A State of Liveability:
An Inquiry into Enhancing Victoria’s Liveability

Final Report October 2008
About the Victorian Competition and Efficiency Commission

The Victorian Competition and Efficiency Commission, which is supported by a secretariat, provides the Victorian Government with independent advice on business regulation reform and opportunities for improving Victoria’s competitive position.

VCEC has three core functions:

- reviewing regulatory impact statements, measurements of the administrative burden of regulation and business impact assessments of significant new legislation
- undertaking inquiries referred to it by the Treasurer, and
- operating Victoria’s Competitive Neutrality Unit.

For more information on the Victorian Competition and Efficiency Commission, visit our website at: www.vcec.vic.gov.au

Disclosure of interests

The Commissioners have declared to the Victorian Government all personal interests that could have a bearing on current and future work.
3 October 2008

The Hon John Lenders MP
Treasurer of Victoria
1 Treasury Place
East Melbourne  VIC  3002

Dear Treasurer

VCEC Inquiry into Enhancing Victoria’s Liveability

In accordance with the terms of reference received by the Commission on 12 October 2007, we have pleasure in submitting the Commission’s final report *A State of Liveability: An Inquiry into Enhancing Victoria’s Liveability*.

Yours sincerely

Robert Kerr  
Presiding Commissioner

Peter Johnstone  
Commissioner
Terms of reference

Inquiry into Enhancing Victoria’s Liveability

I, John Lenders MP, Treasurer, pursuant to section 4 of the State Owned Enterprises (State Body — Victorian Competition and Efficiency Commission) Order (“the Order”), hereby direct the Victorian Competition and Efficiency Commission (“the Commission”) to conduct an inquiry into enhancing Victoria’s liveability.

Background

The essence of urban entrepreneurialism is to apply innovative thinking to policy planning in a strategic way, based on long-term vision. Such attitude is an essential property not only of competitive private enterprises in the global market, but also of competitive cities in inter-city competition on a global scale. Urban entrepreneurialism should manifest itself in identifying and building up unique local assets, in harnessing “old policy tools” with totally new perspectives, and in mobilising the collective potential of all the actors in the local economy by motivating and empowering them.

Source: OECD TERRITORIAL REVIEWS: COMPETITIVE CITIES, 2007, p14

Victoria is already one of the most liveable locations in the world, with international surveys ranking Melbourne among the world’s top cities in terms of offering the best quality of life. In addition to a strong economy, high quality health and education sectors, booming infrastructure investment and design excellence, Victoria is renowned for its diversity, culture and cohesiveness. The Victorian Government is committed to ensuring that Victoria remains a great place to live, work and raise a family.

Enhancing liveability is important not only from the point of view of the quality of life of existing citizens, but it also impacts on the competitiveness and future prosperity of the State. For example, it is clear that liveability considerations are pivotal to attracting new migrants into the State. Where such migrants are skilled, creative and innovative, this may, in turn, attract high-value industries.

As governments strive to improve liveability, there is a growing recognition of the need to focus on the importance of sustainable development. The concept of ‘sustainable development’ is an evolving, debatable term, with a growing number of definitions, which can involve the balancing of economic, social and environmental policy objectives. In the context of urban development, sustainability has been defined as improving the quality of life in a city – including ecological, cultural, political, institutional, social and economic components – without leaving a burden on future generations. For example, the
use of high quality, creative design solutions and modern technologies can help minimise the environmental impacts of new urban developments.

The Commission’s inquiry will investigate the links between liveability and the competitiveness of the State, and consider ways in which the Government can best enhance Victoria’s status as an attractive, vibrant and inclusive place to live, while ensuring that sustainability issues are taken into account.

The inquiry will inform the development and application of future decisions made by the Victorian Government.

**Scope of the inquiry**

The Commission will inquire into, and report on, issues related to enhancing the liveability of Victoria. In particular, the Commission is to:

1. explore, using well-established measures of liveability (such as those adopted by the EIU in its international surveys of liveable cities), the link between liveability and enhancing Victoria’s competitiveness;
2. examine the efficiency advantages of good planning and community infrastructure, and evaluate the economic costs of poor urban design;
3. discuss whether there are dimensions of liveability that are different in provincial Victoria than in Melbourne;
4. report on the planning, design and implementation of sustainable urban concepts and systems in other jurisdictions – both in Australia and internationally – that are focused on achieving liveability goals, and comment on the potential applicability of such approaches in Victoria;
5. identify opportunities for government action to enhance the liveability of Victoria – while taking into account sustainability issues – and suggest ways of overcoming any challenges faced in realising these opportunities.

While an examination of planning issues will be important to this inquiry, a critique of the Government’s *Melbourne 2030* strategy is outside the scope of these terms of reference. Furthermore, the Commission’s findings should be made within the current policy framework of other relevant initiatives (such as *Growing Victoria Together* and *Meeting Our Transport Challenges*).

**Inquiry process**

In undertaking this inquiry, the Commission is to have regard to the objectives and operating principles of the Commission, as set out in section 3 of the Order. The Commission must also conduct the inquiry in accordance with section 4 of the Order.

The Commission is to consult with key interest groups and affected parties, and may hold public hearings. The Commission should also draw on the knowledge and expertise of relevant Victorian Government departments and agencies, including planning authorities (such as VicUrban).
The Commission is to produce a draft report for consultative purposes, and a final report is to be provided to me within twelve months of receipt of this reference. The report should be targeted towards an interested, learned audience, and should be no more than 250 pages long, including appendices.

JOHN LENDERS MP
Treasurer
12 October 2007
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<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>AEG</td>
<td>Audit Expert Group (Melbourne 2030)</td>
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<tr>
<td>BTRE</td>
<td>Bureau of Transport and Regional Economics</td>
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<tr>
<td>CBD</td>
<td>central business district</td>
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<tr>
<td>CBI</td>
<td>Community Building Initiative</td>
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<tr>
<td>CIV</td>
<td>Community Indicators Victoria</td>
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<tr>
<td>COAG</td>
<td>Council of Australian Governments</td>
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<tr>
<td>DAC</td>
<td>Development Assessment Committee</td>
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<tr>
<td>DOI/DOT</td>
<td>Department of Transport (created in April 2008 from the Department of Infrastructure)</td>
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<tr>
<td>DPCD</td>
<td>Department of Planning and Community Development</td>
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<tr>
<td>DSE</td>
<td>Department of Sustainability and Environment</td>
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<tr>
<td>EES</td>
<td>environmental effects statement</td>
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<td>EIU</td>
<td>Economist Intelligence Unit</td>
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<td>EPA</td>
<td>Environment Protection Authority</td>
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<td>EWLNA</td>
<td>East West Link Needs Assessment</td>
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<tr>
<td>GAA</td>
<td>Growth Areas Authority</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GSP</td>
<td>Gross State Product</td>
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<tr>
<td>GVRD</td>
<td>Greater Vancouver Regional District</td>
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<td>GVT</td>
<td>Growing Victoria Together</td>
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<td>HRSCEH</td>
<td>House of Representatives Standing Committee on Environment and Heritage</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>IMD</td>
<td>International Institute of Management Development</td>
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<tr>
<td>MACVC</td>
<td>Ministerial Advisory Committee for Victorian Communities</td>
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<td>MAV</td>
<td>Municipal Association of Victoria</td>
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<td>MMBW</td>
<td>Melbourne and Metropolitan Board of Works</td>
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<td>MOTC</td>
<td>Meeting Our Transport Challenges</td>
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<td>MTF</td>
<td>Metropolitan Transport Forum</td>
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<td>MTP</td>
<td>Metropolitan Transport Plan</td>
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<td>NETS</td>
<td>national emissions trading scheme</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Cooperation and Development</td>
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<tr>
<td>OSISDC</td>
<td>Outer Suburban/Interface Services and Development Committee</td>
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<tr>
<td>OVGA</td>
<td>Office of the Victorian Government Architect</td>
</tr>
<tr>
<td>PC</td>
<td>Productivity Commission</td>
</tr>
<tr>
<td>PIA</td>
<td>Planning Institute of Australia</td>
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<tr>
<td>PWI</td>
<td>Personal Wellbeing Index</td>
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<td>RIS</td>
<td>regulatory impact statement</td>
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<td>RMFs</td>
<td>Regional Management Forums</td>
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<tr>
<td>SARC</td>
<td>Scrutiny of Acts and Regulations Committee</td>
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<tr>
<td>US</td>
<td>United States of America</td>
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<tr>
<td>VCOSS</td>
<td>Victorian Council of Social Service</td>
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<tr>
<td>VFLC</td>
<td>Victorian Freight and Logistics Council</td>
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<tr>
<td>VRFNR</td>
<td>Victorian Rail Freight Network Review</td>
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<td>WEF</td>
<td>World Economic Forum</td>
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Glossary

Act
A Bill that has been passed by Parliament, received Royal Assent and become law.

community infrastructure
Broadly defined as the complex system of physical facilities, programs, and social networks that aim to improve people’s quality of life. These services, networks and physical assets work together to form the foundation of a strong neighbourhood.

community strengthening
A sustained effort to increase connectedness, active engagement and partnerships among members of the community, community groups and organisations in order to enhance social, economic and environmental objectives.

competitiveness
In this inquiry, competitiveness has been interpreted as the ability of a location to attract and retain mobile factors of production and to develop and use mobile and fixed factors efficiently.

composite indicator
A composite indicator is formed when individual indicators are aggregated into a single index, often with various weightings of the components.

congestion
In the case of roads, congestion occurs when the number of vehicles using a road at any point in time causes vehicle speeds to fall below those experienced in freely flowing traffic. In the case of public transport, congestion occurs when the number of passengers using trains, trams or buses exceeds accepted capacity (overcrowding), resulting in vehicle delays and passenger discomfort.

DOI/DOT
The Commission conducted its early consultation with the Department of Infrastructure. In April 2008, the Department of Transport was formed and it takes on many of the functions previously undertaken by the Department of Infrastructure (which had lodged their first submission to the Inquiry).

externalities
Externalities refer to situations where the actions of an individual affect the welfare of one or more other...
individuals and where those effects are not associated with market transaction or bargain between the parties. These ‘spillover’ effects may be positive or negative. If they have a positive effect, it may be desirable to encourage more. If the impact is negative, social welfare may be improved by a reduction in the harmful activity.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>green paper</td>
<td>A green paper is a document detailing draft policy intentions designed for consultation with stakeholders. The objective is to arrive at a general consensus before the official policy document (white paper) is released.</td>
</tr>
<tr>
<td>Growing Victoria</td>
<td><em>Growing Victoria Together</em> is a ten-year vision that articulates what is important to Victorians and the priorities the Government has set to build a better society.</td>
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<tr>
<td>Together</td>
<td></td>
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<tr>
<td>liveability</td>
<td>Liveability reflects the wellbeing of a community and represents the many characteristics that make a location a place where people want to live.</td>
</tr>
<tr>
<td>legislation</td>
<td>Laws passed by Parliament, or subordinate legislation being statutory rules made under powers delegated by Parliament.</td>
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<tr>
<td>Meeting Our Transport</td>
<td>The Victorian Government’s 25-year transport plan (released in 2006) that includes infrastructure projects but also seeks to provide a framework for addressing future needs and challenges.</td>
</tr>
<tr>
<td>Challenges (MOTC)</td>
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<tr>
<td>public goods</td>
<td>Public goods can be considered a special type of externality where equal amounts are available for consumption by everybody in the community simultaneously (it may be valued differently by different individuals). Because consumption of the public good is ‘non-rivalrous’ (consumption by one person does not affect the amount available to others), and ‘non-excludable’ (people cannot be prevented from consuming the good), private provision is likely to fall short of the social optimum because payments for services cannot be enforced.</td>
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</tbody>
</table>
**policy development**  The process of formulating the direction of new primary and subordinate legislation, codes of practice, preparation of regulatory impact statements and business impact assessments, as well as policies on funding programs, community information or other activities. It includes consultation on these matters.

**planning scheme**  A statutory document that sets out objectives, policies and provisions relating to the use, development, protection and conservation of land in the area to which it applies. Each municipality in Victoria has its own planning scheme.

**regulation**  The imposition of some rules, supported by government authority, intended to influence behaviour and outcomes. The Organisation for Economic Co-operation and Development defines the term as ‘the instruments by which governments place requirements on enterprises, citizens and government itself, including laws, orders and other rules issued by all levels of government and by bodies to which governments have delegated regulatory powers’.

**subsidiarity**  The subsidiarity principle suggests governance functions should be assigned to the level of government that is best placed to deliver functions in pursuit of joint policy goals and requires that decisions should be taken by an entity as close as practicable to the people affected by those decisions.

**white paper**  A white paper is a document which details government policy intentions and commitments, usually prepared after consideration of responses to a green paper.
Key messages

- Liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and in the future, such as: employment and incomes, community strength, environment, amenity and place, planning, participation, and infrastructure including transport and ICT.
- Economic and community strength are critical to liveability.
- Most international measures of liveability suggest that Victoria performs well.
  - Melbourne is second only to Vancouver on the EIU index.
  - But composite international measures, with subjective weightings and coverage, give limited insights for policy development.
  - More focused indicators can help the decisions of individuals, governments and businesses affecting liveability for Victorians.
- Liveability and competitiveness are interdependent and many actions that improve liveability will also improve competitiveness and vice versa.
  - Businesses value the labour market strengths of a liveable state.
  - Transport improvements in particular will help.
- Provincial Victoria generally reports a high satisfaction with liveability.
- In the context of a growing State, investing in provincial Victoria can relieve the costs of Melbourne’s growth and benefit all Victorians.
- The leadership role provided by local governments, especially in provincial areas, is particularly important to enhancing liveability outcomes.
  - But local governments are facing resource constraints.
- The costs of poor urban design become more apparent as cities develop. The enhancement of liveability requires innovation in sustainable urban design concepts.
- Other jurisdictions do not offer markedly better approaches to sustainable urban planning for Victoria.
- Urban planning, to be effective and efficient, needs to manage the legitimate tensions between local, citywide and State interests. Facilitative authorities for Melbourne and provincial regions merit careful attention.
- ICT infrastructure is critical to the connectedness of all parts of the state. ICT is an enabling technology for the 21st century, and for ‘one Victoria’.
- The Commission has identified themes for enhancing Victoria’s liveability:
  - Enhancing information provision to better inform decision making by governments, individuals and businesses.
  - Effective integration of government efforts to improve liveability — including the importance of subsidiarity in decision making.
  - The importance of best practice regulation.
  - Managing growth in the context of Victoria as a whole — the interdependencies of ‘one Victoria’.
- The annual review of Growing Victoria Together could be extended to become a liveability report for Victoria.
- Liveability in Victoria is most likely to be enhanced by an holistic approach to planning for the state, a ‘one Victoria’ perspective.
Overview

Liveability is a primary concern for all Victorians and is arguably at the centre of most government decisions. Victoria is already one of the most liveable locations in the world, with international surveys ranking Melbourne as among the world’s most liveable cities.

This inquiry is being undertaken at a time of economic growth, population growth and demographic change. A major challenge for Victoria, particularly in Melbourne, but also for some areas of provincial Victoria, is managing the consequences of growth. Increased population involves challenges such as pressures on services, congestion, housing affordability and the environment, but also opportunities to plan for a stronger future.

What is liveability?

Liveability is a familiar concept covering many aspects of life. A broad range of factors and their interactions contribute to making a place liveable. Hence, there is no single definition of liveability and the factors that different people consider important vary (box 1). In addition, liveability will vary for individuals depending upon their circumstances and lifecycle stage.

The Victorian Competition and Efficiency Commission (the Commission) has developed a working definition, namely:

Liveability reflects the wellbeing of a community and represents the many characteristics that make a location a place where people want to live now and in the future.

The definition encompasses a wide range of common characteristics of a liveable place, such as: community strength; economic strength; built infrastructure; social infrastructure; amenity and place; environment; citizenship; equity and human rights; participation; leadership and good governance; information and communication technology (ICT); transport; government services; and innovation.
Box 1  What is liveability?

SGS Economics and Planning Pty Ltd defined liveability ‘in terms of how well a city or region works’ and noted that liveability:

... relates to efficiency and comfort in getting to work and fulfilling other transport needs. It also relates to air quality, water quality, conservation of bio-diversity, housing accessibility, cultural vitality and tolerance and the adequacy of recreational resources, including open space.

Liveability in this sense has much to do with the spatial organisation of settlement and the sufficiency of infrastructure. Clearly some places ‘work better’ than others. (sub. 26, p. 1)

Hobsons Bay City Council argued that any definition of liveability should include the interaction between social, economic and environmental factors. Similarly, the Bayside City Council argued that sustainability was a key component of liveability:

... it is not enough to pursue liveability in its own right. It is also essential to ensure that this liveability is sustainable in economic, social and environmental terms. If not sustainable, then the ability to maintain liveability into the future would be compromised. (sub. 15, p. 3)

Most inquiry participants agreed that liveability includes community wellbeing. The Victorian Council of Social Service argued that liveability can be defined as ‘the degree to which a community’s physical and social environment equitably and sustainably supports the wellbeing of its members’ (sub. 46, p. 4). Berry Street stated:

For a definition of liveability to be meaningful to the whole community the definition needs to be expanded to include measures of social cohesion, participation, access to services and amenities and quality of life and especially social inclusion. (sub. 35, p. 2)

How should we measure liveability?

The Economist Intelligence Unit’s (EIU) liveable cities ranking is one of the well-known studies which rank the liveability of cities across the globe. Melbourne tends to perform well by international standards based on these measures.

Table 1  Comparison of liveability survey rankings

<table>
<thead>
<tr>
<th>City name</th>
<th>Economist Intelligence Unit — Liveability ranking 2005</th>
<th>Mercer worldwide quality of living survey 2007</th>
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</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Melbourne</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Barcelona</td>
<td>33</td>
<td>41</td>
</tr>
<tr>
<td>Dublin</td>
<td>47</td>
<td>27</td>
</tr>
</tbody>
</table>

* Vancouver and Melbourne were ranked one and two in 2007 also.

Source: Urbis Pty Ltd 2008.
There is a great deal of other information relating to liveability collected in Victoria. For example, the Victorian Government’s reporting on *Growing Victoria Together* (GVT) provides information relating to many aspects of liveability, such as economic growth, health and education, the environment, communities and democratic processes. In addition, there are other information sources. The Community Indicators Victoria (CIV) project is a notable source for a range of community wellbeing indicators particularly at the local government level.

The value of the various liveability measures depends upon how they are to be used. The Commission has focused on using liveability measures to inform choices for governments, businesses and individuals.

The Commission found that composite indicators, like the EIU measure, are of limited use for informing specific policy decisions and assisting the many decisions made by individual Victorians. Composite indicators reflect subjective choices of component weights and data. Different composite indicators using similar methodology can give widely different results.

The Commission found that a suite of indicators measuring specific policy outcomes can provide more useful information to assess the performance of government policy initiatives at all levels and assist business and individual decision making.

Victoria is fortunate that there is already a range of indicators available — such as those published as part of GVT and CIV — but they are not assembled in an easily accessible form. Other liveability indicators could supplement the existing information and help build a more comprehensive liveability report for all Victorians.

The Commission proposes that the government publish annually a liveability report comprising indicators based on GVT and supplemented by some suggested additional indicators identified during the course of the inquiry. Initial supplementation could usefully include measures of: congestion and public transport; housing affordability; regulation; and the environment (after the State of the Environment report later in 2008).

**How are liveability and competitiveness linked?**

Liveability is important to Victorian residents — it’s about the characteristics and attributes of the places where they want to live and work. But liveability is also important in the context of competitiveness. There are overlaps between many factors which enhance liveability and those that contribute to competitiveness.

While there is no generally accepted definition of competitiveness, in this inquiry competitiveness of a location is interpreted to mean the ability to attract and retain mobile factors of production (such as labour and capital) and to develop and use mobile and fixed resources efficiently.
The Commission has identified a number of key links between liveability and competitiveness (figure 1).

**Figure 1**  Thinking about links between liveability and competitiveness

- Link 1 — Liveability attributes can play an important role in the location choices of people and businesses; hence liveability can be a significant factor in attracting labour and capital resources to a location.

- Link 2 — Competitiveness can influence liveability through growth in productivity and income per capita which, in turn, can enhance aspects of liveability.

- Link 3 — There are potential tradeoffs between liveability and competitiveness. Improved competitiveness which boosts economic growth can place strains on social cohesion and the environment, thereby adversely affecting liveability.
• Link 4 — Liveability and competitiveness are broadly related through a number of common factors (such as stability, health, education, infrastructure, the economy and the environment).

It is clear that there are multiple linkages between liveability and competitiveness. A key implication is that policies or actions that improve liveability can have beneficial impacts on competitiveness — a ‘win-win’ situation for Victorian residents and businesses.

The Victorian Local Governance Association observed that ‘competitiveness and liveability take turns at being the drivers in the very same vehicle and this is especially pronounced in provincial areas’ (sub. 65, p. 5).

The drivers of liveability

The Commission has highlighted the main drivers of liveability:

• economic strength and markets
• governments and decision making
• communities and human rights.

The Commission suggests that the effective interaction of economic strength and markets, governments, equity and human rights, with high standards of liveability is dependent on:

• improved information provision, to allow more informed (and more efficient) decision making to occur
• best practice regulation, to ensure only appropriate and necessary government intervention in community and business activities
• governance architecture that ensures the development and implementation of planning and other policies are as well integrated as possible, including:
  – the principle of subsidiarity, whereby decisions are taken as close as practicable to those affected, which can facilitate consideration by markets and governments of the views of their customers and communities, and can promote engagement, a key component of liveability.

