

ALGA SPEECH.....PLANNING.

Good morning. It's good to join you once again in the nation's capital as you take some time to consider some of the more complex issues that you are all grappling with.

Yours is an important organisation representing a critical tier of government. That's more than a truism as the decisions you all make in your local communities affect the texture and utility of our daily lives. If you get it right, you're not just building liveable precincts but helping promote a certain social harmony. Get it wrong - and you will find yourself with tomorrow's wastelands on your hands.

I've been asked this morning to talk about planning and I'm going to range widely across that general topic.

I know from my own engagement with individuals who work in and for local government that there are a lot of ideas about how we improve and re-conceptualise the spaces we occupy and for the most part, these ideas are rooted in altruism - in wanting to create something better, something more beautiful so that people can live happier lives. That's what planning is about. But as we all know there are plenty of tensions and controversies around this topic. So as you take this time out from your daily schedules and decision making, I would urge you not to be afraid of the contest of ideas. Consider the contrary view and argue the case robustly but with civility and courtesy. It's a vanishing concept in our public life but who knows, ALGA could be the first to re-claim it.

I'm conscious as well that we meet in one of our most planned cities and one that will celebrate its centenary next year. It was 1913, when the wife of the then Governor General Lady Denman announced that the name of Australia's capital would be Canberra.

A year earlier Walter Burley Griffin, a Chicago architect, won the international design competition from among 137 entries and at the time he said...

...I have planned a city that is not like any other in the world. I have planned it not in a way that I expected any government

authorities in the world would accept. I have planned an ideal city - a city that meets my ideal of the city of the future.

Starting work at the beginning of the war years, Griffin, working in partnership with his MIT trained wife Marion Mahoney, battled the usual bureaucratic hurdles and opposition to his plans, survived a Royal Commission and continued working on his city of the future until 1920. By today's terms that's continuity. But from what I've read, Griffin was as under- appreciated in his time, as Juan Utzon would be sixty years later.

Canberra did not get its central lake, as Griffin had always intended, until 1964. And for an imagined account of how this happened, I recommend you read Frank Moorhouse's book Cold Light. Apart from being a superb part of a trilogy about a young Australian diplomat, Edith Campbell Berry, Moorhouse has written, almost, a love letter to this city. It certainly made me look with fresh eyes at what Griffin and his followers conceived and built.

I hope that the 2013 celebrations can be a time when we can reach beyond our parochial concerns, and look with fresh eyes at the nation's capital - where we can appreciate a built environment that blends with a superb landscape - and agree that this is a whole lot better than the sheep paddock it was just over one hundred years ago.

This little history lesson is by way of saying that creating the new is never easy. Walter Burley Griffin did not have to consider issues of sustainability or waste, or tackle noisy protest groups with either real or contrived grievances, but he had his trials. And it has always been thus.

We all want to boast that we live in liveable towns and cities.

We are also at a point in time where we are having to re-imagine our cities, not least because they are seen, as the new economic powerhouses. Not countries but cities.

We are living through a renewed urban age where more than half the world's population live in cities.

Alongside the existing global giants of London New York and Hong Kong, we are seeing the rise of the mega city - the new city states of the Persian Gulf, as well as Mumbai and Shanghai.

In fact, it is cities, rather than states, that are becoming the islands of governance on which the future world order will be built.

China alone is expected to have 15 super cities by 2025 with an average population of 25 million.

That tells you a lot about where the power will reside in the 21st century. It's a return to a very old concept.

Five hundred years ago the city states on the Italian Peninsula were Europe's centres of commerce, with families carving out fortunes from banking enterprises, then ploughing the proceeds back into the kinds of urban projects - cathedrals, piazzas and libraries - that still delight us to this day. In turn these centres - Siena, Florence Verona and Venice attracted pilgrims, scholars, and traders. They were international beacons, lively places where ideas were swapped, and where commerce thrived.

Rivalry across the city states was intense and sometimes bloody, but in Siena today they still tell visitors about how the design of their city square, the Piazza del Campo, with a shell-shape unique to that city, was in fact a political statement - a way of telling cross border travellers that they were welcome to come into the very heart of their city and congregate and converse, and enjoy an urbane life. Town planning in Siena dates back to the start of the 13th century, well before the Renaissance, with communal control over street design and maintenance.

