we'll put a bit more medium density there and a bit more there, nothing high rise, but just two, three, four stories whatever. But when you come to seek planning approval for it, you often get opposition and you often get intransigent opposition. And often you get opposition from outside a community as well.

And so I think it's exactly the right thing to say yes, more choice. Secondly get local community involvement through a neighbourhood corporation or whatever you call it, but thirdly you are still going to need a mechanism to break an inevitable deadlock should it occur. And that's why I think some of the things we did around activity centres and brown field developments, I think they were called the priority partnership committee, I can't remember the exact terminology, where you have one government representative, one local council representative and an independent chair to break an impasse. You still need something at the end that process where somebody is able to make a decision. You're still going to have that, because you think of the experience not just in our government, but I think back to the Kennett government. Under the Kennett government, I can remember, I addressed them on a couple of occasions. Large rallies, one in Brighton 900 people, save our suburbs. One in Box Hill, 800 people, where there was strong community opposition to getting more density into established middle suburbs like Brighton, like Box Hill, like Mitcham. And local communities got pretty upset by that. Now the Grattan Institute says involve people on the ground first, I say that's a good idea. But secondly you will still need a mechanism at the end of the day to say this is a reasonable development, it's in tune with what the community through their corporation, neighbourhood corporation has developed, therefore it should be approved if that's the case. I think you still need some authority mechanism or some definitive mechanism would be a better word, at the end of it.

JAMES: So John, just let me ask you two questions very quickly. How effective was that mechanism for your government, and secondly it's a very delicate democratic issue isn't it, because there's a big pressure on the city, but if residents in an area are saying we don't want



it, governments obviously ... and if a lot of residents across a city are saying that, obviously governments have to factor that in.

JOHN: Yeah well the choice from ... if you accept what we're saying tonight, and that is that we're a liveable place with a strong economy and that's unlikely to change. And so population growth is likely to be a part of our future. There's only three ways you can accommodate that growth, it's within existing areas, infill or brown field, by adding to the urban growth boundary or thirdly by pushing more growth into the regions, they're the three options. I was always a big advocate of the regions, and the regions are growing well, but bear in mind the regions are only sort of 20% of Victoria's population, so you can't cater for those huge growth numbers just in the regions. I think we've seen quite a deal of progress around the activity centres, I mean Melbourne is moving from a ... well a mono centric to a polycentric city, so Frankston, Ringwood, Box Hill, Broadmeadows ... what have I left out? Ringwood, Footscray those areas. We're seeing more growth around those areas at Dandenong, did I put those in? More growth around those areas and I think that's being achieved with some success. Again, balancing economic development with quality of life. So I think there's some success there. The question is do we need to do more in that area so that eventually the rate at which the urban growth boundary continues to be added to can become smaller and smaller, otherwise inevitably it's an arithmetic certainly. You'll have a Melbourne one day that will reach from Pakenham to Geelong, that's the inevitable certainty. So the more that we can put into the regions and the more that you can put around activity centres and brown field development to offer housing choice I would say the better. But it's a challenging thing to do.

JAMES: So Jane-Frances, John has talked about the neighbourhood development corporations. I think we should talk about that 'cause it's a key part of your report. Tell us in more detail how a neighbourhood development corporation would be set up, who would be on it, what sort of development might it oversee?

JANE-FRANCES: Sure, so just to preface that, I mean what we've done is look at a lot of these kinds of models around the world and in Australia and we've come up with a series of ingredients that have to be present for them to be successful, without which you don't get the cake as it were. And some of those ingredients go straight to John's kind of points there, and I mean first of all they do have to be opt in as it were, but the idea is that ... I mean why would residents kind of want to do that? Well it is a way of having more say around the future of your neighbourhood. We also suggested that we should set up something that we're calling a liveability fund that Commonwealth and state governments should kind of contribute to so that NDCs can make bids to that fund for ... funds for improved local infrastructure, parks, communities, facilities, in recognition that the neighbourhood is going to be taking more households.