These three themes recur throughout the report and underpin many of the findings and recommendations.

Exploring elements of liveability

The Commission has selected some areas of liveability to examine in more detail, and has had particular regard throughout the report to issues affecting the whole of Victoria (‘one Victoria’). The principle of subsidiarity, namely the need for decisions to be taken as close as practicable to those affected by them, has been an important analytical factor.
Particular attention has been given to strong communities, provincial Victoria, urban planning, transport, the environment, and ICT.

**Strong communities**

Community strength and its contribution to liveability attracted a great deal of comment in submissions and at roundtables. For example, the Department of Planning and Community Development (DPCD) noted that:

> What makes places liveable goes beyond economic and environmental advantages. Residents identify non-tangible assets such as trust, neighbourliness, civility and a welcoming environment as things that matter. Relationships between people, the respect in which local leaders are held, how local debates are conducted all matter to people and have an impact on liveability. And people identify notions of ‘fairness’ and inclusiveness in the attributes they value about places. (sub. 51, p. 16)

The Commission identified a number of features of strong communities:

- community connectedness, engagement and wellbeing
- cultural diversity
- local amenity
- access to services, in particular transport and ICT
- housing affordability.

Professor Tony Vinson referred to the impacts of local social bonds:

> … we have strong factual evidence, based on a sample of more than 37,000 residents of Victoria, that areas characterised by strong connections between people, and residents’ involvement with their community, are localities protected from the most harmful consequences of social conditions like unemployment, low income and limited education. (Vinson 2007, p. 3)

The Commission’s analysis suggests where efforts can be focused to improve community strength and hence Victoria’s liveability. The Commission has concluded that building strong communities is not a task only for government; there is a critical role for both the community sector and corporate citizens in building community strength and improving liveability.

In addition, all levels of government have a role to play. The Commission acknowledges the extensive efforts of governments to improve community strength but notes the need to ensure that these initiatives are collaborative and build on the relative strengths of Commonwealth, state and local governments.

Given its pervasive influence on liveability, reporting on community strength could be enhanced: housing affordability was identified as one area where reporting of liveability indicators could be of particular value.
**Provincial Victoria**

The terms of reference for the inquiry require the Commission in considering liveability in Victoria to ‘discuss whether there are dimensions of liveability that are different in provincial Victoria than in Melbourne’.

It is difficult to examine the liveability of provincial Victoria as a whole or in isolation from metropolitan Melbourne because of the diversity across different locations, and the strong links and interdependencies between provincial areas and Melbourne. In this context, Trevor Budge commented:

> … no part of the state exists in isolation from the rest and that there is a high level of interdependency when it comes to making any assessment of liveability. (sub. 10, p. 3)

The liveability of both Melbourne and provincial Victoria is enhanced by this relationship and liveability should therefore be viewed in the context of ‘one Victoria’.

However, focusing on provincial areas, it was very clear that many parts of provincial Victoria are very liveable and can be considered the ‘liveable alternative’ to Melbourne. This is reflected in the fact that many people and businesses make the choice to live and locate in provincial areas. Data on subjective wellbeing are shown in table 2.

### Table 2  **Subjective wellbeing**

<table>
<thead>
<tr>
<th></th>
<th>Victoria average</th>
<th>Metro areas&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Non-provincial areas&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Provincial areas&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Ballarat</th>
<th>Greater Bendigo</th>
<th>Greater Geelong</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>76.4</td>
<td>75.6</td>
<td>75.8</td>
<td>78.7</td>
<td>76.7</td>
<td>78.9</td>
<td>77.1</td>
</tr>
</tbody>
</table>

<sup>a</sup> Metropolitan Melbourne.  
<sup>b</sup> Non-Provincial areas are defined as Metropolitan Melbourne and Ballarat, Greater Bendigo and Greater Geelong.  
<sup>c</sup> Provincial areas includes all Victoria excluding Metropolitan Melbourne, Ballarat, Greater Bendigo and Greater Geelong.

Source: McCaughey Centre 2008, p. 15.

Some of the factors which make provincial Victoria liveable, including lower land costs and housing costs, benefit both people living in those areas and businesses. Other important elements of provincial liveability are amenity factors (such as an attractive and clean environment) and lifestyle factors. Some inquiry participants’ views on the liveability of provincial Victoria are presented in box 2.
The City of Greater Bendigo highlighted the lifestyle advantages of provincial areas as being a key element of their liveability:

Among these distinguishing attributes are significantly lower levels of traffic congestion and shorter commuting times, lower costs of living and better opportunities for work-life balance. (sub. 12, p. 3)

The City of Greater Shepparton highlighted a number of positive attributes of provincial living:

Regional centres and their surrounding rural communities are able to offer cleaner environments, less stressful living, virtually no traffic congestion, greatly reduced travel and commuting times, more convenient access to many facilities, increased family time, much less mortgage stress, a stronger sense of community and a vibrant community based lifestyle. (sub. 32, pp. 12–3)

Wellington Shire Council noted that the comparison of liveability between Melbourne and provincial Victoria should not:

… indicate that Melbourne is the benchmark for liveability with other parts of the state subsets of Melbourne rather than having high liveability values in their own right. (sub. DR74, p. 1)

However, there are factors which detract from the liveability of provincial Victoria, particularly access to services and infrastructure such as transport, education, health, and ICT. In this context, the Commission concluded that poor access to services and infrastructure in some provincial areas is a key contributor to lower levels of liveability for residents and also adversely impacts on business performance and competitiveness. Poor infrastructure also detracts from the ability of businesses and employees to locate in provincial areas.

The Commission found that while provincial Victoria was very liveable it faced particular policy challenges relating to services, for example, for the ageing population. The attractiveness of provincial Victoria has implications for the timely provision of infrastructure and services to meet the needs of businesses and the growing population. The benefits of investing in provincial Victoria need to take account of the relief of costs of Melbourne’s growth.

Provincial Victoria is very diverse in its communities and in its liveability. A number of participants noted that statewide regulatory arrangements — such as planning regulations — could be insufficiently flexible to meet the specific needs of provincial areas.

The diversity of provincial Victoria reinforces the central role played by local governments in providing information and services required to meet the needs of local residents and businesses. Local governments play a particularly important leadership role in enhancing the liveability of their communities in provincial...
Victoria. The unique demands placed on them by residents, and statewide policy requirements, can impose significant resource demands.

The development and publication of a broad long-term framework for the planning and development of provincial Victoria and for various regional clusters in provincial Victoria — similar to *Melbourne 2030* — would facilitate the development of ‘one Victoria’.

**Planning, urban design, and community infrastructure**

The Commission has:

- examined the efficiency advantages of good planning and community infrastructure and evaluated the economic costs of poor urban design
- reported on the planning, design and implementation of sustainable urban concepts and systems in other jurisdictions that are focused on achieving liveability goals, and commented on the potential applicability of such approaches in Victoria.

The Office of the Victorian Government Architect noted that:

… the quality of the built environment has a significant impact on the success of many community services and infrastructure, in terms of community acceptance, ‘take-up’ or use, in facilitating community engagement and contributing to social, ecological and economic sustainability. In addition, the quality of architecture and the public realm significantly improves or diminishes the cultural relevance, resonance and attractiveness of places for people, thereby enhancing or detracting from liveability. (sub. 53, p. 4)

**The efficiency advantages of good planning and community infrastructure**

Land use planning determines the uses to which land is devoted and seeks to arrange urban form to gain greater urban efficiency. Land use plans often seek to do this by developing compact cities through encouraging higher density.

In this context, urban efficiency is usually defined in terms of travel patterns, infrastructure and energy use, and social and environmental costs including water use, congestion costs and the costs of urban sprawl. SGS Economics and Planning Pty Ltd estimates that improvements in urban structure could increase Gross Domestic Product (GDP) by 1.27 per cent over ten years, but that with more compact cities greater economic, social and environmental challenges may arise (sub. 26).

Efficiency gains can also result from ensuring the best use of community infrastructure, the complex system of physical facilities, programs, and social networks designed to improve people’s quality of life. These services, networks and physical assets work together to support the foundation of a strong
community. Physical community infrastructure includes, for example, children’s centres, social housing, schools, libraries, multi-use community facilities, leisure centres, bike paths, pavements and parks.

Better planning and use of community infrastructure can result in efficiency gains associated with the benefits of co-location and integration of physical infrastructure, improved environmental outcomes, and economies of scale.

Overall, it is clear that there are efficiency gains to be captured through good planning and community infrastructure.

**Urban design: opportunities and threats**

The Commission considered the costs of poor urban design, recognising that urban planning plays an important role in determining the capacity for urban design to influence the social, economic and environmental success of local areas.

The impacts of poor urban design can be:

- economic — congestion; unhealthy lifestyles (increased health costs); funding required to rectify poorly designed areas; and a failure to capitalise on amenities delivered through good urban design
- social — social isolation; community disconnectedness; and a decline in safety and wellbeing
- environmental — the inefficient use of scarce, non-renewable resources; emissions and reduced awareness and appreciation of the natural environment.

There are wide ranging economic, social and environmental benefits and costs associated with urban design. Victoria’s liveability could be enhanced through support of appropriate urban design policies.

**Sustainable urban concepts — what can we learn from other jurisdictions?**

The Commission was asked to explore how sustainable urban concepts have been adopted in other jurisdictions — both in Australia and internationally — and identify any lessons for Victoria. Sustainable urban concepts and systems refer to urban settlements which are planned explicitly to balance social, economic and environmental goals in order to enhance liveability.

The Commission engaged Urbis Pty Ltd to provide information on two Australian non-capital cities (Newcastle in NSW and Ipswich in Queensland) as well as four international cities: Vancouver, Liverpool, Barcelona and Dublin. The Commission found that while there are some similarities in the problems faced and in the approaches adopted there is no universally applied approach that ensures social, environmental and economic objectives are met. Each city
examined has adopted slightly different approaches to address their liveability challenges — approaches that reflect the unique circumstances of those cities. Outcomes do not seem to be better than in Melbourne and Victoria. No distinctly different approaches in these six cities are producing markedly better outcomes than in Melbourne or provincial Victoria.

The Commission has drawn from the studies some high level observations and insights into how Victoria’s liveability could be enhanced. These include:

- collaboration with local governments and the private sector — which is important if holistic citywide development is to occur
- governance arrangements — focusing on managing the tension between the legitimate perspectives of local communities and the city or state as a whole
- regular reporting on progress
- a willingness to change and adapt.

**How can governments help with urban design and planning?**

Good planning and urban design are central to enhancing Victoria’s liveability as they affect individuals and businesses in both Melbourne and provincial Victoria. Participants in the inquiry indicated that there was scope for improvement and emphasised that improved communication and collaboration among different tiers of government and a more strategic approach to land use could yield significant enhancements to Victoria’s liveability.

Planning issues and most aspects of broad urban design are primarily the responsibility of state and local governments with the Commonwealth Government having a more limited role. The Commission sees opportunities for improved communication between state and local governments on planning and urban design issues to improve scope for optimal liveability outcomes.

The Commission sees merit in the DPCD surveying local governments to ascertain their views on how the Minister for Planning’s reasons for intervention in planning and heritage matters could better inform future handling of such matters.

Liveability could also be enhanced through the continued development of performance indicators for the planning system.

There is concern with the level of integration in land use and transport planning occurring in Victoria. In seeking to improve the strategic approach to land use planning in Victoria it is important to recognise the legitimate tensions between local, citywide and state perspectives. The Planning Institute of Australia recognised such tensions and noted that:

… conflicts between varying state and local objectives … are often experienced when considering the notion of liveability in a planning context. (sub. 21, p. 1)
In considering ways to improve strategic planning arrangements, while having regard to the needs of local, citywide and state perspectives, the Commission was not convinced of the merits of a new overarching planning authority. The Commission has suggested that two approaches could be explored to facilitate improved strategic and better integrated land use and transport policies within Victoria. These options are:

1. retaining the current arrangements (status quo) but with continuing improvements
2. the establishment of facilitative bodies for the Melbourne metropolitan area and for provincial regions.

The Commission believes that these two options are worthy of further consideration, recognising that there are numerous initiatives currently in progress to improve land use planning coordination. A more strategic approach to land use planning across Victoria could be implemented to enable a better balance of local, citywide and state interests in the consideration of planning decisions affecting Victoria’s liveability.

**Transport**

Transport is a key factor affecting the liveability of individuals and businesses and the issue was raised extensively in submissions and during the consultation process. An effective transport system is central to meet the transport needs of people and freight in Victoria.

There are many pressures on the transport system in Melbourne — especially as a result of population and economic growth and increasing fuel prices — resulting in concerns about congestion, safety and the availability of public transport. Some of these issues are also applicable to provincial Victoria.

The Victorian Government has been active in transport policy and the Commission recognises that many projects are underway, which are intended to produce improved transport outcomes, particularly addressing issues of excessive congestion and the increased demand for public transport.

Given that transport is a critical factor to liveability and competitiveness for people and businesses, the Commission considers that providing information in a more accessible manner on some of the key developments, such as congestion and public transport accessibility could help to raise awareness and assist the evaluation of progress towards meeting the government’s objectives.

Reporting on transport outcomes, especially congestion, is one area where the Commission suggests that the reporting of liveability indicators published in GVT could be supplemented.
The importance of freight transport was also raised during consultation with interested parties. In a context of rising congestion, high oil prices and environmental concerns an increase in the capacity and competitiveness of rail freight is important to meeting the increasing regional and metropolitan freight task in Victoria.

The importance of taxis was raised during consultations — especially for those with disabilities or poor access to other forms of transport. The regulation of the taxi industry limiting the number of service providers has been blamed by some for poor service quality and for the industry having an ‘investor’ led focus rather than a customer and service focus.

Professor John Nieuwenhuysen stated that:

… the licence price financial maintenance expense subtracts resources which would otherwise be available for investment in industry service quality and more reasonable rates for drivers. (sub. 64, p. 1)

The taxi industry has been subject to some reforms in the past regarding, for example, consumer protection and safety issues in the industry. The Commission considers that the review of the taxi industry which is due in 2009 under the National Competition Principles Agreement should be required to provide an overall review of the current regulatory arrangements in the industry, including provincial taxi services.

Environment

The quality of the natural environment is a major contributor to Victoria’s liveability and this view was reinforced by submissions and consultations. An important consideration is that some environmental challenges, such as climate change, will impact on the liveability and competitiveness of Victoria both now and into the future.

The Commissioner for Environmental Sustainability argued:

As a component of environmental sustainability, the current and pressing issue of climate change, and our ability to build resilience for both mitigation and adaptation, is of high priority and should be recognised in the report as a central policy issue in maintaining and improving Victoria’s liveability. (sub. 43, p. iii)

The Victorian Government currently has a range of policies and agencies dealing with various environmental issues — this is testimony to the growing understanding of the importance of environmental issues. The present institutional arrangements in this area are complex and have been built up over time. The current inquiry into environmental regulation being undertaken by the Commission is required to report on opportunities for improving environmental regulation including through improvements in institutional arrangements.
There are also significant intergovernmental coordination issues relating to environmental matters. Climate change — a significant challenge to liveability — is an example of an area where local, state and Commonwealth governments are active. The Commission notes the importance of ensuring clearly defined policy goals and responsibilities for the different levels of government. Communication between all levels of government would usefully extend to common assumptions underpinning cost/benefit analysis of the impacts of various policies on liveability.

Environmental policies can have significant impacts on the liveability of individuals and businesses. Environmental concerns need to be included in the policy making process to ensure that the natural environment, and Victoria’s liveability, are best placed for the future. Environmental Effects Statements (EES) and Regulatory Impact Statements (RIS) are two main ways that environmental concerns are brought into policy making.

The RIS process does not include environmental burden as a trigger for requiring a RIS. The Commission recommends that this be reviewed and, while there may be few occurrences, consideration be given to including an appreciable environmental burden as part of the threshold test for preparation of a RIS and consultation requirements.

Measuring and reporting environmental outcomes is an essential way of ensuring whether environmental policy is enhancing liveability.

It is the Commission’s view that as knowledge and implications of environmental challenges grows so should reporting. Following the release of the State of the Environment report and the upcoming White Paper on Climate Change, reporting on environmental outcomes could be extended as part of the proposed liveability report.

**Information and communication technology**

ICT has had a major impact on society and the Victorian economy and will continue to influence the liveability and competitiveness of the State into the future to an even greater extent. ICT has changed the way we live, conduct business and operate as a society. The OECD noted that:

> The Internet is transforming our economies and societies. It provides an open, decentralised platform for communication, collaboration, innovation, productivity improvement and economic growth. (OECD 2008a, p. 4)

It is impossible to examine Victoria’s liveability without acknowledging the role and impact of ICT. It is in many ways an enabling technology for the 21st century, in much the same way that the development of motor vehicles and aircraft revolutionised freight, personal travel and urban form in the 20th century.
ICT is particularly important for realising the potential of an interconnected, interdependent ‘one Victoria’. In this context, the Commission notes that:

- ICT has reduced the dependence of businesses on traditional locations for business growth
- access to ICT is critical to the success of many community strengthening programs.

Governments have a significant role to play in promoting innovation in both the development of ICT and in the application of new technologies to improving service delivery. For example:

- the Commission recognised the pioneering role of libraries in providing internet access to communities
- governments, at all levels, are well placed to lead by example when it comes to utilising ICT in innovative ways to improve service delivery and regulation and hence enhance liveability
- government use of ICT can also have a strong educative effect through modelling in government services the possibilities and positive outcomes of using ICT to enhance service provision.

Future liveability in ‘one Victoria’

In examining the information available, the Commission has been conscious of the complexity and interrelationships among many of the aspects of liveability particularly in the context of ‘one Victoria’.

The Commission identified a number of overarching themes which are common to many of the issues examined by the Commission during the inquiry:

- enhancing information provision to better inform decision making by governments, individuals and businesses
- effective integration of government efforts to improve liveability — including the importance of subsidiarity in decision making
- the importance of best practice regulation
- managing growth in the context of Victoria as a whole — the interdependencies of ‘one Victoria’.

Maintaining and enhancing Victoria’s liveability is an on-going task for governments and all Victorians requiring the overcoming of threats and the seizing of opportunities. The themes discussed above will continue to be applicable over coming decades. Interspersed with these, the Commission draws attention to some potential challenges for the future:
• ICT is very much the enabling technology for the 21st century, it is central to the continued enhancement of liveability and competitiveness, and is critical to the effective connectedness of ‘one Victoria’

• environmental quality is an important component of the ongoing liveability of any city or region — and Victorians are concerned not only with the quality of the environment today but also sustainability in the face of climate change, population and economic growth

• the strength and cohesiveness of communities will always play a key role underpinning Victoria’s liveability

• the efficiency of the transport network is an important determinant of liveability and competitiveness. Population, economic growth and climate change in Victoria are likely to continue to exert pressure on the State’s transport system — affecting the movement of people and freight throughout Victoria, posing major public policy challenges in metropolitan and provincial areas

• urban planning issues, both in metropolitan Melbourne and provincial areas will be central to ensuring the continued liveability of the State and promoting sustainable resource use

• unexpected challenges may also arise in the future which could impact on Victoria’s liveability and competitiveness. Government will want to be able to respond quickly and effectively to such challenges to ensure that the State’s liveability is not compromised.

Victoria is already a very liveable State, but liveability is not a static concept, once achieved and then secured. Changes — in demographics, social, economic and environmental circumstances, and in technology — provide new challenges and opportunities. The Commission believes that the overarching themes — information, governance, regulation and ‘one Victoria’ — can be used to assess and enhance Victoria’s liveability both now and into the 21st century.
Recommendations and findings

Chapter 2 Defining and describing liveability

The concept of liveability is multidimensional and complex, reflecting the broad range of factors and their interactions that different individuals, communities and businesses have in mind when thinking about liveability.

(finding 2.1)

The Commission has developed a working definition of liveability for the purposes of this inquiry:

liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and in the future.

(finding 2.2)

Chapter 3 The drivers of liveability

The Commission has highlighted the main drivers of liveability, namely:

- economic strength and markets
- governments and decision making
- communities and human rights.

These drivers are central to meeting the community’s changing needs over time.

(finding 3.1)

The Commission considers that the drivers of liveability can be strengthened by:

- information provision, to allow informed (and more efficient) decision making to occur
- best practice regulation, to ensure only appropriate and necessary government interventions in community and business activities
- governance architecture that:
  - ensures the development and implementation of planning and other policies are as well integrated as possible
applies the principle of subsidiarity, whereby decisions are taken as close as practicable to those affected, which can facilitate consideration by markets and governments of the views of their customers and communities, and can promote engagement, a key component of liveability.

(finding 3.2)

Chapter 4 Measuring liveability

The Commission finds that:

• composite measures of liveability, like the EIU index, are of limited use for Victorians for assessing liveability and for informing policy decisions
• although there is a range of liveability indicators available for Victorians to draw on, they are not assembled in a comprehensive fashion to enable easy dissemination of the information
• a suite of indicators can provide information to assess the performance of government programs and policy, and to assist governments, businesses, communities and individuals in decision making.

(finding 4.1)

The Commission proposes that:

• the government publish annually a suite of liveability indicators based on GVT, a ‘liveability report’, including additional transport indicators such as congestion, further measures of community strength such as urban amenity and housing affordability, measures of regulation, and other indicators that are relevant to the state of liveability.

