



Draft National Urban Policy

City of Melbourne Submission

24 July 2024

Introduction

The City of Melbourne is encouraged by the Australian Government's re-engagement with the cities agenda and welcomes the opportunity to work across all levels of government to realise the goals and objectives set out in the National Urban Policy. If we get this right, the National Urban Policy will enable us to support the Australian community through this period of great transformation in our urban spaces and can play a key role in securing intergenerational equity, where our urban environments remain accessible, inclusive and sustainable for all.

Capital cities play an essential role in the social, environmental, cultural and economic life of our country. They perform a pivotal role in job creation and offer a diversity of experiences for residents, workers and visitors, building a sense of belonging, attracting investment and talent and driving tourism.

Cities are also an essential part of responding to the climate crisis, with urban areas accounting for approximately 70 per cent of global carbon emissions. This is especially relevant in the Australian context, with Australia being one of the most urbanised countries in the world. The impact of climate change will be acute, particularly in our capital cities which are extremely vulnerable to sea-level rise and extreme heat events.

The City of Melbourne is the heart of the metropolis and the engine room of the Victorian State economy. The municipality alone accounts for 23 percent of the Victorian Gross State Product, and, in the past decade contributed 34 per cent of Victoria's economic growth. It boasts a diversified economy and is home to a range of industry sectors with a high concentration of knowledge-intensive jobs. The City of Melbourne contains Victoria's premier cultural infrastructure, with a diversity of 24/7 uses, including the State's major art, cultural and sporting events, attracting visitors from across the state, the nation and the world.

As the municipality at the heart of Australia's fastest growing metropolis, the City of Melbourne is focused on preparing for the future. This means making decisions that respond and adapt to climate change, creatively using our public urban spaces to support a growing and diverse population and remaining an attractive place for innovation and investment.

We want to see Australian cities continue to be great places for all people, leveraging the opportunities in front of us and innovating, collaborating, and learning from each other, and the great cities of the world. We want to build on the current momentum of national efforts to address the key challenges affecting us all and offer our expertise as the layer of government closest to the community and responsible for municipal-level strategic planning to achieve this vision.

We welcome the use of the United Nations Sustainable Development Goals (SDGs) in the draft National Urban Policy. We bring your attention to the City of Melbourne's SDGs [Voluntary Local Review 2022](#)¹, the first of its kind for any Australian city, as a data-rich insight into urban policy challenges and as an important example of cities benchmarking.

We welcome this opportunity to work across government to progress the cities agenda for the benefit of Melbourne and urban environments across Australia.

¹ <https://www.melbourne.vic.gov.au/about-council/vision-goals/Pages/united-nations-sustainable-development-goals.aspx>

Structure of submission

The City of Melbourne supports the five goals and six objectives of the draft National Urban Policy and the integrated approach that has been adopted in relation to articulating the objectives.

The City of Melbourne has identified the opportunity to further strengthen the draft National Urban Policy and has focused on four core themes which align with one or more of the objectives as detailed in the below table.

City of Melbourne submission themes	National Urban Policy objectives alignment
Theme 1: Cohesive governance for liveability and amenity	<p>Primary objective</p> <ul style="list-style-type: none"> • No one and no place left behind <p>Other alignment</p> <ul style="list-style-type: none"> • Our urban areas are safe • Our urban areas promote productivity
Theme 2: Capital cities, leadership and civic participation	<p>Primary objective</p> <ul style="list-style-type: none"> • No one and no place left behind <p>Other alignment</p> <ul style="list-style-type: none"> • Our urban areas promote productivity • All people belong and are welcome • Our urban areas are sustainable
Theme 3: Meeting our challenges through innovation	<p>Primary objective</p> <ul style="list-style-type: none"> • Our urban areas are sustainable <p>Other alignment</p> <ul style="list-style-type: none"> • Our urban areas promote productivity • Our urban areas are safe
Theme 4: Delivering high-quality housing for all	<p>Primary objective</p> <ul style="list-style-type: none"> • No one and no place left behind <p>Other alignment</p> <ul style="list-style-type: none"> • All people belong and are welcome • Our urban environments and communities promote health and wellbeing • Our urban areas promote productivity

Theme 1: Cohesive governance for liveability and amenity

Delivering on the aspiration of high amenity, high liveability urban growth, with well-located homes, jobs and activities, requires alignment and cohesion across the three levels of government. This is especially critical for the delivery of nationally significant urban precincts. Two of the seven Victorian Government-identified National Employment and Innovation Clusters are in the City of Melbourne: Fishermans Bend and Parkville. To drive investment in these precincts, and realise major urban renewal opportunities, all levels of government will need to work together to prioritise the delivery of transport and other catalytic and enabling infrastructure.