Another one of the ... so those are the kind of reasons why residents might want to get involved. The ... another kind of thing that has to be present is they have to have the resources and the liveability funds are partly to do with that, and the powers to actually kind of see the whole development through and make the change actually happen because without those powers there isn't the kind of ... you don't address the kind of risk and uncertainty that developers say currently keep them out of many of these kinds of established areas. The master planning process, where this has worked incredibly well, involves residents very closely. And so because the residents are closely involved in the master planning process, that essentially becomes a planning regime for the area. Now how that actually kind of happens in a technical or a kind of legislative sense, will be different in Victoria, in NSW and in other states, so we don't go into that in detail. And it's also changing at the moment, so it's a real moveable feast. But that is incredibly important that they do have those final says and that that final say is legitimated by the amount of involvement that local residents have had. And there's actually a picture in the report of something, it wasn't kind of an NDC but it was sort of residents have to sort of ... physically planning themselves in places in Vancouver, where because residents were very involved in the city plan process, when it got locked down it then got built. There was no right of appeal in that situation. There had been a long and very kind of involved process of getting there, so it was very, very clear to people of ways that they could get involved and so on, but once it was done, then this ... that was essentially that. And that is what kind of breaks through the impasse on the market side of things where they see a lot of uncertainty.

JAMES: It gives the developer incentives to be part of the process.

JANE-FRANCES: Exactly, so that's why we kind of say that this is something which provides benefits both to residents and to developers if you like as more of a win-win. And so those are the types of ingredients that these things have to contain in order for them to work.

JAMES: Perhaps we could give the audience a case study of either in Australia or overseas ...

JANE-FRANCES: Yeah so there's no ...

JAMES: ... where something like a neighbourhood development corporation has been tried.

JANE-FRANCES: Yeah, so there's no one example that kind of contains all of these things. The granddaddy of the model as I describe it is the London Docklands Corporation, which actually in the first instance wasn't that good at resident engagement, and this was in the 1980s when Margaret Thatcher was prime minister, and it became a kind of a touch light for a whole bunch of stuff and so on. But they became kind of very good at that, and they delivered a lot of housing and a mixture of housing. So another example we look at is Hatten City in Hamburg which was also a sort of docklands situation. These can work in various initial kinds of situations, so that's kind of docklands sort of post industrial brown field land where the government owns the land.

Another example is where there's a lot of social housing that has come to the end of its life, and Bonnyrigg in NSW was an example of that, where again the council owned the land as it was social housing, and very, very low density and they kind of knocked it all down and provided many more households and a much better mix of housing. And that was difficult in the birthing so ... Woodville West in Adelaide they're doing a similar thing which was initially social housing. So there are different kinds of ways that ... different initial situations they can work in.

JAMES: John, I'd like to ask you, you talk about success in Melbourne, in Victoria, very healthy economy throughout the 2000s. Over that decade how much did these questions come to dominate your work and your ... it ties up so many issues doesn't it? There's the housing issue, there's the congestion issue, there's the public transport issue.

JANE-FRANCES: Planning.

JAMES: Planning, environment and I think it would be very interesting if people were to hear how that became very much front and centre for you over the period as treasurer and as premier.

JOHN: Yeah sure. I mean I can remember very early on in our government when I was the treasurer and I'd do the annual ... after delivering a budget I'd do a big breakfast and series of speeches over the next few days, and I'd always put up a slide on population growth. So when we were elected, the state was growing at 1.1% per annum and so what happened through the course of the decade is that that rate of population growth just increased massively, almost unprecedented. You've really got to go back to the post war migration boom to see a similar increase in the rate of population growth. And so Melbourne 2030 when we bought that out, I forget what year that was, but 2004, 2005 whenever that was. That was the first time really that we'd ever put a boundary around Melbourne. You know you can go back to the old Board of Works back in the '20s and then back in the '50s, but after that, and Dick Hame has sort of tried back in '71 with some of the green wedge/green belt areas, but there was basically 40 years, best part of 40 years of just open slather growth. So 2030 was actually the first time we put a boundary around Melbourne. But what we said was we'd keep 10 years of land supply, of developed land supply and 25 years of reserve supply. But of course as the population growth came up rapidly, 1.1, 1.4, 1.6, 2% the last couple of years, those supplies of land fell under 10 years much more rapidly, which is why we needed to revise them with Melbourne at five million.