And with an acute understanding of human psychology, the Siena city fathers invented an outlet for aggression. To this day the annual Palio, the wild horse race that takes place in the central piazza on two dedicated days during the summer is the day when the citizens of Siena are allowed to do anything they like. It's a day of misrule. But on every other day, civic order is the rule and that's the result. There's no graffiti, no public displays of bad behaviour, no litter. All

because of some smart thinking that predates the invention of the Google map. And for those of you who have visited Siena you will know that it's anything but an historic artifact - today there's a thriving modern community that operates very successfully inside a medieval town.

Now, our 21st century challenge, and particularly in a country such as Australia where we have been profligate with everything from water to land usage. But we do need to do what the equivalent of the Siena LGA did back in the 1200's - apply some smart thinking.

And there is plenty of help at hand. Let's start with the obvious. We won't have liveable cities if we can't house people effectively.

The challenge in our cities and in our regions is to provide more affordable housing, greater choice in housing types and how to accommodate a higher population.

Let me say up front that I am not part of the 'let's shrink Australia' crowd. I regard that as a miserably defeatist attitude. As the great granddaughter of an Italian immigrant whose family swelled the tiny population of Brisbane in the 1880's, I'm delighted that Guiseppe Truda was welcomed as a foreign worker. He was a violinist and conductor and came to this country in response to a plea from the Catholic cleric, Bishop Quinn who led a campaign to recruit classical musicians to kick-start the musical life of Brisbane.

And today, the opposition of the AWU and others notwithstanding, I am confident that we will continue in that tradition - of recruiting and importing skilled labour when and as required.

The question is not - where will we all fit? But rather, how do we make the appropriate investments in infrastructure to plan for a greater population mix. And critically, how do we get the housing mix right?

Among others, the Reserve Bank has been doing some thinking about this. In a report released last year entitled "Urban Structure and housing prices - some evidence from Australian Cities", the authors make the point that there is a trade-off between density and housing

prices.

Through a combination of research and modelling, the RBA paper highlights some of the factors that contribute to Australians living in more expensive, and lower density housing than we would, if the housing market was not constrained by a number of structural factors, including high transport costs, restrictions on density, and costs imposed on new housing supply.

Even allowing for the recent downturn in housing prices, we are still paying very high prices for a roof over our heads, often in areas far from where we work and from where we want to spend our recreation hours.

Mindful of this the RBA modelled something new. They decided to look at what a city could be like if we started from scratch.

The researchers didn't give their city a name but I will. Let's call it Happyville - a bit Truman-esque I know, but there it is.

Happyville is a city of 2 million people, located on the coast and with one CBD where most people work. What makes Happyville different from our existing capitals, is that half the population lives within 10 kilometres of the CBD. Higher density housing, with an effective transport network, links a population to job opportunities, services and cultural facilities.

Interestingly when the RBA modelled for a population increase in Happyville to 4 million, the footprint of the city did not change dramatically. It expanded only a couple of kilometres. Critically important is transport infrastructure. And whether it's Happyville or any of our existing capitals, the better the transport network, the more feasible it is to live that much further from the city where dwelling sizes are larger.

The RBA modelling predicted city wide benefits - in terms of more affordable and better located housing - from less restrictive zoning requirements. As we know it's opposition to the easing of zoning restrictions by neighbourhood residents that highlights the key point - the relationship between density and cost.

As the RBA concludes “the model shows that policies associated with the development process that act as a friction on the supply of new housing result in higher housing prices for consumers and a reduction in the supply of housing.”

The report also highlights the broader question of how well the current dwelling stock in Australia’s largest cities matches the preference of households. The analysis suggested that in Sydney and Melbourne, many would prefer less detached housing, more medium and high density housing, particularly semi detached housing and apartments of four stories or more. They also noted a series of supply side factors that constrain just this outcome.

In Sydney, the report points to the complexity of the planning process for infill development, and infrastructure charges and the price and supply of land on the city fringe.