(recommendation 4.1)

Chapter 5 Exploring links between liveability and competitiveness

The Commission has identified a number of key links between liveability and competitiveness.

• Liveability attributes can be a significant factor in attracting and retaining labour and capital resources in Victoria thereby enhancing competitiveness.
• Competitiveness can influence liveability. Improvements in competitiveness increase productivity and income per capita which, in turn, enhance aspects of liveability.

• While improvements in competitiveness will often boost liveability and vice versa, there are sometimes potential tradeoffs. Enhanced liveability can add to business costs and diminish competitiveness. Conversely, improved competitiveness which boosts economic growth can place strains on social cohesion and the environment.

• An examination of well-established measures of liveability and competitiveness shows that these measures are broadly related through a number of common factors such as stability, health, education, infrastructure, the economy and the environment. Policies or actions that focus on common factors are likely to influence both liveability and competitiveness.

(finding 5.1)

The attraction and retention of skilled workers will be assisted by the development of strategies to improve the availability and quality of educational opportunities, including those for international students.

(finding 5.2)

Chapter 6 Liveability and strong communities

Strong communities provide benefits for individuals and for business competitiveness. The features of strong communities that are prominent in promoting liveability are:

• community connectedness, engagement and wellbeing — there are particular challenges in building community connectedness in new suburbs and greenfield developments
• well managed and integrated cultural diversity
• amenity and place, including community safety
• access to services, in particular transport and information and communication technology
• housing affordability.

(finding 6.1)
The Commission finds that the distribution, maintenance and management of parks is of substantial importance for liveability in urban areas, the more so as the density of cities increases.
(finding 6.2)

In exploring ways of building community strength the Commission finds that:

- the community sector plays a substantial role in building community strength and enhancing the state’s liveability
- strong corporate citizenship helps build community strength and improve liveability
- all levels of government contribute to strengthening communities. There are many government initiatives underway in Victoria and these initiatives need to be integrated to improve community accessibility and to build on the strengths of the state and local governments
- the design and full costs and benefits of a necessary regulatory restriction including potential social costs need to be carefully considered and the community engaged in the sometimes inevitable trade-offs: the impact of restrictions on watering of sports grounds is an example. This reinforces the importance of decisions being taken as close as practicable to those affected.
(finding 6.3)

The Commission finds that Regional Management Forums (RMFs), have contributed to better and more collaborative joined-up government, particularly in provincial areas. But the boundaries of RMFs are not suited to all needs. Other sub-regional forums may be required to harness the benefits of relationships based on commonalities existing within and across RMF boundaries.
(finding 6.4)

In further pursuing the objective of improving government service delivery, the government should ask a body such as the State Services Authority to assess the use of service charters and other approaches to improving service standards in government agencies.
(recommendation 6.1)
Chapter 7 Liveability in provincial Victoria

The Commission finds that:

- many parts of provincial Victoria are very liveable and provincial Victoria can be considered the ‘liveable alternative’ to Melbourne
- provincial Victoria faces particular policy challenges, such as services for the ageing population and public transport
- the liveability of provincial areas has encouraged people and businesses to locate in these areas, an effect that is beneficial to the liveability of Victoria as a whole. This highlights the importance of the timely provision of infrastructure and services to meet the needs of individuals and businesses and the likely movement of some employment to provincial Victoria.

(finding 7.1)

The Commission finds that improved transport, the availability of emerging communications technology and other services such as health and education will help to consolidate and enhance the attractiveness of provincial Victoria and lead to more effective integration with Melbourne and improved liveability throughout Victoria.

(finding 7.2)

The Commission finds that local governments in provincial areas play a key role in enhancing the liveability of those areas. However, the extent of demands placed on them by residents, and statewide policy requirements, can impose significant resource demands.

(finding 7.3)

The Commission finds that an examination of the liveability of provincial Victoria must acknowledge the strong links and interdependencies between provincial areas and Melbourne. The liveability of both is enhanced by this relationship and liveability should be viewed in the context of ‘one Victoria’. The liveability of all Victorians in the future could be enhanced by government investment in the factors that contribute to an interdependent Victoria — in particular services for provincial Victoria and improved transport and ICT services both throughout provincial Victoria and between Melbourne and the larger provincial cites.

(finding 7.4)
The development and publication of a broad long-term framework for the planning and development of provincial Victoria and for various regional clusters in provincial Victoria — similar to Melbourne 2030 — would facilitate the development of ‘one Victoria’.

(finding 7.5)

Chapter 8 Urban planning and design, and community infrastructure

There are wide ranging economic, social and environmental benefits and costs associated with urban design. Due to the complexity of these issues the Commission concludes that quantification of the costs of poor urban design is difficult to determine but qualitative information leaves no doubt that Victoria’s liveability could be enhanced through the support of appropriate urban design policies.

(finding 8.1)

In examining the planning, design and implementation of sustainable urban concepts and systems in Australia and internationally, the Commission finds that experience in other jurisdictions of planning, design and implementing sustainable urban concepts to achieve liveability goals do not provide markedly better models for enhancing liveability, but can provide insights for Victoria. Some broad lessons that may be of use in Victoria relate to the importance of collaborative strategic planning, holistic governance arrangements, regular reporting and ongoing adaptation to changing circumstances.

(finding 8.2)

The Victorian Government should continue to seek more effective means of collaboration with local governments and encourage all tiers of government to take account of good urban design principles in planning decisions. As an example, requesting the Commonwealth Government to respond to the report on the inquiry into sustainable cities is one approach through which this could be facilitated.

(finding 8.3)
Liveability could also be enhanced through the continued development of performance indicators for the planning system. There would also be merit in the Department of Planning and Community Development developing a survey to assess the extent to which local governments find information provided by the Minister on intervention in planning and heritage matters useful to future decision making.

(finding 8.4)

While recognising there are numerous initiatives currently in progress to improve land use planning co-ordination, the Commission has identified a number of governance mechanisms and options through which a more strategic approach to land use planning in Victoria could be implemented to manage the legitimate tensions between the interests of local and wider communities, and enhance Victoria's liveability. The Commission considers that improving current arrangements and the establishment of facilitative bodies for assisting Melbourne and provincial regions merit careful consideration.

(finding 8.5)

The Commission notes that statutory limitations on cost recovery can unnecessarily diminish the revenue raising capacity of local governments, for example planning permit fees. Vertical fiscal imbalance has the potential to adversely affect the ability of local governments to meet the legitimate needs of their residents.

(finding 8.6)

Chapter 9 Transport and liveability

The Commission recommends that to facilitate the assessment of liveability impacts, the Growing Victoria Together framework be used to expand reporting on the outcomes of key measures to reduce congestion, including those to increase public transport usage, and on congestion itself. The relevant agencies would need to investigate the best way to provide annual data on these issues for the proposed liveability report.

(recommendation 9.1)
Considering the Government’s large number of transport initiatives, it is important to clearly identify the hierarchy of objectives, and regularly assess the implementation of initiatives against the relevant objectives. (finding 9.1)

The Commission finds that without a very substantial increase in public transport investment, including rolling stock and support facilities, public transport will have difficulty in meeting demand and its modal share is unlikely to increase appreciably in the foreseeable future. (finding 9.2)

The Commission finds that reporting on:
- the actions taken on VCEC’s options to remove incentives to use cars for commuting, and
- the success of programs to provide incentives to use public transport for commuting such as park-and-ride
would contribute to the progressive achievement of transport objectives. (finding 9.3)

The Commission finds that increasing the capacity and competitiveness of rail freight will help meet the increasing regional and metropolitan freight task in Victoria amid rising congestion, high oil prices and environmental concerns. To meet this objective, it is essential that the Government continues its commitment to the improvement of the rail freight network. (finding 9.4)

The Commission finds that flexible transport modes, including taxis, can play an important role in meeting the increasing complexity of transport needs. To facilitate the effective operation of these services, the Commission considers that the next review of the taxi industry should consider options for improving service quality and promoting innovation in the industry. (finding 9.5)
The Commission recommends that the next review of restrictions on competition in the taxi and hire car industry (which should occur according to the Competition Principles Agreement), cover metropolitan and provincial Victoria and include:

- options for improving service quality and promoting innovation
- all forms of small commercial passenger vehicles services
- barriers to the development of new allocation networks
- barriers to greater regional competition and service innovation.

(recommendation 9.2)

Chapter 10 Environmental quality

The Commission notes that the present institutional arrangements of the environment portfolio are complex and have been built up over time. The current inquiry into environmental regulation being undertaken by the Commission is required to report on opportunities for improving environmental regulation including through improvements in institutional arrangements.

(finding 10.1)

The Commission notes the need for ensuring clearly defined goals, and policy responsibilities and communication among Commonwealth, state and local governments in addressing climate change which impacts on liveability. Communication among all levels of government would usefully extend to consideration of common assumptions underpinning cost/benefit impacts of various policies on liveability.

(finding 10.2)

The Commission considers that there is a case for reconsidering the SARC review recommendation that the Subordinate Legislation Act be amended to include appreciable environmental burden as part of the threshold test for preparation of a Regulatory Impact Statement and consultation requirements.

(recommendation 10.1)

The Commission considers that as both knowledge and the implications of environmental challenges grow, so should reporting. Following the release of the State of the Environment report and the White Paper on
Climate Change, reporting on environmental outcomes could be expanded in the proposed liveability report to allow assessment of progress of policies in achieving outcomes.

(finding 10.3)

Chapter 11 Liveability and ICT

ICT infrastructure is critical to the ability of Victoria to harness its skills and assets across the state, enhancing liveability and ensuring adequate connectedness. Broadband access can be a key enabler in realising the potential of ‘one Victoria’. In the context of ‘one Victoria’, the Commission notes that:

- ICT has reduced the dependence of businesses on traditional locations for business growth
- access to ICT is critical to the success of many community strengthening programs. In this context, it is likely that many schools and other community facilities with broadband access could provide a cost effective platform to help deliver these programs (and at the same time better utilise existing community infrastructure).

(finding 11.1)

The Commission notes that the rate of change engendered by ICT depends on innovation both in the development of ICT and in the application of new technologies. The identification of applications of new technologies is a particularly challenging part of the innovation process which can greatly benefit both liveability and competitiveness.

(finding 11.2)

The Commission recognises the pioneering role of libraries in providing internet access to communities and notes the usefulness of the provision of funding to extend WIFI access to meet communities’ emerging ICT needs.

(finding 11.3)

Governments, at all levels, are well placed to lead by example when it comes to utilising ICT in innovative and cost effective ways to improve service delivery and regulation and hence enhance liveability. Governments should seek to adopt new technologies and identify
applications in their own services that can be of value to businesses and the broader community.

(finding 11.4)

Government use of ICT can also have a strong educative effect through modelling in government services the possibilities and positive outcomes of using ICT to enhance service provision.

(finding 11.5)

Chapter 12 Future liveability in ‘one Victoria’

The Commission identified a number of overarching themes which are common to many of the issues examined by the Commission during the inquiry:

• enhancing information provision to better inform decision making by governments, individuals and businesses
• effective integration of government efforts to improve liveability — including the importance of subsidiarity in decision making
• the importance of best practice regulation
• managing growth in the context of Victoria as a whole — the interdependencies of ‘one Victoria’.

(finding 12.1)
1 Introduction

This chapter provides the background to the inquiry and outlines the inquiry process and approach taken by the Victorian Competition and Efficiency Commission (the Commission) in preparing this report. It also outlines the structure of the report.

1.1 Background to the inquiry

The terms of reference for the inquiry note that ‘Victoria is already one of the most liveable locations in the world, with international surveys ranking Melbourne among the world’s top cities in terms of offering the best quality of life’.

The challenge for the community and governments is to ensure that Victoria preserves and seeks to improve liveability. Victoria is not alone in this; other cities and regions around the world are also trying to improve their liveability — not only because liveability is important to the wellbeing of residents but because of the potential economic benefits which may flow from liveable locations. In particular, the ability to attract and retain skilled workers is influenced, in part, by perceptions of liveability.

The Victorian Government has emphasised its commitment to enhancing Victoria’s liveability. In a 2007 speech to the Institute of Public Administration Australia, the Premier outlined his government’s agenda, which included the commitment to ‘focus more on liveability — which is one of Victoria’s competitive advantages’ (Brumby 2007, p. 3).

1.1.1 Defining liveability

The terms of reference for the inquiry do not define liveability and there is no single agreed definition of liveability. The term means different things to different people and an individual’s view of what constitutes liveability may change depending on their age and individual circumstances.

International measures of liveability, such as that published by the Economist Intelligence Unit (EIU), provide some insights into the factors which impact on liveability. In addition, many inquiry participants provided information on how they define liveability and the elements that make a place liveable. These are discussed in chapter 2.
1.1.2 The policy context

The Victorian Government has already introduced a number of overarching policy initiatives which impact on liveability. The terms of reference direct the Commission to make findings within the current policy framework and refer in particular to three major policy initiatives:

- **Melbourne 2030** — a strategic plan developed to manage Melbourne’s projected population growth of over one million people by 2030, in addition to improving the quality of life for existing residents. The Commission has also referred to the recently released *Planning for all of Melbourne*, the Victorian Government’s formal response to the Melbourne 2030 audit. The terms of reference indicate that a critique of the *Melbourne 2030* strategy is outside the scope of the inquiry; however, *Melbourne 2030* (and *Planning for all of Melbourne*) does provide the broad framework for many other matters central to the inquiry. Indeed, *Planning for all of Melbourne* identifies four priority areas:
  - planning for all of Melbourne
  - transport and managing congestion
  - environmental sustainability and climate change
  - managing urban growth and change.

- **Growing Victoria Together** — developed in 2001 and updated in 2005, *Growing Victoria Together* is a medium term vision to build a stronger, more caring, innovative state. It contains a number of elements which are intended to promote a state with:
  - a strong and innovative economy
  - quality health and education sectors
  - caring and inclusive communities
  - a healthy environment
  - open and accountable government.

- **Meeting Our Transport Challenges** — outlines an action plan for Victoria’s transport system. Elements include:
  - expanding and maintaining connections between regional centres
  - improving cross-town connections in inner and outer Melbourne
  - addressing congestion.

The Commission notes that the Victorian Government has foreshadowed the release in November 2008 of a new policy statement on the transport challenges facing Victorians.

Many other policies and initiatives of the Victorian Government impact on liveability and the Commission has tried to take these into account also. The
government’s setting of goals and priorities in *Growing Victoria Together*, and the associated annual progress reports, provide a helpful framework for considering the liveability of Victoria.

### 1.1.3 Victoria’s growth and liveability

The challenge for the community and governments is to ensure that Victoria remains a liveable state in the future. An important part of the background to this inquiry is population and demographic change. A major challenge for Victoria, particularly in Melbourne, and some areas of provincial Victoria, is population growth. The increasing population involves challenges, such as associated pressures on services, congestion and housing affordability, and opportunities for continued economic growth and enhanced liveability.

The Department of Infrastructure/now Department of Transport (DOI/DOT) notes that Victoria has experienced almost 7 per cent growth in population between 2001 and 2006 (sub. 52). DOI/DOT also notes that:

> Metropolitan Melbourne’s population is growing at a much faster rate than the rest of Victoria with an average increase of more than 1,000 people per week. This is supported primarily by an unexpected increase in overseas migration as well as a slight rise in the birth rate. (sub. 52, p. 6)

In some areas the issue is one of population decline or ageing. Many provincial areas are facing problems of an ageing population. Wellington Shire Council notes that:

> Much of rural Victoria is experiencing the ‘Triple whammy of ageing’, with the general ageing of the population, young people leaving and older people coming to settle in the region (including ‘sea-change’ and ‘tree-change’ retirees). (sub. 24, p. 3)

Bass Coast Shire Council highlighted how a changing population and community profile place new pressures and demands on the existing community, its infrastructure, facilities and services.

> Bass Coast Shire … is one of Victoria’s major ‘sea-change’ areas. As well, it attracts large numbers of visitors many of whom have built second homes in the Shire. Liveability and a quality lifestyle have played a significant role in the attraction of that new population. The continuing attraction of new population, together with meeting the needs of the existing resident population has provided many challenges for Council and the community. In some respects the influx of new population has made the Shire and the community more competitive, but it has also brought changes and issues that have and will in the future challenge the Shire’s capacity to sustain its high level of liveability and lifestyle and be competitive. (sub. DR90, p. 3)
Victoria’s strong population growth has been largely driven by strong net overseas migration — reflecting, in part, Victoria’s past economic growth and the strength of the labour market and its current high levels of liveability. But Victoria’s changing population provides challenges and opportunities for the state’s liveability in the future, and is central to the inquiry’s considerations.

1.2 Scope of the inquiry

The terms of reference require the Commission to inquire into issues related to enhancing the liveability of Victoria. In particular, the Commission is directed to:

1. explore, using well-established measures of liveability (such as those adopted by the EIU in its international surveys of liveable cities), the link between liveability and enhancing Victoria’s competitiveness
2. examine the efficiency advantages of good planning and community infrastructure, and evaluate the economic costs of poor urban design
3. discuss whether there are dimensions of liveability that are different in provincial Victoria than in Melbourne
4. report on the planning, design and implementation of sustainable urban concepts and systems in other jurisdictions — both in Australia and internationally — that are focused on achieving liveability goals, and comment on the potential applicability of such approaches in Victoria
5. identify opportunities for government action to enhance the liveability of Victoria — while taking into account sustainability issues — and suggest ways of overcoming any challenges faced in realising these opportunities.

Terms 1–4 are specific directions which are addressed in the report. Term 5 potentially encompasses all areas of possible government activity and public policy; in addressing this term the Commission has been mainly guided by matters brought to its attention through its public consultation and research processes.

The Commission has sought to explore and understand issues raised during the public inquiry process and research, and then focus the inquiry on those areas where it feels it can make a meaningful contribution to policy within the time and resources available. The process used to focus the inquiry is discussed in chapter 2.

In addition, in considering issues raised during the inquiry the Commission has also been guided by the Order in Council which established the Commission, section 3(5) of which requires the Commission to operate under the following principles:

(a) the provision of analysis and advice that is independent and rigorous

(b) an overarching concern for the wellbeing of the community as a whole, rather than the interests of particular industries or groups.
Throughout its consideration of liveability the Commission has been conscious of the need to focus on Victoria as a whole.

### 1.3 Conduct of the inquiry

The Commission advertised the inquiry in the press and by circular to those who, according to a preliminary analysis, would be interested parties. The Commission released an issues paper and invited any interested party to make a submission to the inquiry. The Commission also wrote to a number of individuals and government departments and agencies to seek their input. The terms of reference and inquiry particulars were also listed on the Commission’s website (www.vcec.vic.gov.au).

The Commission received a total of 113 submissions from a range of interested parties, including government departments, local governments, community organisations, businesses, academics and private individuals. In addition, the Commission held discussions with a range of parties to identify and assess the range of issues relevant to this inquiry. As part of the consultation process the Commission also held six roundtables on specific topics (including two broader roundtables in provincial Victoria), for which discussion papers were circulated prior to the meetings.

The Commission also engaged four consultancies to assist with particular aspects of the inquiry. Appendix A contains a list of those with whom the Commission consulted and the consultancies.

The consultancy reports are included in the attached CD-ROM and are also available from the Commission’s website.

- A paper discussing sustainable urban concepts focusing on four international cities (Vancouver, Liverpool, Barcelona and Dublin) prepared by Urbis Pty Ltd.
- A paper discussing sustainable urban concepts and urban development strategies in two Australian cities outside Victoria (Newcastle and Ipswich) prepared by Urbis Pty Ltd.
- The findings of two focus groups examining the factors attracting skilled and value adding individuals to Victoria, conducted and prepared by the Allen Consulting Group.
- A report on ‘Using the Community Indicators Victoria survey to assess liveability in Victoria’ prepared by the McCaughey Centre at the University of Melbourne.

During the inquiry, the Commission also undertook extensive desk-based research drawing on published reports and papers, academic studies and web-based information sources. In addition, the Commission took account of the *Charter of Human Rights and Responsibilities Act 2006* (Vic.) and considers that this report is consistent with the human rights set out in the Charter.
1.4 Report structure

The report is divided into two major parts. Part A provides much of the background and scene-setting for the inquiry and addresses a number of broader questions raised in the terms of reference. Part B provides a more detailed examination of specific issues on which the Commission has focused the inquiry.

In addressing the requirement to ‘identify opportunities for government action to enhance the liveability of Victoria — while taking into account sustainability issues — and suggest ways of overcoming any challenges faced in realising these opportunities’, the Commission has: made findings and recommendations; and presented options or alternatives where the evidence is less clear.

Part A of the report comprises the following chapters:
- defining and describing liveability (chapter 2)
- the drivers of liveability (chapter 3)
- measuring liveability (chapter 4)
- liveability and competitiveness (chapter 5)
- liveability and strong communities (chapter 6).

Part B of the report consists of chapters assessing:
- provincial Victoria (chapter 7)
- urban planning and design, and community infrastructure (chapter 8)
- transport (chapter 9)
- environmental issues (chapter 10)
- information and communication technologies (chapter 11).

The report is drawn together in chapter 12, which highlights a number of common themes which recur throughout the report, and summarises the Commission’s response to the terms of reference.