So in turn of course you've got lots of people. Lots of people driving in cars. Lots of people taking their kids to school. Lots more people in jobs. We had more jobs than any other state in

Australia over the last four years, so you get more congestion. So these are issues of liveability and obviously in a sense we struggle to keep up with that huge increase in population growth that occurred. But again looking forward, while you may see some moderation of that growth, if you just see us in the context of Australia, us in the context of the region in which we live, again I go back to my introductory comments, Melbourne, 'cause it's a great liveable city, whether it's sporting facilities, education facilities, new children's hospital whatever it is, we're going to continue to attract strong growth. So that's just going to be a fact of life. So where people live and their housing choices are just fundamental. Again in our transport plan we tried to grow communities. Footscray is the best example around where public transport was available. But you are seeing strong growth.

Can I ... one of my sort of pet hobbies was the regions. I still think there's room for more growth in the regions, but again there's going to have to be debates there, because if you're a person who lives in Bendigo and Ballarat and you've lived there for 30 years, do you really want to see a CBD area there with medium density housing a bit like Carlton or Fitzroy, and maybe you don't. So there's going to have to be a debate there. I think we need a debate about maybe somewhere near an existing transport line or a highway, there's a space for a small town to become a major provincial city or even a new provincial city built perhaps around a university or something like that. These things would take some of that pressure off that urban growth boundary. But we will need in the future to make sure that that boundary just doesn't keep expanding decade after decade after decade after decade, so that it doesn't eventually run from the Latrobe Valley as I've said to Torquay. I don't think anyone wants that. So there needs to be a debate, and I think just quickly liveability fund, I think is a very good idea. The Kennett government had a program called Pride of Place. We had one called Living Regions, Living Suburbs and Living Cities Living Suburbs. They were both very, very good. If you were doing it all again you might put even more resources into those middle suburban areas for the sort of things that Jane has talked about, because the priority has tended to be in the outer suburbs and the regions.

JAMES: If I can just ask you, what are Melbourne people thinking? You mentioned that people in the regions might not want to have high rise in their centre. So look at those middle ... those established suburbs of Melbourne, you're probably better placed than just about anyone to know what the mind of people is in this city about this kind of growth. Is it provoking alarm do you think? And you know, it very much ties to your report Jane-Frances, because you talk about the need for city wide conversations about this so that people have a sense of the population that's coming in. Of course in this country we often ...

JANE-FRANCES: But that sense of the consequences of all of our choices, including the status quo.

JAMES: That's including the status quo, including as you say John, the cities stretching from Pakenham to Geelong. So I would be very interested to hear what you think about where people are.

JOHN: Well I think again I'd go back to the 1990s under a different government when under a new planning scheme, residents in established suburbs, middle suburbs, your Box Hills, your Brightons, your Caulfields, felt very threatened by what they saw as open slather development, and that was really the rise of save our suburbs. When we came to government we tempered some of those changes to give local communities a greater say. But the reality is in many of our suburbs of Melbourne to be completely frank about it, where you've got very, very high standard of living and high quality of life, you know I'm thinking of your Ivanhoes and Eaglemonts, you know amongst the very best places anywhere in the world, people who live there don't want to see that quality of life diminished. And that's not to say that they don't want the housing choices either, they do. Right, so they're torn with this tension. But the developments have got to be right, and they've got to be appropriate. And so I think again, just to give the tick to that recommendation whatever you call ... I'm not sure about the name but whatever you ...

JANE-FRANCES: The development housing [unclear].