Current governance arrangements are not adequately addressing the demands of urban development in metropolitan regions, where the complexities and unique spatial characteristics require an integrated approach. There is a need to distinguish and address the unique role of the central city, the middle ring suburbs and growth areas in delivering on the needs of the metropolis. Regional alliances, such as the Melbourne 9 (M9) comprising the nine inner metropolitan Melbourne councils, are currently collaborating and coordinating on state-wide policy in recognition of its unique and differentiated impact on the inner metropolitan region.

In developing its new Plan for Victoria, the Victorian Government does not currently propose to replace Plan Melbourne 2017 – 2050. As a result, there is a risk that the challenges of aligning policy objectives and addressing urban considerations are not sufficiently met. Major infrastructure projects, including those projects that require significant Commonwealth funding assistance, will rely on consistent and integrated policy across all levels of government, highlighting the need to plan at a metropolitan scale alongside a National Urban Policy and the Plan for Victoria.

In planning for metropolitan regions, the expertise of local government, as well as sector representatives including the Municipal Association of Victoria and the Planning Institute of Australia must be drawn upon. The City of Melbourne advocates for a National Urban Policy that considers governance arrangements that recognises the critical role of capital city councils and are tailored to each city and nationally significant precinct.

It is not possible for central cities to be planned for and supported at a Federal level if only represented by a State or Territory Minister, or by the Australian Local Government Association (ALGA): neither is an adequate conduit for the knowledge, or an appropriate representative for the democratic mandate, of the Capital City Councils.

Recommendations

[1] Metropolitan plans – The National Urban Policy should express the view that Australia’s metropolitan areas each require integrated strategic plans to balance the interconnected complexities of housing, transport, the environment and the demands of large daily populations as centres for jobs, education, health and tourism. For those plans to be successful, they need to be co-designed with constituent councils and communities.

[2] Minister for Cities – The National Urban Policy should contemplate the return of a dedicated Minister for Cities, or other governance structure such as City Partnerships, that would be responsible for:

- The implementation of the National Urban Policy.

- Delivering the National Housing Accord (see Theme 4).
- Coordinating capital city collaboration (see Theme 2).
- Facilitating joined-up approaches to the planning of nationally significant precincts, including for the delivery of critical social, transport and climate resilient infrastructure.
- Providing Commonwealth funding for each of these as well as other city-shaping major projects.

[3] Cities benchmarking – The National Urban Policy should draw on the United Nations SDGs to inform and establish a framework to benchmark cities on core metrics to track progress on the Policy objectives, including:

- The level of funding and infrastructure investment provided to deliver on policy priorities.
- Reporting on progress towards compliance with key legislation, such as the *Disability Discrimination Act 1992 (Cth)*.

[4] Financial sustainability and innovation – The Commonwealth should expand existing and pursue new funding programs, including by:

- Implementing the 2022 election promise to support the “long-term financial sustainability of local government” through increases to grant allocations, including “fair increases” to Financial Assistance Grants.
- Ensuring federal funding requirements do not present a barrier for local government participation. For example, the misalignment between eligibility criteria under the Housing Australia Future Fund and the maximum lease term of council land under the *Local Government Act 2020 (Vic)* impacting on the ability to use council-owned land for affordable housing.
- Continuing and expanding the scope of successful Commonwealth programs, such as the Urban Rivers and Catchments Program.
- Re-considering the balance of funding available for local government infrastructure projects, to provide more support for existing asset renewals and upgrades.
- Developing an investment program for the delivery of the large-scale infrastructure required for nationally significant urban renewal precincts, such as the delivery of catalytic transport infrastructure to Fishermans Bend.

[5] Legislative review – The Commonwealth should pursue amendments to legislation where such legislation impacts the amenity and liveability of urban areas, or unreasonably compromises State and Local expenditure and efficiency, including:

- The *Telecommunications Act 1997*. Current definitions of ‘low impact facilities’ allow telecommunications companies to install infrastructure that reduces access to, and visual amenity of, the public realm, especially in central cities.
- Harmonised building and utilities legislation. It should be mandatory that local authorities and local road managers, especially in dense and complicated urban environments like central cities, are made aware of all planned and unplanned works that impact the public realm, so that disruptions and lost accessibility can be anticipated and planned for.