Appendix A and supplementary papers (included in the CD-ROM) provide additional information on parties consulted during the course of the inquiry via meetings, roundtable discussions, submissions and public hearings; how creating a more liveable environment may influence Victoria’s creativity and competitiveness; housing affordability and accessibility; and taxi regulation.

This report, the supplementary papers and other supporting documentation are available from the Commission’s website: www.vcec.vic.gov.au.
Part A
Background
2 Defining and describing liveability

2.1 Introduction

Liveability is a term used to refer to the wellbeing enjoyed by individuals and communities. There is no established uniform definition of liveability. For the purposes of this inquiry, liveability is broadly defined as ‘reflecting the wellbeing of a community and comprising the many characteristics that make a location a place where people want to live now and in the future’. This definition should be seen as embodying a wide range of factors (section 2.2.2).

This chapter discusses:

- how liveability has been described by inquiry participants and how the Victorian Competition and Efficiency Commission (the Commission) has interpreted the term liveability for the purposes of this inquiry (section 2.2)
- the focus of the rest of the report (section 2.3).

2.2 Defining liveability

Liveability in its broadest sense encompasses the many characteristics that make a location a place where people want to live. These characteristics cover the essentials of living as well as preferences. They differ between individuals and through the stages of life of any specific individual — for example, many of the characteristics that make a place liveable are likely to vary in some aspects between a young student and a retiree, and between people of different interests, cultures and skills. The City of Boroondara noted:

... it is important that these basic attributes [that provide for liveability] are available to individuals across their ‘lifespan’ regardless of location. (sub. 48, p. 4)

The nature of liveability will also differ between locations. The characteristics which make a place liveable will differ between provincial and non-provincial Victoria and also within these areas. For example, the City of Greater Bendigo stated ‘there is a clear distinction to be made between liveability in metropolitan areas and provincial cities/small towns’ (sub. 12, p. 2). The Department of Infrastructure/now Department of Transport (DOI/DOT) noted:

The definition of liveability can vary considerably depending on people’s perspective, location, age, socio-economic status and cultural background. However there are a few key concepts underpinning liveability which cross demographic divides. Principal among these is sustainability which encompasses prosperity, social and environmental capital, social inclusion and access to services and employment. (sub. 52, p. 3)
The City of Melbourne also noted that liveability can be defined from different perspectives:

From an individual perspective, liveability can be considered as the extent to which an individual or group enjoys the quality of life afforded by the place in which they live.

From a city perspective, liveability can be considered as the extent to which a city offers the opportunities for individuals or group to enjoy its attributes, whether or not the individuals avail themselves of these opportunities. (sub. 41, p. 1)

Also the community is more conscious of some aspects of liveability than others and it is often the negative factors, such as unemployment and congestion, that attract attention depending on the issues of the day.

2.2.1 Participants’ views on liveability

There are many definitions of liveability being developed in government and academia. The Premier of Victoria believes:

… It is a mix. It’s about good economy, but more than that, it’s about the sort of values that make up a society — values like fairness, a fair go, traditional values, caring, strong communities. And it’s about opportunity — making sure wherever you come from, whatever your family background, you’ve got the opportunity to go on and do well in life. (Austin 2007)

In his submission to the inquiry, Ron Brons suggested that:

… the degree of ‘liveability’ of a place (e.g. Melbourne), as experienced on a personal level, is the product of two main factors:

- the degree to which that place meets a person’s positive needs.
- the degree to which stress is absent from the person in that place.

I believe a place with a high level of ‘liveability’ for a particular person would cause that person to experience a high level of wellbeing. (sub. 1, p. 1)

SGS Economics and Planning defined liveability ‘in terms of how well a city or region works’ and noted that liveability:

... relates to efficiency and comfort in getting to work and fulfilling other transport needs. It also relates to air quality, water quality, conservation of biodiversity, housing accessibility, cultural vitality and tolerance and the adequacy of recreational resources, including open space.

Liveability in this sense has much to do with the spatial organisation of settlement and the sufficiency of infrastructure. Clearly some places ‘work better’ than others. (sub. 26, p. 1)
Hobsons Bay City Council argued that any definition of liveability should include the interaction between social, economic and environmental factors (sub. 13). Similarly, the Bayside City Council argued that sustainability was a key component of liveability:

… it is not enough to pursue liveability in its own right. It is also essential to ensure that this liveability is sustainable in economic, social and environmental terms. If not sustainable, then the ability to maintain liveability into the future would be compromised. (sub. 15, p. 3)

The Public Transport Users Association argued:

Any definition of liveability must also explicitly recognise the fundamental requirement to live within ecological limits otherwise the ability of a location to support life of any quality will be fatally undermined. (sub. 45, p. 1)

Most participants asserted liveability includes community wellbeing. For example, the Ethnic Communities’ Council of Victoria stated that any definition of liveability should include the wellbeing of individuals and communities (sub. 20, p. 2). Similarly, VicHealth argued that:

… liveability becomes an outcome for communities where wellbeing is defined by high levels of feeling safe combined with high levels of participation and inclusion. The economic and social life of the community is intimately linked to the environment that is built to achieve definite cultural and social goals. (sub. 36, p. 3)

The Victorian Council of Social Service argued that liveability can be defined as ‘the degree to which a community’s physical and social environment equitably and sustainably supports the wellbeing of its members’ (sub. 46, p. 4). Berry Street stated:

For a definition of liveability to be meaningful to the whole community the definition needs to be expanded to include measures of social cohesion, participation, access to services and amenities and quality of life and especially social inclusion. (sub. 35, p. 2)

The notion of a strong community being an integral part of liveability was also highlighted in the roundtables held by the Commission. This issue of strong communities is developed in chapter 6.

A number of participants emphasise particular perspectives of what was important to Victoria’s liveability. For example:

• the Institute of Public Works Engineering Australia highlighted the importance of infrastructure to liveability, noting ‘liveability in Victoria has many facets, most of which are supported and underpinned by quality infrastructure’ (sub. 27, p. 1)
• business participants in focus groups held by the Allen Consulting Group identified ‘the broad area of transport as being of fundamental importance’ (ACG 2008, p. 13)
• the Master Builders Association of Victoria argued ‘strong economic management is an essential ingredient for delivering a competitive and liveable Victoria’ (sub. 40, p. 4)
• Environment Victoria stated ‘environmental health and sustainability is the backbone of a liveable society’ (sub. 19, p. 1)
• the Municipal Association of Victoria observed access to quality infrastructure, particularly information and communications technology, was an important component of liveability (sub. 22, p. 21)
• the Victorian Local Governance Association stressed the importance of government and community engagement noting:
  … unless we fundamentally invest in ‘how we do government’ and to build participation and active citizenship, we may not meet our goal of improving competitiveness and liveability. (sub. 65, p. 8)
• many participants noted climate change is a threat to liveability, with the Department of Planning and Community Development noting ‘liveability is influenced by environmental health and climate change’ (sub. 51, p. 4).

2.2.2 The Commission’s view on liveability

The Commission, in examining definitions of liveability, has identified a number of common elements and developed a working definition of liveability that it considers encapsulates in broad terms the key issues identified by consultation:

Liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and in the future.

The Commission has formed the view that common elements of a liveable place for most Victorians include:

• community strength — diversity, mutual respect, cultural vitality and social inclusion, including the opportunity for all to participate in society in a range of relationships to gain a sense of inclusion, belonging, fulfilment and wellbeing
• economic strength — efficient markets and legislative framework that promote and encourage competition, economic prosperity and employment opportunities and adequate real incomes, having regard to the cost of living, and promoting the attraction and retention of competitive skills
• built infrastructure (such as hospitals, libraries, housing, energy, water and drainage, telecommunications, freight and public transport networks, education, and sport and leisure facilities) that is adequately provided and maintained
• social infrastructure (such as community organisations, clubs, sports groups, support services, art and culture) that assist people to relate to others, work together, and achieve their full potential
• amenity and place — urban planning that meets local needs balanced with broader community needs, including safety, convenience, aesthetics and services, including open spaces and recreational areas such as parks, beaches, bays, rivers and lakes
• environment and sustainability — sustainable use of resources (including land, water, biodiversity) to ensure a highly liveable environment for current and future generations and meeting the needs of the present without compromising the ability of future generations to meet their needs
• citizenship — a general commitment by individuals and organisations (public and private) to contributing to community wellbeing, both as individual citizens and corporate citizens
• services — the effectiveness, efficiency and adequacy of government, commercial, community and other services in meeting the community’s needs
• equity and human rights — including equality before the law, privacy, property rights, freedom from discrimination, freedom of expression and association, and due process
• participation — public and private governance arrangements that allow people to participate in decisions that affect them, such decisions being taken as close as practicable to those affected (subsidiarity)
• leadership and good governance — elected officials provide appropriate leadership on behalf of communities, to develop visions and priorities and ensure appropriate infrastructure and services to meet community needs
• information — adequate information to maximise choice and minimise consumer detriment, and ensure transparency and accountability
• transport — mobility of population and efficient distribution of goods across Victoria facilitated by flexible transport choices that are efficient and environmentally sustainable
• innovation — continuous improvement in democratic, economic, social, physical and environmental practices, including through the adoption of new technology.

Places which embody these characteristics would generally be seen by Victorians to be liveable.

2.3 Focussing the report

The liveability definition includes a vast range of issues that could be examined in this inquiry, in responding to the terms of reference which require the Commission to identify opportunities for government action to enhance the liveability of Victoria.
The terms of reference directed the Commission to ‘explore, using well-established measures of liveability, the link between liveability and enhancing Victoria’s competitiveness’. Measures of liveability are discussed in chapter 4 and the link with competitiveness is discussed in chapter 5.

The discussion of strong communities in chapter 6 reflects the importance of this issue to Victoria’s liveability. Many participants emphasised the importance of community to liveability, with the City of Melbourne noting that liveability can be enhanced by ‘established and multifunctional networks that foster social trust and harmony’ (sub. 40, p. 5).

The terms of reference also directed the Commission to ‘discuss whether there are dimensions of liveability that are different in provincial Victoria than in Melbourne’. The Commission has focused on this in chapter 7, noting that the terms of reference address Victoria as a whole, provincial and metropolitan, that is ‘one Victoria’.

The terms of reference stated specifically that the Commission is to ‘examine the efficiency advantages of good planning and community infrastructure, and evaluate the economic costs of poor urban design’. The Commission has discussed ‘urban planning and design, and community infrastructure’ (chapter 8) and ‘transport’ (chapter 9).

The discussion in chapter 10 on the quality of the natural environment develops issues relating to the interconnection between sustainability and liveability raised in the terms of reference.

The Commission also examined the link between liveability and information and communications technology.

The Commission considered a number of factors in focussing its response to the terms of reference and considering the matters raised in the public consultation process and submissions. In addition to the matters specifically identified in the terms of reference, the Commission focussed on a number of other aspects of liveability important to Victorians, where the Commission felt it could add value, having regard to whether the government was able to influence the matter and whether the issue had been subjected to recent reviews or initiatives. There are, therefore, a number of substantial aspects of liveability which are not examined in this report. Education and health are examples.

The Commission has also been mindful of the broader consequences that might be associated with its recommendations, including the effects on other government objectives and distributional effects. The Commission has recognised that many of the matters addressed are too complex to allow full examination within the resources of this very broad inquiry and the Commission has been cautious in drawing conclusions on such matters.
The Commission has adopted an holistic approach in considering liveability across Victoria, having regard to the interdependence of diverse areas in provincial and metropolitan Victoria.

2.4 Summing up

The concept of liveability is multidimensional and complex, reflecting the broad range of factors and their interactions that different individuals, communities and businesses have in mind when thinking about liveability (finding 2.1).

The Commission has developed a working definition of liveability for the purposes of this inquiry:

liveability reflects the wellbeing of a community and comprises the many characteristics that make a location a place where people want to live now and in the future

(finding 2.2)

and has identified a range of elements that are common to liveable places.

The depth and breadth of the issues the Commission is examining have been determined by the terms of reference and the focus of the inquiry has been refined by the matters brought to the Commission’s attention in submissions and consultations informed further by research and by an assessment of the potential to add value.
3 The drivers of liveability

3.1 Introduction

This chapter describes the broad contexts in which the Victorian Competition and Efficiency Commission (the Commission) examined liveability. In particular, the Commission has examined liveability in the contexts of:

- economic strength and markets (section 3.2)
- governments and decision making (section 3.3)
- communities and human rights (section 3.4)

which can be seen as major drivers of liveability.

This chapter also sets the framework through which the Commission has examined issues it has identified and aims to provide insight into how it has developed its views on enhancing liveability.

All government initiatives and public policy initiatives can affect Victoria’s liveability but some have a major influence on how communities and businesses fare. For example, the Victorian Government makes a significant contribution to liveability through its delivery of services such as health, education, public transport and safety.

Initiatives that influence liveability can involve long lead times. Dr Carolyn Whitzman recognised this when she noted ‘results of initiatives dealing with entrenched and emergent social and economic issues may only be apparent in a decade or more’ (sub. 9, p. 2). The Municipal Association of Victoria also recognised the long time frames associated with liveability and noted:

Liveability is not just about assessing current conditions, but must look at whether a place has the capacity to meet the changing needs of the community over time and not disadvantage future generations. (sub. 22, p. 15)

3.2 The role of economic strength and markets in enhancing liveability

Australia, including Victoria, has enjoyed an extended period of economic development, with economic growth experienced for over 17 years, although recent signs indicate some slowing. There is widespread agreement that economic reforms such as financial market deregulation, tariff reform and national competition policy have contributed to this growth and the consequent improvement in living standards (and, as a result, liveability). A strong economy, employment and associated income are foundations of liveability. They provide the means for the private consumption and the satisfaction of most material
needs and the provision of public services. Current uncertainties, particularly those associated with credit market conditions overseas, give emphasis to the benefits of substantial economic growth.

Well functioning (efficient) markets are a powerful tool by which people and businesses can pursue their preferences and enhance their liveability. The Land Owners Rights Association Inc noted that liveability ‘grows from product development which is rewarded by the market place’ (sub. 6, p. 5). Markets generate information and it is the continuous disclosure of information that allows people and businesses to apply their judgement and make informed decisions such as determining what goods and/or services to purchase or determining if they should invest in new products or processes.

Commercial incentives can also be harnessed to achieve public policy objectives in a least cost way. For example, businesses may bid to provide public transport, low cost rental accommodation or employment services for the least government subsidy. The Victorian Council of Social Service recognised the usefulness of the market in addressing disadvantages (for example, access to affordable housing) and suggested the market can be involved through the provision of ‘incentives for private investment in affordable housing’ (sub. 46, p. 16). The effectiveness of the market to address disadvantage was, however, questioned by the St Vincent de Paul Society, which noted:

Many of the issues of exclusion … have become more prevalent as a result of the broad economic reforms for the past 15 years. This has resulted as a result of activities such as outsourcing, competitive tendering and the privatization of many traditional Government delivered services and other Not for Profit services. (sub. 55, p. 2)

Market efficiency is largely determined by well defined property rights and competition. If competition occurs in the absence of good information and has large transactions costs, or property rights are unclear, market efficiency is reduced and the scope for increased production, economic growth, innovation and enhancement in liveability is reduced.

Markets are, of course, not the only mechanism through which people seek to improve their liveability. People conduct many aspects of their lives — selecting marriage partners, making friends, fulfilling their spiritual needs — outside the realm usually associated with markets. Nevertheless, markets can make a significant contribution to liveability and economic welfare, and that contribution is likely to be larger the more efficiently the market operates.
3.3 The role of governments and decision making in enhancing liveability

Markets operate within an institutional framework that is largely set by governments. This framework, as far as possible, should not hinder a person’s and/or a business’ ability to make choices which best suit them, provided of course, they respect the rights and interests of others. At the broadest level, the Commission considers that individuals (and businesses) are best placed to make choices which enhance their own wellbeing (and profitability). Joseph Stiglitz, a recipient of the Nobel Prize in Economics in 2001, noted that the market does not always guide an economy to the best outcomes and that governments have an important role:

… there are many problems with which the market does not deal adequately. Today, among American economists, the dominant view is that limited government intervention could alleviate (but not solve) the worst problems: the government should take an active role in maintaining full employment and alleviating the worst aspects of poverty, but private enterprise should play the central role in the economy. (Stiglitz 1988, p. 8)

Governments can support a person’s or a business’ ability to make informed choices which best suit them by ensuring the regulatory, institutional and legal framework is receptive to the demands of its citizens, and has the flexibility to respond to changing community aspirations and needs. Governments also need to provide public goods that private firms may not supply, and may also need to intervene when markets fail. Where regulatory intervention is required it should be based on best practice principles which achieve the regulatory objectives with minimal imposed costs (box 3.1).

Some of the market impediments the government may seek to address to enhance liveability include:

- externalities — ‘spillover’ effects where the actions of one economic agent affect the utility or production possibilities of another in a way that is not reflected in the marketplace
- insufficient or inadequate information — consumers may have inadequate access to the information required to make informed decisions
- the existence of substantial market power — which may arise from uncompetitive market structures or from anti-competitive conduct.

1 A public good is a good or service where consumption of the good by one individual does not reduce the availability of the good for consumption by others and where no one can be effectively excluded from using the good. Competitive markets tend to produce too small a quantity of public goods because of the ‘free rider problem’.
Box 3.1  What is best practice regulation?

- Regulations should be understandable and introduced only after proper consultation.
- Regulatory effort should be the minimum necessary given the scale of the problem.
- Regulations should not be unduly prescriptive.
- Regulations and their administration should be consistent with other regulations.
- Regulations should be enforceable.
- There should be processes for the continual improvement of regulation.
- Regulators should be accountable.


The rationale for government interventions is not, however, limited to addressing market imperfection. There is also a role for government in addressing liveability issues such as equity and other social objectives. For example, Arts Victoria suggested that:

Governments intervene in the market for arts and cultural goods and services for sound economic and social equity reasons. The rationales for these interventions include the characteristics which the arts and culture display as both public goods and merit goods and in order to increase access on social equity grounds. (sub. 37, p. 1)

The Ethnic Communities’ Council of Victoria also suggested a reasonable social objective is ensuring ‘access to adequate services’ for those ‘who are disadvantaged such as those suffering from disabilities and those from culturally and linguistically diverse backgrounds’ (sub. 20, p. 1).

The Department of Planning and Community Development noted the Victorian Government has numerous policies that articulate equity and social goals, including A Fairer Victoria and Growing Victoria Together (sub. 51, p. 9).

Where spending, taxing or regulation is required to achieve equity and social goals, there is also a need to ensure they are as efficient as possible. Regulatory architecture and governance arrangements need also to be effective. Poorly designed interventions generate distortions in an economy and could damage liveability; for example by stifling entrepreneurship and innovation, diverting managers from their core business activity, prolonging decision making and reducing flexibility.

Government intervention to enhance liveability and meet social and equity goals is not without costs to all parties. These costs can include taxes and policy trade-offs involving winners and losers, and the provision and collection of information that does not contribute to business outcomes. Best practice regulation should ensure only appropriate and necessary government intervention in community and business activities.
3.3.1 Subsidiarity

The principle of subsidiarity is, in essence, the concept that a central authority should only perform those tasks which cannot be performed effectively at a more local level. The principle can be applied to societies, governments and the management of organisations. The practices of Australian federalism, comprising three levels of government, can be guided by subsidiarity.

Marcus Spiller, the then National President of the Planning Institute of Australia, has commented:

This concept [of subsidiarity] relates to the sharing of power, the default position being that decisions should be made at the lower level in the hierarchy of communities unless it can be shown that such decisions will compromise higher order communities of interest. (Spiller 2004, p. 3)

Determining which level of government (Commonwealth, state or local) should undertake responsibilities can be difficult and will vary on a case-by-case basis, but can have a substantial impact on liveability. Australia’s constitution provides the framework but in practice considerable flexibility and overlap have emerged. Following the 2020 Summit, the Commonwealth Government has acknowledged the ‘dysfunctional’ aspects of federalism and the need for the review and reform of federal-state relations (Gillard 2008).

The Productivity Commission has supported the principle of subsidiarity, suggesting that responsibility for a function should, where practicable, be allocated to the level of government closest to those affected by the decisions. Subsidiarity rests on four main considerations (PC 2005, p. 3):

- sub-national governments are likely to have greater knowledge about the needs of the citizens and businesses affected by their policies
- decentralisation of responsibility and decision making makes it easier to constrain the ability of elected representatives to pursue their own agendas to the disadvantage of citizens they represent
- intra-national mobility of individuals and businesses exposes sub-national governments to a reasonable degree of intergovernmental competition
- initial emphasis on the lowest level of government encourages careful consideration or testing of the case for allocating a function to a higher or national government and thereby guards against excessive centralisation.

The Productivity Commission suggests this is also linked to the capacity of different levels of government to fund those activities (whether through its own revenue raising ability or through intergovernmental transfers) (PC 2005). Allocating responsibilities to the level of government most able to effectively and responsively deliver them, responding to the often differing needs of different communities, should enhance liveability.
Decentralisation of government decision making (and the financial capacity of the appropriate level of government to respond to community needs) is limited by the revenue raising capacities of the different levels of government. There is substantial vertical fiscal imbalance in Australia because the Commonwealth Government has revenue sources far in excess of its direct expenditure needs, while the state and local governments have insufficient revenue resources of their own to finance their expenditure commitments. For example, in terms of taxation revenues (the primary revenue source for governments), the federal government raises 82 per cent of all taxes, the states 15 per cent and local governments only 3 per cent — but the federal government accounts for 37 per cent of expenses, the states for 49 per cent and local governments for 9 per cent (VCEC estimates based on ABS 2007b). (The Commission makes a finding regarding the limits of local government revenue in chapter 7.)