JOHN: Well the small housing redevelopment can work, and then the neighbourhood development corporations too can work in terms of getting people together, I agree with that. But there's always going to be tension, and again just in our case, I think in activity centres, trying to get medium rise round major transport thoroughfares, it's no secret that we had many communities arguing against those sort of developments. And I just say as a reasonable, rational person, if you're going to build something that's four or six or eight or 10 stories high, the best place to put it is on the main transport corridor where you've already got cars and trams and buses, rather than down a suburban street where you are definitely going to impact on somebody's neighbourhood amenity. But even when you try and do that, you do get communities that can become distressed. And I think it's hard.

JAMES: It is hard isn't it, and one last question then throw it open to you. John's raised an interesting point. This is a report about housing and some of your recommendations are actually about the quality of housing that we have. A lot of small developments, I think a lot of ... one of the problems is a lot of residents feel that the small developments are actually very ugly sometimes, is that right?

JANE-FRANCES: Ugly is not a word that I would ever use. The ...

JAMES: There are issues of design aren't there? If we could improve design ...

JANE-FRANCES: Well we got into this through realising that it costs more per square metre to build medium density and that's one of the barriers to more of it not being built is that it is more expensive. Australia has a building sector which just leads the world in its efficiency and innovation and so on when it comes to detached houses. But we're kind of fairly ordinary when it comes to the kind of medium density that we're talking about. I can't believe I just used the word density publicly. I tend to avoid that one as well, because it's one of those terms, when people hear the word density they think Shanghai, downtown Shanghai and actually that's really not what we're talking about at all. South Yarra is the second most dense suburb in Australia and Potts Point is the densest. I've heard they're desirable suburbs to live in. But other ... I mean we're fairly ordinary at the medium density. We're very ... there's not a lot of innovation has happened in that sector and ...

JAMES: Because we build a lot of detached.

JANE-FRANCES: Partly because we build a great deal of detached, and so the fourth recommendation we make is about really kind of trying to break through on that innovation and to do it better and cheaper. And also to increase the quality of design. The ... and we ... there was ... he's here tonight actually, Daniel Cong from Places Victoria, said to us have you taken a look at what Robyn Boyd did in the late '40s, starting from the late '40s when he set up a small home service. He had been noticing at the time everybody was sort of building their detached houses on their quarter acre block, although even then it was an eighth of an acre, it was called a quarter of an acre, and there was a fair amount of ordinary design around and processes were being used that were more expensive and less efficient than they needed to be. And so they set up this small home service in partnership with the Age, and you published house designs. And so we're ... essentially the fourth recommendation we have, we need a 21<sup>st</sup> century version of that for medium density housing. Sort of bring those kind of small to medium size developers who do medium density housing in established areas together with ... there are architects and universities and so on, and really kind of bring the kind of energy and innovation that we've seen in the detached housing sector to that. And it's been ... since we published actually we've been getting emails from people ... it was a couple in their 70s who had built one of the designs that we've got out of the Age initially, and they were kind of saying how much better it was than anything else that would have been available, and that they really hope that our recommendation is adopted because they're now in their 70s, their children have grown up and moved out and they would use a medium density version of it to downsize, so they're on our side.

JAMES: Thank you John and Jane-Frances, it's a fascinating discussion and we could talk for a long time, but I think people here might have some questions for either John or Jane-Frances.

JANE-FRANCES: While the microphone's making its way around

JAMES: A hand went up, Angela, yeah, just next to you there.

JANE-FRANCES: About this being a problem of success. I had been in Melbourne I think about a year when Victoria went through five million and the same week Scotland went through five million but in the other direction. And I was really really ... and you know the population in Scotland then went up, you know kind of the large Polish population which rescued the Catholic Church there at the same time. But I was really struck by ... I think there was a kind of a photo opportunity, Steve Bracks went up to the maternity hospital, there was a happy mother and a bouquet of flowers and lovely photos, there was nothing like that in Scotland 'cause I guess it's not really a good look to be at the departure lounge of an international airport or in a morgue.