In the case of Melbourne, they note that there have been significant amounts of greenfield development on the fringe, and of new inner city high rise apartments, but that development in established areas has been constrained by planning complexity and high construction costs for apartments.

So planning complexity and delays, insufficient investment in transport links, upfront infrastructure costs and residential opposition to change are some of the many factors feeding into high housing prices.

There’s also the official COAG report card on how all our urban centres are performing on some of these measures, and I’ll come to that in a moment.

What I’m doing here is highlighting what you all know and what has been documented time and again. We are in a kind of stasis about all this.

But while we are stuck, consumption patterns are changing. Demands are different. The noisy no-change crowd grab the headlines and often induce paralysis at councils, but while this is

happening, consumers are making different choices.

In the case of a younger generation, some will opt not to buy at all, choosing a very different path to wealth creation from their baby boomer parents. They are right in line with what the RBA Governor Glenn Stevens is saying - that the days of boosting wealth via ever bigger housing bubbles are over. In fact, the Governor thinks this might explain some of our national grumpiness. Homeowners who've purchased expecting quick capital gains are stuck in a time warp.

The GFC has changed us. Banks are seeing less demand for credit. We are still spending but in quite different ways.

Other purchasers are also thinking and behaving differently. Where once the arrival of the first baby would see a flight to a detached house in the suburbs, more and more, the realtors are noting the buoyancy in the apartment market, with young families opting to stay in more affordable apartments in inner or middle ring city suburbs.

The real estate agents are already talking about this as “a group of buyers opting for a European lifestyle of high density living with easy access to community facilities.”

Interestingly young people talk about apartment living in the same way as some senior citizens. They like being close to neighbours and the added security that comes from block living.

So these are the trends. Public policy, certainly at the federal level in recent years, through boosted investment to the states, and through innovations around affordable housing initiatives, have helped, but much more is needed.

The National Housing Supply Council says that the gap between housing supply and demand by 2030 could reach over 630,000 dwellings, with low income households the most adversely affected. Demand has certainly dropped since the GFC but supply has slowed, notwithstanding the Commonwealth investment.

And this is happening at a time when broader demographic factors - the increased need for sole person dwellings as the population ages

- will add to our housing problems.

On that point I wonder how many councils across the country are ready for what the baby boomers will demand in their twilight years. With retirement being pushed out, we've got a few years yet, but I predict a new Woodstock as tomorrow's seventy and eighty year olds demand newly fashioned cluster housing arrangements where groups of friends club together to look after each other before heading off to the great recreational village in the sky. I'm not talking here about a bunch of bungalows with low clipped hedges, but something more like a wired village, where a robot brews the coffee in the morning, and an android who looks like George Clooney brings you a gin and tonic at 5 every afternoon. Someone will do it, and make a heap of money out of it, but why shouldn't councils get in first and work with developers who are prepared to think outside the standard design box?

On excellent example of where government and private capital is meeting an unmet need is happening only a few blocks from where I now live in South Melbourne. On the site of a former girl's school a new residential and commercial complex will set aside forty purpose built apartments with support services for people with disabilities. The complex will also house students, city workers and commercial tenants - a motley social group with access to all the city has to offer. The project is supported by half a dozen different community organisations, it's been developed by the Mackie group and financed through a mix of private capital and with federal state and philanthropic dollars as well. A very sensible collaborative arrangement. Smart thinking.

But as I say the need is great. There are 186,000 fewer dwellings than are needed in Australia. And consider the irony. A country with 4% growth, higher than any other developed country. With impressive terms of trade, The Weekend Australian, just two weeks ago, said it means we are on track, to regaining the mantle of being the richest country on earth. Employment has passed the eleven and a half million mark. And the buoyancy is not all coming from mining. The knowledge economy is getting stronger all the time. One of the biggest items of expenditure for households these days is education and that reflects a very interesting set of values.

And to state the obvious, knowledge economies are located in large centres and that's where we need the fresh thinking and the added investment. (18 minutes)

It seems to me that if we can get over our hang-up about density, and start thinking and investing in good coherent urban design, then the future starts to take on a whole different aspect. It's a point made by the COAG Reform Council in its report on Capital City Planning.