In determining the level of government appropriate to a particular regulation or service, subsidiarity would require that local differences be recognised as much as possible. This position was articulated by United States of America (US) Supreme Court Justice Antonin Scalia (box 3.2). Arguably, the many preferences of individuals which contribute to their liveability are more likely to be satisfied through well managed subsidiarity and decisions being made at the appropriate level.

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**Box 3.2  A defence of federalism**

US Supreme Court Justice Antonin Scalia’s defence of federalism:

… there are many reasons for having a federal system, but surely the most important is that it produces more citizens content with the laws under which they live. If, for example, so-called ‘sexually oriented businesses’ — porn shops — were put to a nationwide referendum, the outcome might well be 51 per cent to 49 per cent. If that result were imposed nationwide, nearly half of the population would be living under a regime it disapproved. … If the question of permitting sexually oriented businesses were left to the states … perhaps as much as 80 per cent of the population would be living under a regime that it approved.


The Municipal Association of Victoria recognised the importance of subsidiarity when it noted local governments:

… have to respond to local community needs and have powers to set their own regulations and local laws, and provide a range of discretionary services … [and they are responsible for] … assets and infrastructure including roads, bridges, town halls, recreation and leisure facilities, drains, libraries and parks – all of which contribute to the liveability of a local area. (sub. 22, p. 5)

The Nillumbik Shire Council supported the principle of subsidiarity in improving liveability outcomes, noting:
Local government is in a strong position to continue its leading role in community engagement across a spectrum of issues that contribute to liveability throughout Victoria. (sub. DR95, p. 1)

Bayside City Council also noted local governments are:

… well placed and attuned to local community aspirations and expectations on matters such as open space, quality of urban design execution in public spaces, provision of community facilities and meeting places for social, cultural and recreation purposes. (sub. 15, p. 1)

(Issues associated with community infrastructure are discussed in more detail in chapters 6 and 8.)

Responsibility should, however, be assigned to a higher level of government when there are:

• significant interjurisdictional spillovers from a function being allocated to a lower level of government
• sizable economies of scale or scope from central provision — such as defence
• high transaction costs without offsetting benefits from a diversity of rules and regulations
• risks that mobility across jurisdictions could undermine the fiscal strength of sub-national government (PC 2005).

The Department of Planning and Community Development submitted that some planning issues are more appropriately handled by the Victorian Government (rather than local governments) when matters are of:

… state and regional significance such as supporting economic development, state investment in infrastructure, ensuring that there is a greater diversity of dwellings to support young and older household growth, guidance on residential densities, development of major centres, uses of state significance, ensuring that subdivision does not undermine agriculture, tourism and environmental assets and other matters of state importance. (sub. 51, p. 31)

On this, the City of Boroondara argued that some local decision making:

… can be legitimately sacrificed if local government is given greater certainty in regards to good urban design outcomes and matters such as ‘sense of place’ and ‘neighbourhood character’ are not undermined. (sub. DR85, p. 3)

Finding the appropriate balance as to which level of government is most appropriate to deal with an issue can be difficult. The City of Greater Shepparton recognised this difficulty and noted:

Too often standards, requirements and benchmarks developed to meet metropolitan imperatives are then rolled out across the whole state. The Victoria
Planning Provisions which form the basis of all planning schemes in the state must deliver outcomes suitable for Melbourne but because there is no recognition that there might be different needs outside the metropolitan area these are then required to apply in situations as diverse as regional centres, small rural townships and farming communities. (sub. 32, p. 8)

The application of subsidiarity to state and local urban planning is discussed in chapter 8.

While the above discussion has focussed on the application of subsidiarity to government decision making, the concept also applies equally to other areas of decision making in society and the market place.

On this, Alonso et al (2008) argue that, in terms of organisational behaviour, decentralisation can provide a ‘natural’ advantage for adapting decisions to local conditions — because local managers have the ‘information advantage’ of local knowledge, so decisions are made using the best information about local conditions.

A clear advantage of a decentralized organization is that it puts in control those managers who are closest to the local information. In contrast, in a centralized organization some of this information is lost when it is communicated to the decision maker. (Alonso et al 2008, p. 161)

In addition, to the extent that local managers have incentives to communicate efficiently with each other (for example by being rewarded not just on the basis of their success, but also for contributing to the success of others), then decentralisation can also have advantages when coordination and information aggregation become important.

… when coordination becomes very important, division managers recognize their interdependence and communicate and coordinate very well under decentralization. In contrast, under centralization, an increased need for coordination strains communication, as division managers anticipate that headquarters will enforce a compromise. (Alonso et al 2008, p. 147)

Liveability will be enhanced for communities when the people affected by decisions of governments, businesses and others are given the opportunity to influence those decisions, and the decisions are taken with some understanding of their impact on communities. Decisions should be taken as close as practicable to the people affected by them, in the interests of both decision making and the community.
3.4 The role of communities and human rights in enhancing liveability

Respect for human rights is an important element of liveability. Recognising human rights is not just a matter of protecting existing rights, it is also about improving access to basic rights such as adequate housing, health care and education. There are, of course, different views about human rights. For example, The Victorian Council of Social Service believes ‘human rights are about trying to achieve equality and ensuring a fair go for all’ (VCOSS 2006, p. 11). Others would place more emphasis on providing more opportunities, as opposed to equal outcomes. In discussions with inquiry participants, the Commission has formed the view that while Victorians are concerned with their own liveability, their perception of their own liveability is influenced by whether people are getting a ‘fair go’.2

The importance of overcoming disadvantage by establishing an appropriate regulatory framework to enhance liveability has been emphasised by the Victorian Equal Opportunity and Human Rights Commission. They suggested liveability would be improved through promoting equality of outcomes, and this would be facilitated with a clearer regulatory framework:

… a clearer regulatory framework is required for the achievement of substantive rather than simply formal equality to advance a fairer and more liveable Victoria for all.

Substantive equality is an attempt to define what the reality of the term equality is. While equality of opportunity can be measured by looking at the mechanisms and programs available, substantive equality can only be measured by looking at outcomes. This refocussing of what success looks like, away from process and onto outcomes, is a powerful and more real way of assessing progress and achievement. We believe this has central relevance to your Inquiry when considering how we ensure we are a liveable State for all, and one in which everyone’s talents and capacities are fully recognised (sub. 44, p. 3).

Youthlaw noted:

In essence the enquiry is about the promotion of and respect of Victorians’ human rights which are often defined as synonymous with the concept of ‘needs’ or ‘basic needs’. (sub. 30, p. 1)

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2 John Rawls recognised the concept of the ‘fair go’ in his work, A Theory of Justice (Rawls 1971). Rawls postulated that if a person did not know how they would end up in their society, they would develop a scheme of justice that treated all members of society fairly (the veil of ignorance). Rawls’ theory revolves around the adaptation of two principles: (1) the first principle guarantees the right of each person to have the most extensive basic liberty compatible with the liberty of others; and (2) the second principle states that social and economic positions are to be (a) to everyone’s advantage and (b) open to all (Centre for the Advancement of Applied Ethics nd).
The Victorian Government, recognising the importance of human rights and addressing disadvantage, has introduced a number of initiatives to address these issues, including:

- *The Charter of Human Rights and Responsibilities Act 2006 (Vic.)*
- *The Equal Opportunity Act 1995 (Vic.)*
- *A Fairer Victoria*
- *Growing Victoria Together.*

Put simply, governments set the broad legal context, developed further by common law decisions, through the courts and through policies which have human rights consequences. The Charter of Human Rights and Responsibilities provides for the protection of human rights in Victoria. The Charter recognises human rights belong to all people without discrimination, and that the diversity of the people of Victoria enhances our community. Under the Charter, public authorities must also take human rights and responsibilities into account when performing their functions (developing policies, making decisions and taking action). Parliament must also consider the human rights implications of all proposed laws and courts must interpret all legislation in the light of the rights in the Charter.

Human rights and addressing disadvantage are also closely connected with individual and community behaviour. While governments can set a broad legal framework to address issues, it will largely be up to individuals to give effect to them in their daily lives. While effective enforcement provisions can encourage compliance with legislation, equally important is the commitment of individuals and the community to human rights and their adherence to ‘acceptable’ community behaviours and/or legal requirements. Unwillingness on behalf of individuals to meet human rights or address disadvantage will undermine any attempts by governments to enhance liveability. The roles that individuals, communities and businesses can play in enhancing liveability are discussed in more detail in chapter 6. In particular, the sustained efforts of local people, community groups, businesses and all levels of government help build communities and improve liveability.

Ensuring basic human rights are met and disadvantage is challenged is not only the responsibility of individuals and governments; businesses have important roles to play. In particular, businesses have a role as part of good corporate citizenship (chapter 6) and because they operate within a framework set by law and community standards.

### 3.5 Adding value to liveability

The Commission’s approach recognises that where government spending, taxing or regulation is required, the management of the spending and taxing, the efficiency of the regulations, and the effectiveness of the regulatory architecture
and governance arrangements are fundamental to effective decision making. Efficient decision making maximises the scope for liveability to be enhanced. Dr Carolyn Whitzman recognised the importance of efficient regulations, regulatory architecture and governance arrangements and noted:

… there is very little wrong with the current Victorian vision [for liveability]. The question is how well that vision is being implemented. (sub. 9, p. 3)

The Commission’s analysis is not intended to give the Victorian Government advice on spending priorities, nor is it intended to provide an evaluation of every policy affecting liveability. Indeed, many of the ideas put forward will need to be subject to further examination and a robust cost benefit analysis — this is beyond the scope of this broad inquiry. Rather, the Commission’s report seeks to identify options to improve the capacity of people and businesses to help themselves and for government interventions to be as efficient and as effective as possible — the achievement of which will enhance Victoria’s liveability. In doing that, the Commission has kept in mind the useful touchstones of the connection between liveability and better information, better regulation and better governance.

The Commission has focused on three main drivers of liveability. Well functioning markets generate information which allows people and businesses to apply their judgement and make informed decisions to pursue their preferences and enhance their liveability. Governments set the regulatory, institutional and legal frameworks within which individuals and businesses make decisions — and can support these decisions by ensuring these frameworks reflect and respond to community aspirations and needs. Governments may also seek to address market imperfections as well as other liveability issues such as equity and other social objectives. Human rights are the fundamental values observed by communities, governments and markets. Liveability is improved by the efforts of individuals, community groups, businesses and all levels of government in ensuring that basic human rights are met and disadvantage is challenged.

### 3.6 Summing up

The Commission has highlighted the main drivers of liveability, namely:

- economic strength and markets
- governments and decision making
- communities and human rights.

These drivers are central to meeting the community’s changing needs over time (finding 3.1).

The Commission considers that the drivers of liveability can be strengthened by:
• information provision, to allow informed (and more efficient) decision making to occur
• best practice regulation, to ensure only appropriate and necessary government interventions in community and business activities
• governance architecture that:
  – ensures the development and implementation of planning and other policies are as well integrated as possible
  – applies the principle of subsidiarity, whereby decisions are taken as close as practicable to those affected, which can facilitate consideration by markets and governments of the views of their customers and communities, and can promote engagement, a key component of liveability (finding 3.2).
4 Measuring liveability

4.1 Introduction

The use of liveability measures as a tool to make comparisons between countries and international cities is generally well-known. Scores and ‘league tables’ generated through liveability measures often receive a great deal of media attention and tend to be publicised by cities that rank well in an attempt to increase their attractiveness and competitiveness, particularly for tourism and skills attraction (and migration more broadly). Governments may use these liveability measures to inform policy development at a broad level. Employers may also use liveability measures in determining remuneration for expatriates.

One of the terms of reference directs the Victorian Competition and Efficiency Commission (the Commission) to ‘explore, using well-established measures of liveability (such as those adopted by the EIU in its international surveys of liveable cites), the link between liveability and enhancing Victoria’s competitiveness’. This chapter examines a number of liveability indicators, as well as their usefulness in the policy development processes. The link between liveability and enhancing Victoria’s competitiveness is considered in chapter 5. This chapter examines both composite measures and more specific measures of factors affecting liveability, having regard to:

- international measures of liveability (section 4.2)
- domestic measures of liveability (section 4.3)
- the public policy implications of liveability and sustainability indicators (section 4.4).

The Commission concludes that measures of specific factors of liveability can be of considerable value in informing the decision making of governments, community groups and individuals. Composite measures are seen to be of limited validity and relevance for decision making except at the broadest level. However, it is anticipated that targeted measures will lead to better decision making and improve liveability which may be reflected to some extent in the broader composite measures, although the full impact on Victoria’s liveability rankings is unknown (section 4.5).

4.2 International measures of liveability

There are numerous international measures of liveability that attempt to determine liveability across countries and cities. The best known of these include:

- Economist Intelligence Unit’s (EIU) ranking of cities by a composite measure
• Mercer Human Resource Consulting’s worldwide quality of living survey (also a composite measure)
• Anholt City Brands Index, which measures how cities are perceived by non residents
• EU Urban Audit, which is a dataset of quality of life indicators for European cities.

These measures (as well as a vast array of academic studies on liveability) are generally based on one of two concepts:

• the quality of life, which is assessed by examination of a range of economic, social, environmental and political factors
• the cost of living, which measures how much it costs to buy a representative basket of goods and services in a particular geographic area.

Quality-of-life measures embrace many aspects of the liveability description adopted by the Commission (chapter 2). Quality-of-life outcomes may be also affected by characteristics that are beyond the control of policy makers or that are not easily measured.

To provide some insight into how these international measures of liveability determine their rankings of cities, this section examines two of the most recognised of these measures:

• the EIU ranking of cities — this measure may be particularly well known to Victorians, as it is this system that a few years ago ranked Melbourne as the world’s most liveable city and consequently caught the attention of the media (section 4.2.1)
• Mercer Human Resource Consulting’s worldwide quality of living survey (section 4.2.2).

For the purpose of this inquiry, all of these international indicators are limited in their application to the state of Victoria as all are focussed on major cities and do not address the wider issues of liveability across states.

### 4.2.1 Economist Intelligence Unit liveable cities ranking

The EIU ranks cities on their liveability as part of the Worldwide Cost of Living Survey. Living conditions are assessed using around 40 indicators, with each city being given a value between one and five for each indicator.¹ These scores are then grouped into five weighted categories (box 4.1) to allow a rating of between

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¹ A value of one means there is no reduction in quality of life, while a five means the quality of life (liveability) is extremely challenging — that is, there is a negative effect on liveability.
0 per cent and 100 per cent to be determined for each city — the lower the score the more ‘liveable’ the city.

In recent years, Melbourne has ranked highly in the EIU’s liveability surveys, and as the world’s most liveable city in 2003 and 2004 — helped by favourable scores with regard to violent crime and climatic conditions. In 2005, Melbourne slipped in its international rankings to second behind Vancouver, Canada — a result largely due to Melbourne being judged to have less recreation activities relative to Vancouver (City of Melbourne 2007a).

**Box 4.1  EIU Quality of Life rating**

The five weighted categories of the EIU Quality of Life rating are:

- **Stability (25 per cent)** — prevalence of petty crime, prevalence of violent crime, threat of military conflict, threat of civil unrest/conflict, threat of terrorism
- **Healthcare (20 per cent)** — availability of public and private healthcare, quality of public and private healthcare provision, availability of over-the-counter drugs, general healthcare indicators
- **Culture and Environment (25 per cent)** — climate (humidity/temperature rating, discomfort to travellers, cultural hardship), corruption, social/religious restrictions, level of censorship, recreation (sports, culture, food and drink), availability of consumer goods and services
- **Education (10 per cent)** — availability of private education, quality of private education provision, general public education indicators
- **Infrastructure (20 per cent)** — transport (quality of road network, quality of public transport, quality of regional or international links), housing (availability of good quality housing), utilities (quality of energy provision, quality of water provision, quality of telecommunications infrastructure).

*Source:  City of Melbourne 2007a.*

A number of submissions raised concerns with the EIU rankings, most notably:

- Dr. Carolyn Whitzman noted that ‘the EIU uses negative or threat-based criteria: measuring the absence of something negative, rather than the presence of something positive’ (sub. 9, p. 2).
- The Commissioner for Environmental Sustainability noted the lack of indicators of environmental quality and sustainability and while the measure has several ‘indicators which are integral to holistic sustainability … housing affordability, social equity, public transport accessibility and community safety … only one humidity/temperature rating, is of direct relevance to environmental conditions’ (sub. 43, p. i).
- Similarly, Environment Victoria noted ‘this liveability measuring tool fails to measure the environmental health and contribution to liveability of the city’ (sub. 19, p. 2).
4.2.2 Mercer Human Resource Consulting’s worldwide quality of living survey

Mercer Human Resource Consulting’s worldwide quality of living survey is designed to assist people moving internationally and companies who relocate employees to decide on appropriate remuneration. It is a measurement based on 39 factors that are grouped into 10 key categories (box 4.2). Cities are then weighted and ranked against the base city, New York, which has a score of 100.

In 2007, Zurich was ranked the world’s top city with a score of 108.1. Melbourne was ranked seventeenth behind other Asia-Pacific cities such as Auckland (equal fifth), Sydney (equal ninth) and Wellington (twelfth) (Mercer 2007).

Box 4.2 Mercer Human Resource Consulting’s worldwide quality of living survey

The 10 key categories of the Mercer Human Resource Consulting’s worldwide quality of living survey are:

- political and social environment — for example, political stability, crime and law enforcement
- economic environment — for example, banking services
- socio-cultural environment — for example, civil liberties
- health and sanitation
- schools and education
- public services and transportation
- recreation
- consumer goods
- housing
- natural environment — for example, climate.


The Mercer Human Resource Consulting’s survey is constructed using similar categories and for a similar purpose as the EIU rankings. Therefore many of the comments raised regarding the EIU also apply.

4.2.3 Other international measures of liveability

There is a large number of other studies which rank the liveability of international cities and countries. These include:

- Anholt City Brands Index — which assesses how people perceive the image of cities, using a survey of nearly 20,000 consumers in 18–20 countries. In
2006, Sydney was ranked first out of 60 international cities, while Melbourne was ranked eighth.

- Monocle Magazine’s Quality of Life Survey — which uses a combination of both scientific data and subjective opinion to come up with a list of the top 20 most liveable cities in the world. Melbourne was ranked 11th in 2007.
- International Living Quality of Life Index — which ranks the quality of life of 193 countries worldwide. The Quality of Life Index is designed to assist people moving overseas. In 2007, Australia ranked second behind France, scoring well for economic conditions, climate and cost of living.
- The United Nation’s Human Development Index — which is a comparative measure of a country’s human development comprising indicators of life-expectancy, literacy, education and standard of living. In 2006, Australia was ranked third behind Norway and Iceland.

### 4.3 Australian measures of liveability

A number of domestic and regional measures of liveability have been developed to measure liveability within cities and across regions of Victoria and Australia. Some tools to measure components of domestic liveability — for example, tourism and travel, health, housing and competitiveness — have also been developed.

While the local focus of domestic measures of liveability tends to preclude their use for international rankings, they often facilitate benchmarking and/or comparisons that can be useful for public policy purposes within Victoria (section 4.4). Two local assessments of liveability are Community Indicators Victoria (section 4.3.1) and the Australian Unity Wellbeing Index (section 4.3.2). The Victorian Government’s reporting on *Growing Victoria Together* also provides insights on aspects of liveability, with ten key issues being reported (section 4.3.3).

#### 4.3.1 Community Indicators Victoria

Community Indicators Victoria (CIV) is a collaborative project, funded by VicHealth and a number of other partners, and is hosted by the McCaughey Centre, School of Population Health, at the University of Melbourne. CIV has been developed to present and report on the wellbeing of Victorians using an integrated set of community wellbeing indicators. These indicators refer to a broad range of measures designed to identify and communicate economic, social, environmental, democratic and cultural trends and outcomes (box 4.3). The indicators are then intended to facilitate robust, effective and evidence based decision making at the state and local levels that facilitates the building of healthy, just and sustainable communities.
CIV uses a combination of indicators from the Australian Bureau of Statistics (ABS) and survey data. The data are available at the local government area level and can be of particular use to local governments in monitoring progress over time and considering outcomes against other municipalities. A number of local governments use a subset of CIV indicators to examine the link between community wellbeing (liveability) and the delivery of council services (CIV 2007).

CIV has been endorsed by a number of users, including Enrico Giovannini, Chief Statistician of the Organisation for Economic Cooperation and Development (OECD) who described CIV as an ‘important and ground-breaking initiative’ (sub. 62, p. 7).

### Box 4.3 Community Indicators Victoria

Around 80 indicators are used by CIV to assess liveability and these are grouped into five main areas:

- Healthy, safe and inclusive communities
- Dynamic, resilient local economies
- Sustainable built and natural environments
- Culturally rich and vibrant communities
- Democratic and engaged communities.

CIV uses data from a variety of sources, including the ABS, existing Victorian Government data and the 2007 Statewide Community Indicators Victoria Survey.


### 4.3.2 Australian Unity Wellbeing Index

In 2001, the Australian Unity Wellbeing Index was launched to examine factors affecting society that were not captured in economic output indicators such as Gross Domestic Product. The index is a joint project between Australian Unity and Deakin University’s Australian Centre on Quality of Life. For example, more people are identified as experiencing depression every year even though recent economic conditions have resulted in increasing income in Australia. The index also helps to inform public debate about the sort of society people want to live in.