JAMES: The gentleman, yes ...

JANE-FRANCES: We have to remember not all the world's like this.

AUDIENCE: Thanks. Matthew Fort from the University of Melbourne. Jane-Frances, I suppose the question is for you, it's regarding the examples you gave of where these development corporations might have worked successfully in the past, and the two examples were brown field sites or precincts of social housing that sort of reach the end of their useful lives. So I'm just curious whether there's other examples, 'cause those two examples are very limited and specific in their ... in the nature of the urban areas that they represent, and if these changes are to be implemented over a whole of an urban area, that's very different types of neighbourhoods that have to be bought into this sort of stuff.

JANE-FRANCES: Yeah absolutely, and we do refer to other examples in the report. Additionally if you'd like to volunteer at Grattan in our next report we'll put more examples at length in the report itself. But the (pause) yes, they were ... so two of them were brown field and one was social housing. I can think of lots of examples, although again I never name particular places, 'cause I sometimes find that the conversation gets stuck on particular places, like what's going on in Camberwell, just it's a small part and there's so much else to the city and so on. And it can also ... we also kind of discuss how it could work in a place where there's not necessarily a lot of land that's either vacant because it's post-industrial or is ... could be vacant because of social housing that's come to the end of its life, but also for example in areas where there's very fragmented ownership. So you know kind of individuals, but again with housing stock that's kind of coming towards the end of its life, and we just sort of describe how an NDC could catalyse residents coming together in a situation like that. At the moment you would never get the market doing that if you like, because it would take a very long time and as someone was telling us, the return on aggregating land over kind of a period of time is way in the negative figures. And so an NDC would provide an opportunity to essentially catalyse residents coming together in that kind of situation as well. But we do refer to other examples in the report too.

AUDIENCE: Robert Peck from Perk Von Hardle Architects. Interesting, John, that you've extrapolated the past growth into the figures for your forecast growth in the regions that you talk about as your introduction. I'm just wondering given the global economy and our manufacturing base and where the jobs are going to be in the future, whether in fact we're going to have to be forced to skew that growth into areas where employment can be conveniently obtained. And in that light, no sorry I didn't forecast this question to you, Jane-Frances, because it ... the NRAS affordable housing programs have definitely got not the people who live there together, but a lot of people together, and they have in some instances produced housing results that are very good. And it seems to me that if we are going to be talking about putting housing of a smaller nature in a community where the developers of single lot housing are screaming for work into areas where it's multi lot, whatever way you put it, and through a cooperative system including some federal government incentives which I assume is the comment about the Commonwealth government, John and Jane-Frances, there's a question to you both. I mean we clearly have a problem here that has got to be cross portfolio from a cabinet point of view, and it's got to be in part led with the cooperation of the feds. How do we do it?

JAMES: Do you want to start on that one?

JANE-FRANCES: Well I agree with your conclusion and I think it's very important in government to break down silos. Victoria is well placed in that regard in terms of the number of government departments we are able to better coordinate and better link and better integrate across departments than many other state governments I think, many other governments around the world. And I think there are some great examples. A Fairer Victoria, Neighbourhood Renewal, as I said Climate Communities, where you've got whole of government programs which really break down those silos and work across. And I think we need to do that in terms of urban planning and liveability. We had a crack at that with our transport plan which was about trying to again house people around transport areas, but I think Jane put it well before. The growth in population was so strong that it was difficult to keep up with some of the explosion in population growth.