As the report says, urban design "is concerned not only with how places look, but also, and more importantly, with how they function." And one criteria for reviewing our cities is the extent to which they encourage world class urban design and architecture. Again, if we get this right, we see multiple benefits, not just in terms of an enhanced metropolitan aesthetic, but we see a boost in overall community benefits with well designed public spaces.

But how do we make judgements on effective design and what is world-class?

What I think we need to be careful of, in this quest for the best, is that we don't go overboard for the architecture and designs that shout 'look at me.' Renzo Piano, no slouch at designing buildings that stand out, says that when we "look at beautiful cities, we know many of them have not been designed. They have grown organically. When we walk around these cities, what is beautiful is the very fact that what you are looking at has not been designed. Instead it represents the materialisation of the millions of life stories that have been enacted within their respective walls across centuries."

Paul Keating has a somewhat different take on this. He thinks that our developers and architects could be doing a lot more to add to urban coherence, and as he says, to do it with a certain "civic conscientiousness."

I think in another life Keating could have been Baron Hausman. Certainly when he looks at cities such as Paris and New York, what he notes are two things - compactness and a concern for the whole rather than the particular. Common setbacks and common use of

materials are a feature of the urban design of both cities. A certain uniformity rather than diversity.

Keating goes so far as to say that ‘variety is the antithesis of grandeur’ - and points to the the buildings of the great Paris boulevards, each different to the other but obeying common rules as to materials and form such that they present a variegated uniformity which invests those boulevards with a certain granduer. The whole is greater than the parts.

Where we see this in our own communities, we recognise it straight away and know that there’s a harmony about the whole. In Sydney in areas in areas such as Potts Point and Paddington, where you find some of the highest densities in Australia, it’s the whole that works, the commonality.

Similarly in Melbourne, the grand terraces of East Melbourne or St Vincent’s Place, are both utilitarian and beautiful because they obey certain rules.

These are, by and large, the exceptions. For the most part, we don’t do density all that well.

Keating makes a further point and everyone who approves a development application should take note - “our community does not need instruction to know what is mediocre or bad. But they are depressed by what they see and are forced to inhabit and they resent it.”

If you are interested in reading more along these lines, I recommend Paul Keating’s book *Afterwords* - where the former prime minister has a lot to say about cities and the kind of support they need.

As we know there is much work to be done. We’ve been reminded of that just this year with the release of the Capital City Strategic Planning Review by the COAG Reform Council which was assisted by an expert panel led by former Hawke Government Minister Brian Howe.

Now this is an important document. First of all the COAG process

deserves support. The fact is we are a federation, with three tiers of government and it's only through cross government discussion and streamlining of laws and regulations, that we can advance as a nation.

The Council is a body that is independent of the various jurisdictions but assists COAG to drive a reform agenda by strengthening reporting and accountability. The Council has some excellent people working for it.

That's by way of saying I would urge you to take this process seriously.

For those of you who have looked at the planning report, you will know that our cities only score fair to average on the key criteria.

The Council makes the point that Australia is at a watershed point for its capital cities and their strategic planning. Population growth, demographic change, increasing energy costs and the shift to a knowledge economy have changed the assumptions underpinning the shape and development of Australian cities. Therefore the strategic planning must change accordingly.

Needless to say, high on the list, is the need to do better on major transport infrastructure, not just better public transport, but improving freight transport and intermodal networks so that we can boost capacity at our ports and airports.

As well, the report highlights three areas in particular where no jurisdiction had adequate planning in place - for demographic change, for housing affordability, or for social inclusion.

And time and again, the report refers to the need for improved integration, that is complimentary and consistent planning and delivery across relevant parts of government, especially transport, economic development and land use.

And in a masterful piece of understatement the report says that the absence of bi-partisanship is having an adverse effect on metropolitan planning. This is now a very contested space, it's

intensely political and its inhibiting the need for long term strategic planning. You need only look at Sydney and the resistance by the O'Farrell government to a much needed second airport for our biggest international city to see evidence of that.