The index comprises two components: personal and national wellbeing. Personal wellbeing is measured using average levels of satisfaction with one’s standard of living, health, life achievements, safety, personal relationships, and community inclusion. National wellbeing is measured by average satisfaction with national social conditions, economic situation, environment, governance, business and national security.

Between 2004 and 2007, personal wellbeing maintained a level of some 74 per cent. Over the same period, national wellbeing rose from 61 per cent to 64 per cent (Cummins, Walter and Woerner 2007).
4.3.3 Growing Victoria Together

Growing Victoria Together (GVT) is a vision for Victoria to 2010 and beyond. It articulates the issues that the Victorian Government has identified as important to Victorians, and the priorities the government has set to make Victoria a better place in which to live, work and raise a family. A key commitment in GVT is annual reporting on the progress that the government has made to achieve these goals.

When GVT was first launched (2001), the Victorian Government envisaged that its vision, goals and measures of progress would evolve over time. A refreshed version of GVT was released in March 2005. This update considered the views and priorities of Victorians from all walks of life, and resulted in a commitment to ten shared goals for Victoria’s future (table 4.1).

The high level visions and goals show some concordance with the liveability factors discussed in chapter 2. GVT reporting could be expanded as a more complete monitoring focussed on a broader range of liveability indicators. Based on the work of this inquiry, examples of further areas could include urban amenity indicators, additional transport indicators such as congestion (chapter 9), further measures of community strength and housing affordability (chapter 6), and additional measures of regulation.

Table 4.1 Growing Victoria Together visions and goals

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<th>Vision</th>
<th>Goals</th>
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<tbody>
<tr>
<td>Thriving economy</td>
<td>More quality jobs and thriving, innovative industries across Victoria</td>
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<td></td>
<td>Growing and linking all Victoria</td>
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<td>Quality health and education</td>
<td>High quality, accessible health and community service</td>
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<td>High quality education and training for lifelong learning</td>
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<td>Healthy environment</td>
<td>Protecting the environment for future generations</td>
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<td>Efficient use of natural resources</td>
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<td>Caring communities</td>
<td>Building friendly, confident and safe communities</td>
</tr>
<tr>
<td></td>
<td>A fairer society that reduces disadvantage and respects diversity</td>
</tr>
<tr>
<td>Vibrant democracy</td>
<td>Greater public participation and more accountable government</td>
</tr>
<tr>
<td></td>
<td>Sound financial management</td>
</tr>
</tbody>
</table>

The sixth GVT progress report was released as part of the 2008-09 Victorian State Budget. The progress reports use a 1999 base year and new information is included where it is considered that it will provide a more meaningful and robust assessment of progress (Government of Victoria 2007b, pp. 349 — 350).

One example of the outcomes and related performance indicators that underpin the GVT goal of ‘growing and linking all Victoria’ is shown in table 4.2.

Table 4.2  
Growing and linking all Victoria — outcomes and performance indicators

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Performance indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria’s total population will reach six million people by 2025, and regional population growth will increase to 1.25 per cent annually by 2006</td>
<td>Population growth in Melbourne and regional Victoria</td>
</tr>
<tr>
<td>Regional rail services will be available to more Victorians</td>
<td>Regional rail services (number of services) and patronage (number of passengers) in Victoria</td>
</tr>
<tr>
<td>The proportion of freight transported to and from ports by rail will increase from 10 per cent to 30 per cent by 2010</td>
<td>Proportion of freight transported by rail to and from Victoria’s commercial ports (Melbourne, Geelong and Portland)</td>
</tr>
<tr>
<td>Public transport use in Melbourne as a proportion of trips taken by motorised means will increase from 11 per cent in 2002 to 20 per cent by 2020</td>
<td>Public transport use as a proportion of trips taken by motorised means in Melbourne Public transport services and passenger trips per week</td>
</tr>
</tbody>
</table>

Source: Government of Victoria 2008e.

4.3.4  Bankwest Quality of Life Index

The BankWest Quality of Life Index measures the quality of life in five hundred and ninety local government areas across Australia. The local government areas were ranked against the following 10 criteria:

- average taxable income
- employment rate
- owner occupation rate
- percentage of houses that are detached
- crime against property (per 100 000 population)
- proportion of 16 year olds enrolled in secondary school
- proportion of households with broadband internet connection
- proportion of the population in good health
• proportion of houses that are vacant
• proportion of persons (over the age of 15) who volunteer.

All criteria were given equal weighting.

The area with highest ranked quality of life was Ku-ring-gai in Sydney’s northern suburbs. Victoria has four local government areas in the top 10 (Bankwest 2008). The City of Melbourne scored poorly in the rankings which is unsurprising given the inclusion of factors such as the proportion of detached housing.

4.4 The role of liveability measures in public policy

Liveability measures might contribute substantially to public policy development. If changes or comparisons in liveability measures can provide useful (relevant and timely) insight into particular issues, they may provide a rich source of information to help develop and inform policies. Such information relating to factors affecting liveability is also important to individuals and businesses in pursuing their goals, interests and preferences. For example, Invest Victoria, as part of its investment facilitation role, provides specific information to prospective investors on the investment climate within Victoria, as well as information on various regulations they may need to operate within.

To address the usefulness of liveability measures to public policy development, this section explores two main types of liveability indicators:

• composite indicators (section 4.4.1)
• suites of specific indicators (section 4.4.2).

Section 4.4.3 explores how this information may be reported to maximise its usefulness to decision makers (government, business and individuals).

4.4.1 Composite indicators

Composite indicators result from aggregating a range of indicators representing complex and multi-faceted issues (first applying various weights to the components to reflect their perceived relative importance) to develop a single indicator. A single composite indicator permits comparisons to occur over time and between the entities being examined. The Mercer Quality of Living Survey and the EIU Liveability Rankings are composite indicators, both of which were developed to assist businesses to determine remuneration levels for expatriate staff.

The validity and relevance of composite indicators in informing policy debate and assisting in policy development is generally limited as their component measures have lost their separate meaning through aggregation, with the nature of the components and their respective weightings in aggregation being the result of subjective decisions. For example, despite the EIU Liveability Rankings and
Table 4.3  **Comparison of liveability survey rankings**

<table>
<thead>
<tr>
<th>City name</th>
<th>Economist Intelligence Unit — Liveability ranking 2005</th>
<th>Mercer worldwide quality of living survey 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Melbourne</td>
<td>2</td>
<td>17</td>
</tr>
<tr>
<td>Barcelona</td>
<td>33</td>
<td>41</td>
</tr>
<tr>
<td>Dublin</td>
<td>47</td>
<td>27</td>
</tr>
</tbody>
</table>

* Vancouver and Melbourne were ranked one and two in 2007 also.

Source: Urbis 2008a.

Kingston City Council stated that the discrepancies in the rankings of Vancouver, Barcelona and Dublin highlight the limitations of liveability ranking arguing that:

… determining liveability can not be completely reduced to an empirical exercise and that attempting to correlate public policy to liveability indexes and scores can be spurious as causal relationships in many instances are impossible to prove and effected by confounding factors. (sub. DR84, p. 1)

Composite indicators say very little about how ‘liveable’ a city is for all who live and work there as the composition of the indicators reflects the preferences of a specific audience. For example, the Mercer composite indicator is focussed on the interests of an expatriate executive, and is not intended for use by the general population and is not relevant to assessing liveability for disadvantaged people or from an environmental sustainability perspective (City of Melbourne (sub. 41, p. 6)). The quality of international education is included in both the EIU and Mercer rankings. While the quality of international schools may be of interest to relocating expatriates, it is unlikely to be of such importance to most people already residing in Victoria.

The Victorian Council of Social Service also noted that:

… comparative international liveability rankings, such as Mercer’s *Quality of Living Survey* … have been developed as corporate tools which support expatriate recruitment and human resource management. They therefore are typically limited to indicators of liveability likely to be relevant to these purposes. As such these indicators are inadequate to measure liveability in Victoria. (sub. 46, p. 6)
The different rankings that are generated from different composite measures of liveability might highlight different and/or conflicting challenges. However reliance on any single composite measure for policy making will provide limited insights for specific government policy adjustment. The disaggregated components would need to be examined carefully and judgments made as to their adequacy before drawing any policy conclusions. For example, in the 2005 EIU Liveability Ranking, Melbourne scored less than Vancouver in the ‘culture and environment’ category, due to the lower number of world class sporting events and concerts, a surprising finding since Melbourne hosts a F1 Grand Prix, one of the four grand slam tennis tournaments and the Melbourne Cup.

Conversely, the Mercer Quality of Living Survey (2006) suggested that Melbourne’s strengths lie in its recreation facilities, housing and natural environment. Arts Victoria noted with respect to the Brand Health Survey:

- Melbourne has established and maintained its reputation for arts and culture, as shown by the results of the Brand Health Survey 1996-2007 (conducted by Roy Morgan Research):
  - Melbourne is seen as the leading capital city for theatre since 1996.
  - Since 2005, Melbourne has the reputation of being the leading “city-host” of international sporting and cultural events.
  - Melbourne has a better city nightlife than Sydney.
  - Melbourne has (next to Sydney) interesting and diverse regional experiences within 1.5 hours from the city. (sub. 37, p. 10)

While composite measures offer no benefit for specific policy purposes, disaggregation of composite measures might provide more useful information for policy purposes and decision making, subject to the adequacy of the component indicators. The City of Melbourne has recognised the difficulty associated with the use of composite indicators and noted that:

Indicators of a composite nature … should be used with caution. The treatment, (selection and weighting) of their components involves making value judgements that can skew their interpretation. (sub. 41, p. 2)

Put simply, it is unlikely that the success or otherwise of a complex issue (such as liveability) can be usefully evaluated by a single measure. Composite indicators are not a substitute for thorough analysis of complex matters such as liveability. No doubt marketing opportunities to promote Melbourne’s or Victoria’s brand as a liveable place will continue to be used to promote international and national tourism, and there seems no harm in that. Additionally, the measures may serve as an alarm bell if Melbourne’s ranking falls substantially.
4.4.2 Suites of indicators

Suites of indicators measuring specific factors provide more relevant information to inform public policy. This is particularly true for complex, multifaceted issues such as liveability, where the selection and monitoring of locally relevant factors can help inform policy analysis and development. The City of Melbourne noted that ‘a group of indicators are more appropriate than one single index’ (sub. 41, p. 2), while the Department of Planning and Community Development (DPCD) noted:

While single index measures will continue to be important in a comparative national/international context, the greater strategic value for Victoria may be in developing a broad and varied suite of liveability measures and objectives which can assist in strategic planning, resource allocation and local collaboration. (sub. 51, p. 18)

Determining what indicators can best inform policy analysis and development needs careful consideration. For example, Nillumbik Shire Council noted that when measuring liveability it would be useful to:

… incorporate concepts of equity and social justice as well as physical and community infrastructure … to measure the progress of communities. (sub. 31, p. 2)

While there is a range of indicators currently available for the Victorian Government — including data from DPCD, the ABS, CIV, State of the Environment reports and the Australian Unity Wellbeing Index — their application to policy outcomes (including coverage and methodology) would need to be assessed carefully if substantial reliance were to be placed on them for public policy purposes.

4.4.3 Benefits and challenges of measurement

Although reporting can lead to considerable benefits, measurement systems can be costly and in some cases lead to perverse effects. If indicators focus excessively on issues that are easily measured, they may divert attention from less easily measured outcomes that may be more central to achievement of the goal concerned (VCEC 2007b). Some outcomes are difficult to define and the data difficult to capture. The Steering Committee for the Review of Government Service Provision in its Report on Government Services recognised that outcomes:

… are often difficult to measure. The report therefore includes measures of outputs, with an understanding that there is a correlation between some outputs and outcomes, and that measures of outputs can be proxies for measures of outcomes. (SCRGSP 2006, p. 1.13)
Effective indicators in areas where outcomes are not easily quantified require informed judgement to ensure that resources are not diverted primarily to measurable outputs that may not be central to policy goals. That notwithstanding, a suite of disaggregated domestic indicators can provide information to help guide policy makers and businesses. As mentioned, Invest Victoria has developed a suite of business specific indicators to help businesses in their deliberations as to whether or not to develop (or expand) their business in Victoria.

A suite of Victorian indicators of liveability could be developed as a part of an effective performance reporting framework. Effective performance reporting frameworks assist in focusing on an organisation’s key objectives, indicating how well an organisation is performing against its aims and objectives, and indicating whether organisations are using resources cost effectively (VCEC 2007b, pp. 2–5). Performance reporting can be focussed on the success of a program in enhancing liveability. Performance reporting can also be used in assessing the contribution of all programs to enhancing liveability. High level reporting on the general concept of liveability is not a substitute for reporting on the performance of specific programs and the ability to adjust those programs to better contribute to liveability.

The development of a more comprehensive liveability reporting framework (possibly through the expansion of current reporting) will assist policy makers and other decision makers. It should be noted, however, that assessing the contribution of individual programs to improvements in liveability will remain challenging as the many influences on liveability outcomes make it difficult to isolate cause and effect conclusively.

4.4.4 Liveability reporting for Victoria

A great deal of information related to liveability is already collected in Victoria. However, liveability data is not collected in a coordinated reporting framework. The reporting against the GVT initiatives is the closest Victoria has to a liveability report, as noted in section 4.3.3. This report could be made more comprehensive with regard to liveability, and serve as a barometer of the state’s liveability.

A number of local governments across Victoria and Australia have developed liveability reporting mechanisms and reports. For example, Mildura Rural City Council has developed a set of social indicators that comprise more than thirty indicators which are used to highlight problem areas in the municipality (box 4.4). Similarly, as reported in section 4.3.1, a number of local governments have used a subset of the CIV indicators to examine the link between community wellbeing and the delivery of council services.
Developing a suite of liveability indicators that are directly linked to liveability policies and programs can allow policy objectives to be assessed, indicate how well a program is performing against its goals and objectives and indicate where policy objectives can be improved. The Department of Infrastructure/now Department of Transport (DOI/DOT) stated:

Monitoring liveability indicators will then enable government to better manage its policies and programs in support of liveability. (sub. 52, p. 3)

Similarly, DPCD argued:

Adopting specific measures of liveability will assist in guiding decision making and resource allocation by government. A working definition of liveability is also likely to involve the development of policy objectives that will define how the Government wishes to make a difference for Victorians. Each of these goals or objectives will need to have measurable performance indicators. (sub. 51, p. 19)

A number of submissions have suggested that there are areas where reporting could be improved. For example, Nillumbik Shire Council stated:

… there is a role for indicators which enable comparative analysis and which also provide the opportunity to identify how communities are progressing towards enhancing their liveability. (sub. 31, p. 2)

The City of Moreland argued that:

… set of liveability indicators should include subjective (based on community perception or other forms of community consultation) as well as objective measures (based on outputs or key performance indicators). (sub. DR81, p. 2)

In developing a liveability report for Victoria, consideration could also be given to extending the reporting to include measures of distribution, such as those contained in the Vinson report (2007) which showed significant variation between localities that would not be captured by average values.

Policies which impact on liveability should as far as possible incorporate liveability outcomes in their reporting strategies.
4.4.5 How often should information be reported?

How often should the government produce a liveability report? GVT currently produces an annual report on progress against policy goals as part of the budget cycle. GVT is due to be revised before 2010 and a comprehensive liveability report could be developed as a successor to report annually against defined liveability objectives.

4.5 Impacts on global measures

As discussed in section 4.4.1, composite indicators have limited value for public policy making and policy should not be targeted directly to improve Victoria’s ranking on the global league tables. Recommendations in this report are however likely to ultimately influence Victoria’s global liveability ranking. The specific impact the recommendations in this report will have on the liveability rankings cannot be determined for a number of reasons:

- The data sets used in the construction of these indices do not contain sufficient information to assess properly the full impact of the recommendations on the liveability rankings.
- Victoria’s ranking also depends on other cities. Even if the recommendations led to an improvement in Victoria’s liveability, any change to Victoria’s ranking would be dependent on changes in other cities.
- There may be trade-offs between component factors. A recommendation may improve one factor but lead to a reduction in another. Therefore the final impact on the liveability rankings is unclear.

4.6 Summing up

Liveability measures, such as the EIU ranking, are well-known studies which seek to rank the liveability of cities and countries across the globe. In 2005, Melbourne slipped in its EIU international rankings to the position of the second most liveable city behind Vancouver, Canada.

A great deal of information related to liveability is collected in Victoria. The Victorian Government’s reporting on Growing Victoria Together — a vision to 2010 and beyond — provides insights on concepts of liveability, with ten key issues being reported. GVT covers a number of components of liveability.

CIV is a collaborative project developed to report on the wellbeing of Victorians using an integrated set of community wellbeing indicators, with data available at the local government area level. These could be useful for the purposes of establishing GVT to better support liveability.
The Commission finds that:

- composite measures of liveability, like the EIU index, are of limited use for Victorians for assessing liveability and for informing policy decisions
- although there is a range of liveability indicators available for Victorians to draw on, they are not assembled in a comprehensive fashion to enable easy dissemination of the information
- a suite of indicators can provide information to assess the performance of government programs and policy, and to assist governments, businesses, communities and individuals in decision making (finding 4.1).

The Commission proposes that:

- the government publish annually a suite of liveability indicators based on GVT, a ‘liveability report’ including additional transport indicators such as congestion, further measures of community strength such as urban amenity and housing affordability, measures of regulation, and other indicators that are relevant to the state of liveability (recommendation 4.1).
5 Exploring links between liveability and competitiveness

5.1 Introduction

The terms of reference ask the Victorian Competition and Efficiency Commission (the Commission) to:

… explore, using well-established measures of liveability (such as those adopted by the EIU [Economist Intelligence Unit] in its international surveys of liveable cities), the link between liveability and enhancing Victoria’s competitiveness.

Examining links between liveability and competitiveness requires an understanding of both these concepts. Chapter 2 discussed the many dimensions of liveability and chapter 4 identified key liveability measures. This chapter examines the meaning of competitiveness and explores (using well established measures of liveability) linkages between liveability and competitiveness.

5.2 The meaning of competitiveness

For this inquiry, the Commission has interpreted the competitiveness of a location to mean its ability to attract and retain mobile factors of production and to develop and use mobile and immobile factors efficiently. In this context, the liveability characteristics of a location (chapter 2) can be a key consideration in attracting and retaining mobile factors of production.

The term competitiveness has been used for a variety of purposes and in a range of contexts.1 Despite the widespread use of the term, a review of the literature concluded that ‘there remains little agreement either on what the term competitiveness means or on how policy intervention should try to enhance it’ (DFT 2004, p. 2). In particular, there has been considerable debate over what competitiveness applies to and what factors it encompasses.

The notion of competitiveness has been applied to geographic areas or locations such as countries, cities, and urban and provincial areas. For example, the European Commission and the Organisation for Economic Cooperation and Development (OECD) have developed definitions of competitiveness at the country level (EC 2000, OECD 1996). Some of these definitions suggest that countries or nations are competing with each other on product and input

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1 A summary of some of the more common uses of the term competitiveness can be found on the Commission’s website: www.vecc.vic.gov.au.
markets. The OECD (1996) definition links the competitiveness of an economy to the real incomes of its people (box 5.1).

**Box 5.1 OECD definitions of competitiveness**

In a 1996 study, the OECD defined the competitiveness of a country as:

> The degree to which it [a country] can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long term. (OECD 1996, cited in Budd & Hirmis 2004, p. 1016)

In a 2003 review of the metropolitan area of Melbourne, the OECD stated that:

> Competitiveness is viewed in the sense of the capacity [of a location] to attract and contain mobile factors [of production] and to use immobile and mobile factors in an efficient way. (OECD 2003, p. 96)


In the past decade, there has been increasing attention internationally on competitiveness at the sub-national level; that is, cities, urban areas and provincial areas. The OECD recently examined the performance and competitiveness of metropolitan areas, which included several Australian cities (OECD 2003, 2006). In reviewing the metropolitan area of Melbourne, the OECD adopted the 2003 definition quoted in box 5.1. The competitive performance of cities and urban areas has also been a focus of policy research in the United Kingdom (DCLG 2006).

At the same time, the term competitiveness has been applied to individual firms or businesses. McFetridge (1995), for example, defined competitiveness to be the sustained ability of firms to operate profitably in open markets; that is, markets with low barriers to entry. The Department of Planning and Community Development (DPCD) noted that ‘some argue that competitiveness is entirely or primarily an issue of the performance of individual firms’ (sub. 51, p. 26).

Some inquiry participants did not view cities or provincial areas in Victoria as competing with each other but as working in partnership with Melbourne and other provincial areas (Roundtable 2 summary, City of Greater Bendigo, sub. 12). The City of Melbourne stated that:

> … rather than thinking [of] cities and provincial areas as competing, it is better to think of the firms and businesses located within them competing as well and

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2 Summaries of the roundtable discussions can be found on the Commission’s website: www.vcec.vic.gov.au. Inter-dependencies among different metropolitan centres and provincial areas are explored in chapter 7.
supporting each other. This focuses governments’ attention on providing cities and provincial areas with the best infrastructure to enable their firms to both compete and support each other. (sub. 41, p. 11)

The competitiveness of firms is affected by a wide range of factors (such as infrastructure, taxation, regulation, labour force, and inputs supplied by other firms) — many of which are relevant to liveability (chapters 2 and 4). For example, infrastructure costs feed into business costs and influence their competitiveness. As Sims (2007) noted, the capacity and effective operation of electricity networks, transport and communication systems, and water supply have a direct effect on the competitiveness of Australian businesses, at the same time as they meet liveability needs.