In terms of your question about manufacturing and the change in the economy and so on, I think it's a very good point, but bear in mind that in a modern economy like ours, as you know, around 80% of the jobs generated are going to be in the services sector, and more and more of them are going to be sort of outsourced, personalised services. Whether it's house cleaning or lawn mowing or washing your car or detailing you know those things continue to drive jobs. We will continue to do exceptionally well in education as a driver of jobs, education, innovation, technology, broadband, biotechnology. We will continue to do very well in health with things like children's hospital, Monash centre, hopefully comprehensive cancer centre, so those things will attract people to our state. We will do very well in tourism too. I think with the changing balance of tourism, particularly from China and the Asia Pacific. So those things will be jobs drivers, where as 20 years ago it was more manufacturing. But there is a challenge, I'll just ... if you take Cranbourne, that area ... city of Casey, I think 70% of the people who live in those areas work outside it. But the old days where you could find a big manufacturing plant or complex employing 1,000 people and actively work as a government, say we'll locate that in Cranbourne so those jobs are there, there are no big manufacturing plants now that employ 1,000 people that you can just plonk there. The world doesn't work like that anymore. They tend to be smaller, more discrete, less in manufacturing, more in the services sector. And so you've got to build the activity centre and the hub as we're trying to do around Dandenong, as we're trying to do around Footscray, so that you get a mixture of white collar jobs, blue collar jobs, health, education, university, innovation, science, the whole works coming together there as a local core so that people aren't always travelling outside their area.

JAMES: Jane-Francis. do you want to respond to the question or ..?

JANE-FRANCES: I think just in terms of the NRAS housing associations, I mean yes we do talk in the report, I mean they could definitely have a role in some of this. And my brother works in that sector so ...

JAMES: Any other questions? The gentleman in the front here.

AUDIENCE: Can I ask a question about the role of government in the process. It seems to me at the moment we have residents who are scared of the unknown, reluctant to change. We've got developers how are profit driven and minimalist in relation to this ... to social and environmental issues and broader planning issues. And put those together and it doesn't seem to me like you've got the people participating in the decision making process that are going to come up with the big picture answer that you want. Local government is essentially impotent in the matter and politicians are driven by populist things. I'm saying someone's got to make a stand, and I think it's the role of government to not only be a regulator and a policymaker, but in fact to be an example and to develop exemplars of what a different form of living might look like. And I'm wondering if there is a role for government there to take an initiative and to develop a centre which people can look at and say I'd like to live there, is that the way we're going, that's a good way to live, and I'll give you an example of an area that I think could be that, and I'm talking about the APM site, the Australian Paper Mills site in Heidelberg Road in Alphington which has got a lot of the features that John was talking about in terms of hubs, close to transport etc. If government could grab that, develop a model city or an exemplar residential area that people can look at and say that's good, we're happy to go that way.

JANE-FRANCES: Well very quickly, I'm just trying to think of some examples, but it is true if you look at the urban development corporation and now I think the urban renewal authority under the current government, its emphasis has been on doing things which I suppose the private sector can't do or won't do. But I'm sure there are some examples, I'm just trying to think of some if someone can help me, of the urban development authority or others that have developed in suburban areas which are good exemplars. So no-one's going to help me?

AUDIENCE: East Perth.

JANE-FRANCES: East Perth, what about one in Victoria?

AUDIENCE: East Coburg, Nicholson Street, East Coburg.

JANE-FRANCES: Well there's a few around. But can I just say one very quick point about developers, being minimalist and profit driven, it is true that they want to get a return on their capital but in terms of being minimalist I wouldn't necessarily agree with that. Many of our developers, you'd be amazed how many people come particularly from China and other countries in our region to our city to look at our developments, 'cause they think they're the best in the world. We may not, but people who come here do, they think they're the best in the world. So if you're a good developer with a good medium rise development that people like, if you're a developer and you want to make a dollar you'll get opportunities interstate or overseas if you do something well. So I agree with everything else you said but I wouldn't agree with that ... there's a bit of incentive there to take a bigger view.

JAMES: Comment from Jane-Frances and then one up the back.

JANE-FRANCES: There's three sub parts to my comment. First I agree that we do really need examples of different types of places and kind of ways of living and so on. I don't think it has to be government. One of the things about these neighbourhood development corporations is that they harness the interests and the advantages of all of the sectors. Or residents who care more than anybody else about the area or the local council and what they bring, of the state government and so on, you know they're all on the board, and has a commercial orientation so that it is making a situation ready for the market to take it on, but making it in a way that the objectives that it has to deliver are not just commercial objectives or kind of social and public as well as commercial objectives. And so I don't think it just has to be government who does that.