Theme 2: Capital cities, leadership and civic participation

Capital cities play a unique role in the urban landscape. They perform a pivotal role in job creation and offer a diversity of experiences for residents, workers and visitors, building a sense of belonging, attracting investment and talent and driving tourism. Over the last 30 years, Australia's six largest capital cities generated 69 per cent of Australia's economic growth ([SGS Economics and Planning, 2019²](#)).

Investment in capital cities has benefits for the whole state, which depends on the central city for employment, recreation and the movement of people and goods. Central cities are the most culturally diverse places in the country and serve as gateways between Australia and the world. The concentration of public and private institutions, including universities and research facilities, and the diverse communities that live, work and play in capital cities presents an opportunity for creativity, experimentation and learning.

As our urban places evolve and we consider the future of our cities, governments need to lead the conversations with our communities about the benefits and opportunities of urban growth and densification. Transformational changes to density will require ongoing engagement across all levels of government, the planning and development sector and with our community. The space in cities is finite and we need to ensure creative use of public and open spaces so that they can support social cohesion and community wellbeing, as well as ensuring cities are climate resilient and adaptable to change.

Recommendations

[6] Role of capital cities – The National Urban Policy should recognise the role of capital cities and leverage their unique characteristics, including by:

- Facilitating ongoing collaboration, engagement and decision-making between the Australian Government and the Council of Capital City Lord Mayors, including mechanisms to determine and deliver agreed priorities.
- Supporting diverse global innovation precincts through national plans that attract talent and investment in the knowledge and technology economies.
- Recognising the role of diaspora communities and international students in connecting our cities and Australia with the world.

[7] Civic participation, place-making and social cohesion – The National Urban Policy should recognise the role of place-making and community visioning to deliver high-quality precincts that meet the needs of our diverse communities, including through:

- Leading a national conversation on the imperatives of urban growth and the key urban challenges governments are seeking to address, including through conducting deliberative engagement to share complex decision-making with the community (see City of Melbourne's [People's Panel on Affordable Housing³](#)).
- Empowering communities to play their role in shaping the future of these urban places, including through investing in community arts, celebrations of culture and activation of public places.

²https://sgsep.com.au/assets/main/Publications/SGS-Economics-and-Planning_Economic-Performance-of-Australian-Cities-and-Regions.pdf

³<https://participate.melbourne.vic.gov.au/affordable-housing-peoples-panel>

Theme 3: Meeting our challenges through innovation

To face climate challenges in our urban spaces we need to foster innovative environments, with the right ecosystem of policy settings, incentives and an appropriately skilled workforce. Transitioning to zero emissions presents enormous opportunities to develop the clean energy industry, generate jobs, boost economic productivity, and position Australia as a leader in renewable technologies. Through building retrofits in Melbourne alone, we could add over \$2.7 billion to the Victorian economy by 2040, with 12,000 jobs and a yearly reduction in energy costs of over \$184 million.

Through urban growth we have an opportunity to experiment and invest in building our workforce capability to support retrofitting existing, underutilised buildings, and support other sustainability improvements to existing urban infrastructure. In our urban renewal precincts and areas of high growth, we can embed renewable energy, integrated water management and circular economy systems, placing our cities at the forefront of sustainable renewal.

In the City of Melbourne, commercial buildings¹ are now the biggest polluters in the municipality, accounting for almost 60 per cent of the city's carbon emissions. While we are working to reduce the emissions profile of these buildings, a threshold barrier exists at the Commonwealth level: the current lack of mandatory, consistent and regular disclosures of the energy use of buildings.

National Commercial Building Disclosure regulations apply to sellers and leasers of commercial office spaces over 1000 m² in buildings that comprise more than 75 per cent office space. The Commonwealth has signalled its intention to expand the program beyond commercial office buildings to include properties such as hotels, data centres and retail, and to introduce Minimum Energy Performance Standards. This proposed pathway can be strengthened through mandating periodic disclosure of base building energy performance of all buildings over 100m² every 12 to 24 months.

Recommendations

[8] Understanding building emissions – The National Urban Policy should reinforce the Commonwealth's intention to mandate the periodic disclosure and reporting of energy performance for the majority of buildings, creating a level playing field and enabling governments to assist building owners to transition to a lower carbon future and collectively achieve net zero emissions.

[9] Reducing embodied carbon – The National Urban Policy should seek a pathway to mandate maximum allowable embodied carbon for different building types, similar in concept to Minimum Energy Performance Standards.