The Commission’s interpretation of competitiveness is broadly based on the OECD definitions in box 5.1. The advantages of this interpretation are that it encompasses factors of production which are crucial for enhancing the competitiveness of businesses and it incorporates the concept of economic efficiency which is important for productivity growth. Indeed, both Krugman (1994a, 1994b) and Porter (1990, 2000) have interpreted competitiveness to mean productivity.³ From a policy perspective, competitiveness should not be seen as the ultimate objective. Rather, it is productivity growth which makes possible higher living standards and enhances liveability.

That said, if not well managed, productivity growth can have adverse impacts on some aspects of community wellbeing or quality of life. For instance, depending on how broadly or narrowly economic growth is conceived, it could result in higher levels of environmental pollution and degradation. In turn, this can translate into poorer outcomes for the population and impose costs on future generations. This is discussed further in section 5.6.

While there are many different concepts of competitiveness, there is no generally accepted definition. This inquiry has drawn on the OECD work and interpreted competitiveness as the ability of a location to attract and retain mobile factors of production and to develop and use mobile and fixed factors efficiently.

³ Krugman (1994a, 1994b) argued that, if competitiveness has any meaning, it is simply another way of saying productivity. Similarly, Porter (1990, 2000) argued that the only meaningful concept of competitiveness is productivity.
5.3 Links between liveability and competitiveness

Many submissions to the inquiry pointed to links between liveability and competitiveness (City of Greater Shepparton, sub. 32; DPCD, sub. 51; SGS Economics & Planning, sub. 26; VicUrban, sub. 56). As the terms of reference require, this section explores those linkages. The primary linkages that the Commission has identified are depicted in figure 5.1.

Figure 5.1 Thinking about links between liveability and competitiveness

Source: VCEC.
The following subsections discuss these linkages, including:

- links from liveability to competitiveness (section 5.4)
- links from competitiveness to liveability (section 5.5)
- potential tradeoffs between liveability and competitiveness (section 5.6)
- factors common to liveability and competitiveness (section 5.7).

### 5.4 Links from liveability to competitiveness (Link 1)

A number of inquiry participants commented on the beneficial effects of liveability on competitiveness; that is, link 1 in figure 5.1. For example, the City of Greater Shepparton stated that:

> ... there is a strong link between liveability and competitiveness. ... Perceptions of the liveability of regional centres are important in driving growth. Liveability is increasingly seen as a critical factor in the competitiveness of a regional centre and its capacity to build a competitive economy. (sub. 32, p. 7)

From an economic efficiency perspective, labour and capital resources should be attracted and retained in a location to the extent that they increase efficiency. To promote economic efficiency, it is essential that resources are able to move to their most valuable use. Freebairn stated that:

> Economic efficiency requires application of the simple principle of equating marginal social benefits and marginal social costs in choosing products, production methods and location. For example, scarce capital and labour would be allocated between industries and between locations ... to the point where marginal social benefits in one activity or location equals the marginal social benefit, or opportunity cost, in other activities or locations. (Freebairn 2003, p. 398)

Freely functioning markets generally provide the most efficient means of allocating resources so as to maximise the wellbeing of the community (Government of Victoria 2007c). That said, where social objectives (such as promoting cultural diversity) are pursued, these objectives need not be inconsistent with enhancing economic efficiency.

There is some international evidence on the link between ‘quality of life’ (which is similar to the concept of liveability) and competitiveness (box 5.2). Some submissions pointed to recent work which highlights the importance of liveable communities in attracting knowledge-intensive industries and workforces (for example, see Arts Victoria, sub. 37; DPCD, sub. 51).
Quality of life and competitiveness: international evidence

There is some evidence which suggests that quality of life can be a significant consideration in location decision making.

Quality of life and labour migration

Findlay and Rogerson (1993) identified that quality of life reasons were important to more than 70 per cent of the migrants interviewed; indeed more important than employment, living costs and family ties.

Quality of life and business investment

In a study of the largest companies in the European Union, Healey and Baker (1993) found that about 10 per cent of these companies included quality of life factors among the three most important attributes in their location decisions.

Some North American studies (cited in Rogerson 1999) concluded that quality of life issues were a primary consideration in locating a plant or business. O’Mara (1999) noted that quality of life factors — such as housing quality, ease of commuting and educational institutions — were influential in site selection.

At the same time, some studies have found that the availability of skilled labour, land and infrastructure and proximity to customers and suppliers were also important factors (Bathelt & Hecht 1990, Sokol & van Egeraat 2005).


5.4.1 Liveability and attracting labour

Some theories, such as the ‘creative class’ hypothesis, suggest that communities should focus on attracting particular types of labour. Skilled labour, which is a much larger class of labour than the creative class, has been one emphasis of Australia’s migration program.

The creative class

According to Florida (2002, 2003), there is a growing class of creative people (such as engineers, writers, artists, researchers and architects) within societies that can help spur economic growth. Florida (2005) observed that economic activity and innovation are geographically concentrated. This hypothesis that the creative class encourages innovation and attracts businesses to a city or geographic area implies that actions should be taken to attract creative class workers. The creative class hypothesis, however, has provoked some criticism (see supplementary paper A).
The Warrnambool City Council noted that in their city:

> With the return of young creative professionals the expectations and possibilities for amenity and intellectual stimulation are increasing. These factors increase liveability for the entire Southwest region. Even in very small numbers creative citizens can have an enormous influence on a community and help to attract and influence similarly progressive attitudes. (sub. DR97, p. 6)

Studies such as Friedman (2005) adopt a somewhat different perspective in contending that globalisation and associated communication technology have diminished the role of location as a competitive advantage in fostering economic growth. Feiock et al (2008) concluded that Friedman and Florida paint only part of a complex picture. The creative class, location and competitiveness are discussed further in supplementary paper A.

While there are limitations to Friedman’s and Florida’s analyses, it is possible to draw two conclusions. First, globalisation will continue to increase competition for mobile labour and capital resources. Second, as skilled people are an important input to economic production, a location may improve its competitiveness by creating a more liveable environment that is attractive to skilled workers.

**Skilled labour**

Liveability or quality of life considerations are clearly important for attracting people to a location. In a report prepared for the Commission, the Allen Consulting Group identified specific considerations in the choice of location of skilled and value-adding workers.\(^4\) Table 5.1 lists the key factors the Commission considers most likely to encourage people to relocate to, and from, Victoria.

Some submissions highlighted the competitive advantages and disadvantages of provincial Victoria. For instance, the City of Greater Bendigo argued that the environment (such as climate, clean air and landscape) is one of a number of factors that have attracted people seeking a ‘tree change’ (sub. 12, p. 2). Similarly, DPCD noted that liveability is a factor attracting population to some provincial cities and ‘tree change’ and ‘sea change’ areas (sub. 51, p. 4). At the same time, some inquiry participants cited shortcomings in transport and communication services in provincial areas (for example, MAV, sub. 22). The nature of differences in liveability characteristics in metropolitan Melbourne and provincial Victoria are discussed in chapter 7.

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\(^4\) The full report can be found on the Commission’s website: www.vcec.vic.gov.au.
In contrast to the creative class, skilled workers comprise a much larger class of labour. Some submissions pointed to the role of migration and, in particular, the skilled migration program in augmenting Victoria’s labour supply. For example, the City of Greater Shepparton noted that it is heavily dependent on the skilled migration program to address some skill shortages (sub. 32). Recent changes to Australia’s migration program have included a greater emphasis on skills, increased numbers of temporary immigrants, and more diversification in the country of origin (PC 2006a).

In examining the economic impacts of migration, the Productivity Commission found that the greater emphasis on skills has been associated with better labour market outcomes for immigrants, although the impact of skilled migration on average living standards was projected to be positive but small (PC 2006a). That said, migration increases the labour supply which is needed to underpin further economic growth. Apart from purely economic reasons, there are social benefits from migration. The City of Greater Shepparton argued that skilled migration has added to the cultural diversity of the area and its liveability (sub. 32).

**International students**

Some submissions noted the importance of international students to the Victorian economy. For example, the City of Melbourne stated that students are a significant economic driver for the city (sub. 41). In 2006, Victoria hosted 107,100 international students, which represented 28 per cent of all overseas education visas issued in Australia.
students coming to Australia (Minister for Skills, Education Services and Employment 2007). The Minister for Skills, Education Services and Employment noted that international education was worth $2.9 billion to the Victorian economy (Minister for Skills, Education Services and Employment 2007, p. 1).

While noting that international students make a significant contribution to the economy, Trevor Budge argued that international students are at a disadvantage because they are not entitled to student concession travel on public transport in Victoria and that this particularly affects students considering enrolling in provincial campuses (sub. 10). Indeed, overseas full-fee paying students (including primary, secondary and tertiary students) are not eligible for the Victorian Public Transport Student Concession Card (Metlink 2008). This issue was raised in a number of the Commission’s discussions in provincial Victoria. The importance of access to education in provincial areas is discussed in more detail in chapter 7.

While the lack of this entitlement may be viewed as a competitive disadvantage, it is only one aspect that international students consider when deciding to study in Victoria. Factors such as the range and quality of courses offered, fees and the reputation of educational institutions are likely to be more important. As Australian and international students constitute a ‘living experiment’ for attracting and retaining the next generation of skilled workers, the government could usefully reflect on how its policies affect students. In particular, a strategy that links education industry and skilled migration objectives would require gathering relevant information from students, tertiary education institutes and government agencies on issues that affect their attraction and retention.

### 5.4.2 Liveability and attracting capital

Recent studies have linked liveability to the location choice of businesses. A study for Invest Victoria (the investment promotion agency of the Victorian Government) identified liveability aspects — such as the quality of infrastructure and the living environment — as being broad factors that influence business location decisions (box 5.3). In a study on provincial business costs, Essential Economics (2006) found that liveability features were among the key factors that businesses consider in establishing operations in Victoria.

Moreover, these studies identified other key factors such as labour, planning, land, infrastructure and regulation. Inquiry participants also pointed to the following factors:

- **Labour**: the commodities and housing booms have created skills shortages and increased labour costs in some sectors (Cement Concrete & Aggregates Australia, sub. 50; Civil Contractors Federation, sub. 17, attach. 1; Master Builders Association of Victoria, sub. 40).
• **Planning**: some inquiry participants pointed to delays in planning approval processes which arguably have exacerbated land and housing shortages (for example, see Hobsons Bay City Council, sub. 13). Planning issues are discussed in chapter 8.

• **Infrastructure**: some submissions pointed to issues in the area of transport and communications as impinging on the competitiveness of businesses (Construction Material Processors Association, sub. 18; Wellington Shire Council, sub. 24). Transport issues are discussed in chapter 9.

• **Regulation**: the City of Melbourne noted that regulation — and the costs it imposes on business — is one of the key criteria used to determine whether a location is competitive (sub. 41).

The relative importance of factors influencing location choice is likely to vary from one type of business (or industry) to another.

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**Box 5.3  A study on Victoria’s competitive strengths**

In a study for Invest Victoria, IBM Business Consulting — Plant Location International examined the cost and quality of a number of locations (including Melbourne and Victoria) from the perspective of businesses seeking to set up operations in new markets. The study identified a number of broad factors, including:

- **The quality of a location**
  - general business environment
  - local potential to recruit staff
  - presence of industry
  - language skills
  - human resource regulations
  - quality of infrastructure
  - availability of real estate
  - living environment.

- **The cost of doing business in a location**
  - investment costs
  - labour costs
  - property costs
  - utility costs
  - transport costs.

Based on comparisons of quality and cost measures with other locations, the study found that Melbourne and Victoria have competitive strengths in biotechnology, automotive, aerospace, dairy processing, financial services, service centres and information and communication technology.

*Source: Invest Victoria 2004.*
Information on Victoria’s competitive advantages can assist in drawing the attention of prospective business investors. Invest Victoria provides a range of information and services to international investors looking to invest or reinvest in Melbourne and provincial Victoria. It provides general information about the state such as the business environment, infrastructure, the available workforce and living environment. While much of this information serves to highlight Victoria’s competitive strengths, some factors also highlight Victoria’s liveability advantages.

Beyond providing general information, Invest Victoria can deliver additional information that is tailored to the specific needs of international investors. The local knowledge that Invest Victoria provides to prospective investors reduces their search costs and facilitates the due diligence process. The Commission considers that this type of specific information enables better decision making by potential international investors, although they rely on their own business processes to ultimately inform location decisions.

### 5.5 Links from competitiveness to liveability (Link 2)

As noted in section 5.2, competitiveness is linked to productivity and economic growth. In a report prepared for the Commission, Urbis observed the positive relationship between productivity growth and prosperity which is an important aspect of liveability:

> The level of productivity … sets the sustainable level of prosperity that can be earned by an economy. In other words, more competitive economies tend to be able to produce higher levels of income for their citizens. … a more competitive economy is one that is likely to grow faster over the medium to long run (Urbis 2008a, p. 10).\(^5\)

Banks (2008) noted that productivity growth largely determines the rate of growth in a society’s living standards over the long term.

As shown by link 2 in figure 5.1, causation runs from competitiveness to liveability through the consequences of competitiveness. That is, improvements in competitiveness — which boost productivity growth and income per capita — can improve aspects of liveability. Higher incomes enable people to purchase more goods and services, enhancing some aspects of liveability. For example, people may spend their additional income on housing, consumer goods and recreational services (which are key components of Mercer’s liveability measure (chapter 4)). Higher incomes may also generate more public funds to spend on community infrastructure and services. Moreover, productivity growth both uses

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\(^5\) The full report can be found on the Commission’s website: www.vcec.vic.gov.au.
and engenders improved technologies, thereby offering new products and services, better ways of doing things, greater choice and more capability of managing adverse side effects.

In addition to productivity, population growth and labour participation are important for economic growth (Henry 2007, 2008). In the context of planning for 'one Victoria' and recognising the interdependencies across metropolitan and provincial areas, the location of population growth and employment opportunities is of high importance. Enhancing productivity and labour participation underpins intergovernmental initiatives being considered at the national level (COAG 2008a, 2008b). Reforms in areas such as infrastructure, regulation, health and education aim to improve productivity, boost labour force participation and raise living standards.

5.6 Potential tradeoffs between liveability and competitiveness (Link 3)

The links between liveability and competitiveness are not always beneficial. Identifying tradeoffs requires exploring negatively related linkages between elements of liveability and competitiveness. Some submissions provided specific examples of potential tradeoffs. DPCD noted that tensions may arise between policies aimed at state-wide competitiveness and local priorities aimed at creating more liveable communities:

… economic competitiveness may require substantial arterial roads to carry large volumes of freight, whereas communities may demand greater priority is given to local amenity and to walking, cycling and public transport. (sub. 51, p. 28)

Planning is another example where tensions may occur between state and local priorities. Planning is discussed in chapter 8.

There are also potential tradeoffs between the outcomes of competitiveness (such as higher economic growth) and individual elements of liveability. If not properly managed, there can be significant tradeoffs between faster economic growth and key elements of liveability such as environmental quality, social cohesion and equity (link 3 in figure 5.1). Strong and prolonged economic growth can generate higher volumes of production, contributing to air, water and noise pollution, and sometimes resource scarcity. Pollution can also lead to a greater incidence of some health problems (OECD 2006). At the same time, it

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6 There can be tradeoffs between individual elements of liveability; for example, affordable housing may be located in suburbs that are not well served by public transport services — a factor which may depress housing prices.
can be argued that as economies grow in size and sophistication, they have more resources, technology and community demand to tackle environmental issues.

While enhanced competitiveness can result in higher income per capita, some sections of the community may benefit more than others. The Lisbon Group point out that there is a risk that the excessive pursuit of competitiveness will damage vulnerable groups (DFT 2004). The OECD found that the generally strong economic performance of metropolitan areas often comes at a cost of inequalities and an erosion of social cohesion (OECD 2006).

The Nillumbik Shire Council also observed the possible trade-offs between liveability and competitiveness, noting that the Commission in its draft report:

... has rightly identified a close inter-relationship between liveability of certain cities or regions, and their economic competitiveness. However, Council also concurs with the VCEC’s observation that ‘economic growth can place strains on social cohesion and the environment. This, in turn, can have adverse impacts on liveability’. It is important that priority is given to those opportunities for economic growth which foster social cohesion and have a positive impact on the environment, rather than those which have adverse impacts. (sub. DR95, p. 2)

That said, trade-offs between economic growth and liveability often reflect the economic success of areas or cities. For example, successful cities may attract migration which places pressure on transport systems, leading to transport congestion. The OECD noted that concentrations of population that account for the dynamism of some urban areas also contribute to urban problems of congestion, poor environment and housing shortages (OECD 2006). In these cases, it is possible that the demand for infrastructure and services could be outpacing the planning and supply of these services. The City of Boroondara argued that ‘the capacity for Melbourne to grow has far outstripped the state government’s capacity to provide key infrastructure’ (sub. 48, p. 5). To the extent that these trade-offs are foreseeable, they should be taken into account when planning for development and growth, having regard as noted above to the appropriate location of population and employment opportunities in provincial areas.

There may be circumstances where improving liveability can have adverse effects on competitiveness. These may sometimes be foreseeable. For example, increasing taxes to fund community infrastructure and services may improve liveability, but higher taxes would add to business costs and diminish competitiveness. The City of Melbourne noted that taxes were a key factor affecting competitiveness (sub. 41). Similarly, regulation which seeks to safeguard workers and the environment may improve liveability for the community but increase costs for business and reduce competitiveness.
Such tradeoffs should be considered as part of economic, social and environmental assessment processes. That is, all relevant costs and benefits of a proposed project, program or regulation need to be assessed to determine whether there will be a net benefit to the community. As VicHealth argued, decision-making needs to take account of social, environmental and economic consequences (sub. 36). Applying the net benefit principle should generally lead to the efficient level of service provision. However, if some costs and/or benefits are overlooked or not adequately captured in such assessments, this is likely to lead to under- or over-provision.

5.7 Factors common to liveability and competitiveness (Link 4)

Comparing the major factors included in well-known international measures of liveability and competitiveness can reveal the extent of commonality between liveability and competitiveness across the measures. Chapter 4 outlined the Economist Intelligence Unit’s (EIU) and Mercer’s liveability measures. There are also well-established international measures of competitiveness.

- The International Institute of Management Development (IMD) compiles the *World Competitiveness Yearbook* which assesses and ranks the ability of nations to create and maintain an environment that sustains the competitiveness of enterprises. The competitiveness index is derived from a number of key factors (IMD 2007, Rosselet-McCauley 2007).

- The World Economic Forum (WEF) prepares the *Global Competitiveness Report*. The global competitiveness index is based on 12 ‘pillars’ or factors of competitiveness. WEF defines competitiveness as ‘the set of institutions, policies, and factors that determine the level of productivity of a country’ (WEF 2007a, pp. 3–4).

The major factors included in these well-known measures of liveability and competitiveness are listed in table 5.2.

At a high level, many of the factors in the liveability indices are also components of the competitiveness indices. Broad factors that are common across most or all of the indices include health, education, infrastructure, the economy and the environment. Another common factor is stability — although the various measures refer to it using different terms (such as the political and social environment, institutions, and institutional and societal frameworks).
Table 5.2  Major components of liveability and competitiveness

<table>
<thead>
<tr>
<th>Liveability indices</th>
<th>Competitiveness indices</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIU</td>
<td>Mercer</td>
</tr>
<tr>
<td>Stability</td>
<td>Political &amp; social environment</td>
</tr>
<tr>
<td>Healthcare</td>
<td>Economic environment</td>
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<tr>
<td>Culture &amp; environment</td>
<td>Socio-cultural environment</td>
</tr>
<tr>
<td>Education</td>
<td>Health &amp; sanitation</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Schools &amp; education</td>
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<tr>
<td></td>
<td>Public services &amp; transport</td>
</tr>
<tr>
<td>Recreation</td>
<td>Recreation</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>Consumer goods</td>
</tr>
<tr>
<td>Housing</td>
<td>Housing</td>
</tr>
<tr>
<td>Natural environment</td>
<td>Natural environment</td>
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The key implication of common factors is that policies or other actions that influence a common factor will affect both liveability and competitiveness (see link 4 in figure 5.1). The importance of common factors was recognised at the roundtable discussions. The CEO of Lateral Economics observed that, where liveability and competitiveness overlap, this means that what is good for business is also good for people (Roundtable 1 transcript).

The competitiveness measures capture more factors that are relevant from a business perspective. That is, they include factors such as business efficiency, market efficiency, technological readiness and innovation which are not represented in the liveability indices. At the same time, the liveability measures include factors such as culture, recreation and socio-cultural environment which are either given less prominence or not represented in the competitiveness.
indices — although the relevance of these factors to the availability of an effective labour force seems clear.

An examination of well established measures of liveability and competitiveness shows that these measures are broadly related through a number of common factors such as stability, health, education, infrastructure, the economy and the environment. Policies or actions that focus on common factors are likely to influence both liveability and competitiveness. That said, there are sometimes tensions between elements of liveability and competitiveness.

5.8 Factors explored further in this report

As noted above, there are multiple links between liveability and competitiveness. Using the approach outlined in chapter 2, the Commission has chosen to focus on a number of important contributors to the liveability of Victorians, including:

- community strength
- housing affordability
- urban planning
- transport
- environmental quality
- information and communication technology (ICT).