The other quick point I was going to make is about people being scared of change. This is one of the reasons why demonstration is so important. And again, it's kind of part of the broader debate, I think that our politicians need to lead. And two things, there is consequences of the status quo. There are heavy costs to no change as well as cost to change. And then the other thing is, the neighbourhoods that we absolutely love have that character because of the way they have evolved through the years. So they don't have that character because they were created one day and then remained static. So again, the way that we kind of talk about this, sort of think about this I think can make kind of quite a big bit of difference.

JAMES: There was a question right up the back, yes.

AUDIENCE: Hi, Alice Doray from Lend Lease Developments. My question was around infrastructure and long term planning. One of the problems we have is that a lot of the things we've spoken about today including population growth and things like that are beyond one term of government, and planning policy in particular tends to change from government to government, and as a developer it's often difficult if you're doing a bigger project of a five year or 10 year term to try and produce some of the things in good planning and urban design we've spoken about, if the goalposts are changing every three years what do we do?

JOHN: Well I don't ... I think it's a fair point that you've made, but I wouldn't accept that the goalposts have ... from my experience, I wouldn't accept that the goalposts have shifted every three years. You've seen under the current government some adjustments to the planning policies that were in place under my government, but they've been I would describe minor revisions. So the changes for example on the urban growth boundaries, they've been some fill

and smoothing, but they've really been a logical extension of that without adding significantly to the boundary. So the policy remains broadly unchanged I think going forward, and subject to some fine tuning. But I agree you do need that long term certainty. I think in the outer suburban areas the combination of urban growth boundaries with precinct structure plans and the infrastructure charge means that you will get the maximum possible long term certainty.

JANE-FRANCES: I'll just mention, I mean that's one of the reasons why we argue that neighbourhood development corporations, those place based independent entities, need to be independent of government, because I mean it's been seen elsewhere that if they are for example beholden to local council politics there is a chance that they don't work because of that. I've just noticed the time.

JAMES: Yes, it's 7:00. So we might take one more question. I think there was someone in front of Alison who asked ... Angela, can you help me there?

AUDIENCE: Yes I was just going to ask, given the current global neo liberalism that we have in place which is shifting populations worldwide, I'm just wondering what kind of limits ought to be placed on the growth of Melbourne and I think what's actually happening is that you've got the destruction of real wages in places like Australia, which is done by global neo liberalism, which is also crushing at the moment.

JANE-FRANCES: That was out of scope for our report.

JAMES: John, do you want to comment or ..?

JAMES: It's not out of scope from being a premier.

JOHN: No, no. Just ... I would only make the comment on that, that whatever is happening around the world, really to go back to my introductory comments, whatever's happening around the world, Melbourne and Victoria will be more and more popular places to be, and that's because of our high quality of life, our high standard facilities and our strong economy. And so this debate which the Grattan Institute is sort of kicking off, it's a good debate to have, it's a hard debate, but it's about choices and the type of urban environment in which we live knowing that it is almost certain that we are going to continue to experience steady to strong population growth into the future and it's going to come from babies, it's going to come from people in other states saying Victoria is a great place to be, and it's going to come from people overseas migrating here who want the wonderful opportunities that we've got. So it's a reality and so it's a good thing to debate it.

JAMES: I can't top that summary. Thank you, John, that's terrific. And thank you all for coming, if everyone could thank John Brumby and Jane-Frances Kelly. If I can just say, if you haven't signed up to our email newsletter please do on the Grattan website, and the report *Getting the housing we want* is available online. If you hadn't read it, please do. Thank you for coming.

AUDIO: This has been a podcast from Grattan Institute. Want to hear more? Check out our website, [www.grattan.edu.au](http://www.grattan.edu.au).

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