So we have a choice don't we? We can start behaving like grown-ups - and get the plans in place and work collaboratively. Or, face the prospect that we still be writing reports ten years from now that describe an increasingly chaotic urban landscape, one that is inhibiting productivity and making people even grumpier.

One other important point that the Report touched on concerns the need to reconsider our settlement patterns. The reason I have spent most of my time talking about planning in our major cities is because that's where most of us live. 40% of the nation's population live in Sydney and Melbourne which are the centres for our major corporates, our manufacturing, our finance and our media players.

We built a brand new city here over one hundred years ago, but our efforts since then to build new centres have faltered.

Today with the huge resource wealth being untapped in Western Australia and Queensland, we find ourselves with increasing job opportunities in those areas but too few workers willing to re-settle and create new communities. The short term solutions are through the fly in fly out arrangements to mining projects, or the importing of skilled labor - the latter now vociferously opposed by some key unions.

So why can't we match workers with jobs?

The demographer Bernard Salt wrote recently that the Nullabor is our very own Berlin Wall - that for every east coast resident who crosses the continent and moves to WA, there are five immigrants prepared to cross oceans to work in the West.

Salt thinks there are powerful cultural factors at work. That a move west or to the regions -away from the powerful sophisticated centres of the east - unless it's for a sun-soaked retirement - is a step away from civilisation.

I'm not sure about that. I think there are more practical considerations. A displaced fifty year old manufacturing or construction worker, with deep networks in a particular east coast city, is not going to find the prospect of selling up and making a cross continental move particularly attractive.

But with young people it should be a different proposition. And again, this is hardly a new concept. My own Dad, when he was in his twenties, along with his brother and some mates - all trained boilermakers - headed off to Mount Isa in the late 1940's to work for Mt Isa Mines. They lasted two years, made a bit of money, and returned to Brisbane. No-one even mentioned the lack of air conditioning or the very basic conditions. It was an adventure.

Expectations are now different but we seem daunted by the challenge.

I know from previous discussions with local government and regional development officials in the Pilbara and elsewhere that a huge effort is being put into making mining centres more attractive permanent places - and a key to this is in providing a lot of the things that make cities appealing - places where people can congregate - coffee shops and the like - and good education and child support facilities.

There is no reason why the new Canberra should not be in the north west of Western Australia or in the Bowen Basin in Queensland.

There is a Walter Burley Griffin out there somewhere, just waiting to be offered the design.

The Gulf States are proving that you can have a modern metropolis on the edge of the desert and places like Dubai are now on the global map, by virtue of their geographic placement and the international standard amenities they can offer.

It will be interesting to watch Darwin's further development, given its proximity to Asia, and with the addition soon of US military personnel.

There's no doubt that major strategic decisions by the

Commonwealth about the placement of defence bases - or the establishment of key research and education facilities - can do a huge amount to boost settlement in non metro areas of Australia.

But at some point we will need to put some markers in the sand. For government authorities - state federal and local to come together and agree on where the new centres should be and back the decision. That's how Canberra happened and it's the reason we will have a centenary to celebrate next year.

The question for us all - is what will we be celebrating in 2113?

I'm generally an optimist. And despite the high octane shout-fest that now passes for public discourse, clearly a lot of collective effort and conscientious decision making is taking place.

How else to explain our increase in productivity? It seems the high dollar has been just the spur needed to make some exporters lift their game and do things differently so that they can stay ahead in a competitive world. Our growth rates are the best in the developed world, our banks are sound and our supervisory institutions are active.

There couldn't be a better time to re-imagine the future.

I'll finish with a reference to one of the great technological change agents, the founder of Apple, Steve Jobs. He learnt from his failures and before he died, his advice for leaders was this - he said "deciding what NOT to do is as important as deciding what to do."

Now he was talking about companies and products and the distinction of Apple is in the design. Apple products are easy to use and beautiful to look at.

Government and governance is different - but after you've worked through the complexity, it's not a bad idea to keep Jobs's maxim in mind. Make a decision about the most important issues - the top 3 or the top 5 - and work like mad to get them right. Refine and refine and make your plans and projects the very best they can be.

Thank you.