[10] Precinct-based approaches – The Commonwealth should participate in a precinct-based approach to embed resilience and adaptation in the design of buildings and public places, including:

- Leveraging the opportunity of urban renewal precincts to test the integration of precinct based renewable energy, water, and circular waste systems.
- Incentivising the retrofit of existing commercial buildings in capital cities with a recurrent funding pool and providing training and skills to build capability and support the construction sector.
- Initiating funding partnerships to undertake place-based capacity building for industry to retrofit existing commercial buildings in capital cities.
- Funding critical infrastructure to prepare for extreme weather events.

[11] Transition to renewable energy – The Commonwealth should accelerate the speed of transition. Urgent action is required to mitigate the impacts of climate change. Government should commit to a more ambitious plan to take advantage of an aligned national, state and local ambition, including through:

- Accelerating investment in infrastructure that enables 100 per cent renewable energy and builds a clean energy economy.
- Accelerating investment in energy efficiency and electrification pathways, including for public transport.
- Testing subnational approaches to climate planning and financing through leveraging Australia’s commitment to the Coalition for High Ambition Multilevel Partnerships initiative and drawing on international examples of this initiative in action. One such example is the [Cities Climate Finance Leadership Alliance](https://citiesclimatefinance.org/)⁴, a multi-level and multi- stakeholder coalition aimed at closing the investment gap for urban subnational climate projects and infrastructure.

⁴ <https://citiesclimatefinance.org/>

Theme 4: Delivering high-quality housing for all

The housing and homelessness challenges facing Australia are complex and growing. They require a courageous, sophisticated and far-reaching response. There is no single solution. Some solutions will not be popular. The National Urban Policy is an opportunity to recognise and address these challenges.

The delivery of housing needs to balance a range of priorities to build liveable and thriving neighbourhoods. Relying on the private market alone to increase housing supply will not adequately address the crisis in front of us. Housing must be diverse and enable people to move through their life stages in place. The delivery of housing, in higher density environments, must be accompanied by the delivery of new public open space, accessible transport and social infrastructure that supports community wellbeing and sustainability.

Affordable housing is essential infrastructure and must be acknowledged as such in the National Urban Policy. The delivery of affordable housing must be mandatory and must be supported through the National Urban Policy to ensure it can be achieved consistently across states and territories.

More detail can be found in the City of Melbourne's comprehensive submission to the National Housing and Homelessness Plan.

Recommendations

[12] Affordable housing is essential infrastructure – The National Urban Policy must recognise affordable housing as essential infrastructure, and it must also recognise the Commonwealth's role in funding construction.

[13] Tax reform and regulation – The National Urban Policy should commit to a review and reform of tax and regulatory structures with a view to addressing housing inequity and stimulating new development, including to:

- Reduce land and housing speculation and redistribute tax incentives to improve the supply of quality housing for owner-occupiers.
- Consider the establishment of an adaptive reuse incentive scheme to support the conversion of underutilised commercial buildings for housing outcomes.
- Increase diversity in the housing market by encouraging a range of public, not-for-profit and other alternative delivery models.
- Consider and evaluate options to encourage institutional investment (e.g. superannuation) in affordable housing.

[14] Increase the availability of social and affordable housing – The National Urban Policy should recognise that all levels of government and the private sector have a role to play in increasing affordable housing supply. To ensure our urban places remain accessible to all people and are equitable, we need to increase the amount of social and affordable housing, including by:

- Supporting the states to build public housing sufficient to meet demand.
- Ensuring policy consistency in definitions of social, affordable and key worker housing, to ensure outcomes delivered are targeted to those most in need on very low to moderate incomes.

- Requiring state governments to introduce mandatory inclusionary zoning or levies to facilitate affordable housing contributions from private development.
- Identifying and developing underused Australian Government owned land that is appropriate for affordable housing.
- Providing substantial ongoing investment to community housing organisations.

[15] Housing and homelessness support services – The National Urban Policy should include a vision to end homelessness and provide all Australians with access to housing that meets their needs, including through:

- Prioritising the unique service and support needs for groups that are over-represented in the homeless population and/or have unique needs: Aboriginal people, people experiencing chronic homelessness and sleeping rough, women and young people (aged 15 to 25).
- Establishing a dedicated children and youth homelessness plan. This should be underpinned by the voice of children and young people, with their best interests a primary consideration.
- Developing a National Cultural Safety Framework, based on the Victorian Aboriginal Housing and Homelessness Framework, to ensure that homelessness services and housing options respond to cultural needs.
- Developing a dedicated National Housing and Homelessness Plan for Aboriginal people.