While the relative importance of these liveability factors is likely to vary between different types of businesses, it is possible to point to positively related linkages between these elements of liveability and competitiveness.

Community strength is a key aspect of liveability that contributes to the enhancement of competitiveness. A sense of community, safety and stability can be important in attracting people and business to a particular location. A recent report on creating liveable new communities stated that:

The ability for members of a community to interact with one another and form connections leads to the development of the social networks that underpin a healthy and safe community. (West & Badham 2008, p. 12)

The City of Melbourne stated that ‘social equity goes a long way to making a city feel more friendly and safe’ (sub. 41, p. 6). Conversely, social division, exclusion and disharmony are likely to reduce liveability and have adverse effects on competitiveness. The OECD noted that increasing socioeconomic inequalities, exclusion and poverty may adversely affect liveability and competitiveness (OECD 2006). Key features of strong communities are examined in chapter 6.
Affordable housing is a key contributor to the strength of communities and is central to attracting people (and workers) to a location and is therefore an important aspect of both liveability and competitiveness. Many studies that have examined location characteristics include housing costs and access to housing as key dimensions of quality of life (Rogerson 1999). The Master Builders Association of Victoria stated that ‘housing affordability is Victoria’s greatest obstacle to the creation of a liveable and competitive state’ (sub. 40, p. 5). The City of Melbourne also linked the availability of affordable housing in the inner city to the economic prosperity and competitiveness of the city and the state (sub. 41). The issue of housing affordability is raised in chapter 6 on strong communities.

Urban planning is largely concerned with the use of land, and thereby influences liveability and competitiveness. DPCD noted, for example, that the location of roads and public transport infrastructure strongly influences the functioning of a city and the location decisions of individual firms and households (sub. 51). Urban planning issues are explored in chapter 8.

An efficient and high quality transport system, which moves people and freight to their destinations in a timely and predictable manner, enhances liveability and competitiveness. The Royal Automobile Club of Victoria stated that ‘the safe and efficient movement of freight is important to the economic viability and liveability of Victoria’ (sub. 57, p. 5). Conversely, an inefficient transport system can result in excessive congestion which increases travel times and their variability. This would work to diminish liveability and competitiveness. In the Commission’s inquiry into transport congestion, many people saw congestion as an undesirable consequence of shortcomings in public infrastructure — both roads and public transport (VCEC 2006). Transport issues related to liveability are examined further in chapter 9.

ICT has played an increasingly important role in liveability and competitiveness in recent years. For example, the availability of high-speed broadband services has enabled individuals to access consumer, financial, educational and recreational services. It also creates opportunities for telecommuting affecting location decisions and reducing the need for transport services. Broadband allows businesses to access information and services online and to more widely market goods and services. Several submissions to the inquiry highlighted issues related to the availability and quality of broadband and mobile phone services in provincial Victoria (MAV, sub. 22, Wellington Shire Council, sub. 24). ICT issues are explored in chapter 11 of this report.

The quality of the built and natural environment — a key aspect of liveability — can influence competitiveness. Inquiry participants identified climate change, and policies to address it, as a major concern and whose impacts are expected to...
affect liveability and competitiveness. The OECD noted that an attractive environment may contribute to the economic success of a city or area:

… advanced economic sectors are often engaged in a global competition to attract good staff, and these people would sooner choose to work in a pleasant city than a polluted, ugly, and crime-ridden one. The latter argument also applies to the attraction of tourists, an important form of actual or potential economic activity for many cities. (OECD 2006, p. 137)

Parks Forum argued that parks confer environmental and other benefits to society (sub. 16). The quality of water in rivers, lakes and catchments can also affect liveability and competitiveness. Intensified use of the water environment can result in problems such as excess nutrients, salinity, reduced flows and depleted oxygen levels with adverse consequences for liveability and competitiveness. Regulation can play a role in safeguarding the natural environment. Environmental quality issues are explored in chapter 10.

Although education is not examined in depth in this report, the availability and quality of education and training also affects liveability and competitiveness. Education and training influence the employment prospects and earnings potential of individuals. Some submissions (for example, City of Greater Shepparton, sub. 32, Wellington Shire Council, sub. 24) noted that the availability of education services may help retain young people in a location. Education and training, coupled with on-the-job experience, builds knowledge, skills and creativity which feed into productivity growth. Developing and attracting labour would help address current skill shortages and a projected reduction in labour force participation in the long term (Government of Victoria 2004b).

5.9 Summing up

While there are many different concepts of competitiveness in the economic and business literature, as for liveability there is no universally accepted definition. In this inquiry, competitiveness has been interpreted as the ability of a location to attract and retain mobile factors of production (such as labour and capital) and to develop and use mobile and fixed resources efficiently.

The Commission has identified a number of key links between liveability and competitiveness.

- Liveability attributes can be a significant factor in attracting and retaining labour and capital resources in Victoria thereby enhancing competitiveness.
• Competitiveness can influence liveability. Improvements in competitiveness increase productivity and income per capita which, in turn, enhance aspects of liveability.

• While improvements in competitiveness will often boost liveability and vice versa, there are sometimes potential tradeoffs. Enhanced liveability can add to business costs and diminish competitiveness. Conversely, improved competitiveness which boosts economic growth can place strains on social cohesion and the environment.

• An examination of well-established measures of liveability and competitiveness shows that these measures are broadly related through a number of common factors such as stability, health, education, infrastructure, the economy and the environment. Policies or actions that focus on common factors are likely to influence both liveability and competitiveness.

(finding 5.1)

These multiple linkages indicate that liveability and competitiveness are interdependent. Given the multi-dimensional nature of these concepts, there is a wide range of policies that can potentially affect liveability and competitiveness. Policies or actions that focus on improving liveability can have beneficial impacts on competitiveness. Liveability factors are explored further in part B of this report.

Skilled workers have played an important role in the Victorian economy and improving Victoria’s liveability — and will continue to do so into the future. The attraction and retention of skilled workers will be assisted by the development of strategies to improve the availability and quality of educational opportunities, including those for international students (finding 5.2).
6 Liveability and strong communities

6.1 Introduction

In the Commission’s view understanding the nature of strong communities and how they could be further strengthened is central to enhancing Victoria’s liveability.

Many participants argued that the strength and cohesiveness of communities are key factors underpinning Victoria’s liveability. For example, the Department of Planning and Community Development (DPCD) noted that:

What makes places liveable goes beyond economic and environmental advantages. Residents identify non-tangible assets such as trust, neighbourliness, civility and a welcoming environment as things that matter. Relationships between people, the respect in which local leaders are held, how local debates are conducted all matter to people and have an impact on liveability. And people identify notions of ‘fairness’ and inclusiveness in the attributes they value about places. (sub. 51, p. 16)

This chapter examines why strong communities are important to liveability, the key features of strong communities and how the combined efforts of governments, businesses and communities can build community strength.

6.2 Strong communities and liveability

The Ministerial Advisory Committee for Victorian Communities (MACVC), which prepared a report to the then Minister for Victorian Communities on Strong Communities: Ways Forward, argued that:

Communities are important because they:

- Are where people live and/or meet, both physically and virtually, and work.
- Are where children grow up and make friends.
- Shape people’s identities and sense of belonging and provide the security and freedom to shape their futures.
- Are sites of learning and decisions about people’s lives and environment.
- Provide other people to turn to for support and advice.
- Provide a place to contribute.
- Encourage network building to foster relationships that help people feel happier and healthier and improve their lives. (MACVC 2006, p. 27)

Many of these benefits flowing from participation in communities are important elements in describing the liveability of a place: the ability to interact with others, to contribute to society, to have the ability to contribute to decision making and have support networks are also part of what makes a place liveable. The features of strong communities which enhance liveability are discussed further in section 6.3.
6.2.1 **Strong communities and liveability from an individual’s perspective**

Where strong communities exist, individuals are able to participate in decisions that affect them, have access to quality support networks and have the opportunity to contribute to social and economic activities and community organisations. DPCD highlighted the importance of participating in networks:

> Participation in positive formal and informal networks supports people to become more active, confident and resilient and aims to marshal these attributes at the community level to create stronger social institutions, improved well-being and increased social and economic opportunities. (sub. 51, p. 9)

This can be particularly important for those individuals or communities who have not benefited as much from Victoria’s recent economic growth and prosperity — and who continue to have difficulties in accessing accommodation, employment and other services. For example, the Department of Human Services argued that for some Victorians, ‘experiences of marginalisation and discrimination prevent full participation in social, economic and/or civic life, fundamentally reducing liveability’ (sub. 59, p. 2).

The Community Housing Federation of Victoria noted that ‘towns or communities that have a low level of social capital will also have a low level of economic development’ (sub. 25, p. 4).

Vinson argued that the impacts of economic and social disadvantage can be reduced when local social bonds are strong:

> … we have strong factual evidence, based on a sample of more than 37,000 residents of Victoria, that areas characterised by strong connections between people, and residents’ involvement with their community, are localities protected from the most harmful consequences of social conditions like unemployment, low income and limited education. (Vinson 2007, p. 3)

In those circumstances, effective community strengthening interventions can break a cycle of disadvantage.

On this, Vinson argued that ‘place effects’ — the net influence exerted by a locality on people’s wellbeing — are ‘particularly strong during the early stages of life and later adolescence’ (Vinson 2007, p. 4). Overcoming entrenched disadvantage takes time and persistent effort (Vinson 2007).

Disadvantage and social exclusion can have a geographic dimension, but can also exist side-by-side with wealth and advantage — often called scattered disadvantage. On this, the Victorian Council of Social Service (VCOSS) noted ‘… liveability is not evenly distributed between all Victorians. A community may be very ‘liveable’ for some while being highly exclusionary for others’ (sub. 46, p. 5).
Community resilience is an important aspect of community strength in dealing with hardship. Resilience is often thought of in terms of a community’s capacity to respond to shocks — infrequent, relatively large, and unpredictable disturbances such as natural disasters and major economic and technological shifts. Resilience also reflects a community’s capacity to respond to ongoing stresses — frequent, sometimes continuous, relatively small and predictable disturbances that can have large cumulative effects. On this, Black and Hughes argue that a strong community will be ‘resilient, responding to challenges dynamically and creatively’ (Black & Hughes 2001, p. 18).

6.2.2 Strong communities and liveability from a competitiveness perspective

Strong communities also enhance liveability in ways that can improve business competitiveness and the state’s economic performance. The links between liveability and competitiveness were explored in chapter 5. The City of Melbourne noted that building community strength, while important for social reasons, is important to improved economic outcomes:

> The positive impacts of a strong community, with well established and multifunctional networks that foster social trust and harmony have follow on effects for the competitiveness of Victoria. … An harmonious, inclusive and welcoming state is one where businesses want to locate, where small entrepreneurs find a home and where the skills of immigrants are welcome and put to good use – all of which have positive outcomes for economy and competitiveness. (sub. 41, pp. 19–20)

The Productivity Commission has identified several mechanisms through which social capital (embodying, among other things, high levels of trust among people and strong social networks) — an outcome of strong communities — can enhance competitiveness and improve economic performance:

- by reducing transaction costs
- by facilitating the dissemination of knowledge and innovations
- by promoting cooperative and/or socially-minded behaviour. (PC 2003, p. 15)

Transaction costs involved in personal and business dealings can be more efficient in strong communities because of personal networks and high levels of trust among community members (PC 2003).

Strong communities with well developed social networks and strong interpersonal connections can facilitate the dissemination of information, improve information flows, help inform individuals’ decision making, and facilitate market transactions (PC 2003).

In addition, strong communities can lead to greater stability of resident populations, which can enhance the attractiveness of a location from a business perspective.
6.3 Features of strong communities promoting liveability

While the preceding section concludes that strong communities enhance liveability, the Commission has explored in more detail some features of strong communities that relate to liveability. This section considers the following features of strong communities which enhance liveability:

- community connectedness, engagement and wellbeing
- cultural diversity
- local amenity
- access to services, including transport and information and communication technology (ICT)
- housing affordability.

6.3.1 Connectedness, community engagement and wellbeing

Identifying with a particular group or community, feeling connected, and having a sense of belonging have all been shown to underlie strong communities and improve wellbeing. West and Badham argued in their report to the Growth Areas Authority (GAA) on creating new communities:

Confident and connected communities are interested and curious about what others are doing, drawing ideas and inspiration from others. They are willing to welcome and integrate newcomers. (West & Badham 2008, p. 13)

Connections between community members can exist in many dimensions — from highly personal interactions with family and friends, to more generalised societal level interactions including through employment, interests, ethnic origin or religious connections. While communities can be based in a particular location or region, ‘virtual’ communities can also exist interacting via the internet. ICT is providing a means of further facilitating connections and understanding amongst diverse people and communities (chapter 11).

Connections between existing social groups or networks can improve wellbeing because they are often the source of emotional support and practical assistance, and can provide other resources to community members. On this, the Moreland City Council noted the important role that local employment/economic opportunities play in strengthening disadvantaged communities (sub. DR81).

Activities such as volunteering, and participation in neighbourhood activities and community based events can support the development and strengthening of these relationships and networks. The Commission notes the important role that sport and recreation clubs and organisations play in helping to build social networks and connections, and so enhance liveability. For example, sport and
recreation activities provide opportunities for people (participants and spectators alike) to regularly come together — and so provide important focal points for the community to connect and engage. The Outer Suburban/Interface Services Development Committee (OSISDC) observed that this can be particularly important in the outer suburbs and provincial areas (OSISDC 2006). On that, Birrell and Healy noted:

... regional communities represent the heartland of Australian football. There are very high participation rates at both junior and senior levels. The senior level involvement is very striking. ... Through most of regional Victoria, at least one in five men in this age group participates. Football in these communities is at the centre of social life and there are relatively few alternatives for sporting action or social engagement. (Birrell & Healy 2005, p. 27)

Strong community relationships and networks can improve wellbeing by reducing isolation within a community and helping people remain physically and socially active and engaged. For example, playgroups, toy libraries and kindergartens are valuable ‘entry-points’ into the community for new residents and rich sites of social interaction in areas where there are many young families (OSISDC 2006, p. 90). Neighbourhood houses also provide the aged and members of culturally and linguistically diverse communities the opportunity to mix with others. Parks Victoria highlights the important role parks play as places for communities to ‘connect, interact and create’ — and the flow-on benefits of open space for urban liveability (section 6.3.3).

In addition to strong connections within a community, external networks and connections with surrounding communities are important. The importance of connections between communities, both in metropolitan and provincial areas and between provincial Victoria and Melbourne, was highlighted in submissions and during the Commission’s provincial roundtable discussions. For example, at the Shepparton roundtable the Chief Executive Officer of Loddon Shire Council argued that:

Within small townships social structures are very important to making them liveable and to making them attractive for people to come and live in. ... social structures do make townships nice places to live in and that really equals leadership in those communities. (Roundtable 2 transcript, p. 18)

Effective community engagement provides a way for communities to identify and assess issues and priorities, and take action to get things done — which in turn leads to better services and facilities to support close personal networks. Local governments can play a significant leadership role in developing social capital of this nature, particularly in provincial Victoria.

Community engagement

The Municipal Association of Victoria (MAV) noted the importance of involving local communities in planning and decision making:
Community development is moving towards a model where bottom-up community planning will increasingly drive the budget and program decisions of all levels of government. Focussing on empowering the community to build coalitions of support for projects and initiatives and creating forums in which they can express their needs to government will have a demonstrable effect on the level of community engagement as well as the success of policy outcomes. (sub. 22, p. 18)

This reinforces the importance of opportunities for people to engage with decision-making processes and have a role in shaping their own lives and the life of their community. On this, OSISDC noted:

Participation in decision-making has value in building relationships between people and fostering trust, ownership and empowerment. (OSISDC 2006, p. 41)

In addition, including residents or community members when identifying issues and considering solutions or alternatives leads to better informed decisions, helps build relationships between people and foster trust, ownership and empowerment. It can also result in outcomes that are better targeted to people’s needs, which is particularly important when the community is itself diverse.

A number of inquiry participants highlighted the important role for local governments in connecting to, or facilitating, the ‘voice of the community’ (section 6.4.3). This reinforces the importance of subsidiarity in enhancing liveability (chapter 3).

Effective community engagement requires that decision makers keep communities informed on matters affecting them, and strive to ensure that decisions are taken as close as practicable to those affected. Community engagement can be demanding for decision makers, but is beneficial not only to the community but also in assisting decision makers, whether public organisations or commercial businesses, to identify and respond to real needs.

Creating connections in new communities

During the course of the inquiry the Commission noted the challenges to creating connections in new communities, particularly in Melbourne’s growth areas.

These challenges arise, at least in the first instance, because these communities are being created ‘from the ground up’ — so social networks and connections must also be built, and this can take time. West and Badham highlight the importance of building social networks and attachment in new communities:

In new communities, building social networks and attachment (the foundations of social capital) can contribute to the development of pro-social behaviour, augmented by design features such as sightlines, lighting and the generation of activity in public spaces. (West & Badham 2008, pp. 12–13)
This can be particularly important when people have no shared history of interests or goals to draw from. West and Badham note that many new developments are becoming:

... an increasingly popular relocation site for a diverse group of individuals and non-traditional household structures. (West & Badham 2008, p. 8)

Diversity of backgrounds can provide additional initial challenges for people moving to the new communities to connect with others or with existing networks and services in nearby locations.

Parks Victoria argued that parks are important in new communities, providing important gathering points for communities to ‘connect, interact and create’. However, public space can:

... quickly deteriorate into a threat to liveability through vandalism and crime if it is not connected into local activity, used and ‘owned’ by the community, properly maintained and promoted. (sub. DR86, p. 4)

### 6.3.2 Cultural diversity

Cultural diversity has played a role in shaping Victoria’s society and economy. Cultural diversity, whilst providing challenges in social relationships, is a source of potential opportunity and advantage and can foster diversity in ideas, skills, perspectives, networks and needs. West and Badham suggest that healthy social and cultural diversity can increase the sense of identity and cohesion:

A healthy social and cultural diversity builds on strong understanding and trust between different groups, and brings many social capital benefits including an increase in sense of identity and cohesion for a community, the development of new networks, capacity and skill building for community members. In addition to strong internal networks, external networks and connections with the outside world including surrounding communities are important. (West & Badham 2008, p. 13)

The Victorian Multicultural Commission noted that Victoria is one of the world’s most culturally and linguistically diverse communities — with over 40 per cent of Victorians having either been born overseas or having at least one parent born overseas (VMC 2008a). It argued that multiculturalism is a ‘foundation’ for a more prosperous Victoria:

A community that is at ease with – and that welcomes – other cultures will attract new people, investment and skills. This is especially important in a globalised economy where countries are competing for highly mobile skilled migrants. (VMC 2007, p. 1)

For businesses, cultural diversity can provide increased access to international markets, contact networks and cultural knowledge for market development and can facilitate capital and technology flow.
Cultural diversity can also facilitate managing the implications of population growth in Victoria. As part of the growth in population is a result of immigration, new residents are able to draw on the knowledge and experiences of Victorians from a similar background. It would be expected that new residents from different ethnic backgrounds adapt more readily to a diverse culture which already includes members of their own ethnic background. It must also be recognised that diverse communities may also need to address and resolve past ethnic differences or even enmities.

The Ethnic Communities’ Council of Victoria (sub. 20) highlighted a number of problems facing some people from culturally and linguistically diverse backgrounds, especially those from refugee backgrounds. This includes ongoing barriers to workforce participation (for example, overseas qualifications not being recognised or employers undervaluing overseas work experience), the lack of culturally-appropriate health services, and the lack of available and suitable public housing. Diversity and change can also increase transaction costs of social and business relationships. The Commission is aware that these matters are receiving attention from both the Commonwealth and Victorian governments.

Community and cultural diversity can require careful consideration in the development of policies appropriate for the needs of particular communities. The Latrobe City Council observed:

A key challenge for government at every level is to develop policy which responds to the emergence of increasingly diverse communities. … The Latrobe City Cultural and Linguistically Diverse Action Plan outlines a strategic approach that provides a commitment to continuous improvement for local needs. It is important that culturally and linguistically diverse members of the community have access to culturally relevant and sensitive services provided by Latrobe City. (sub. 39, pp. 14–5)

### 6.3.3 Local amenity

Amenity comprises those features of a place which make for a ‘comfortable and pleasant life’ (Macquarie Dictionary 2003) and can include qualities and aesthetics which can enhance attractiveness and increase satisfaction. The amenity of places, locations or regions contributes to the overall character and the enjoyment of residents or visitors — and so makes an important contribution to the sense of place and belonging in a community.

A number of factors contribute to the amenity of places. This section focuses on the physical features and community safety — which are often determined by urban design (chapter 8) and transport (chapter 9). Several submissions noted how amenity and ‘lifestyle’ factors are particularly relevant to the desirability and liveability of provincial areas (chapter 7).
Physical features

At the roundtables and in submissions, participants highlighted how the physical features of an area contribute to its amenity and strong communities. These can include the physical landscape or streetscape and the built environment — including the scale and dominance of buildings, and historic and cultural heritage. The UK’s Commission for Architecture and the Built Environment noted that:

When properly designed and cared for, they [physical spaces] bring communities together, provide meeting places and foster social ties of a kind that have been disappearing in many urban areas. These spaces shape the cultural identity of an area, are part of its unique character and provide a sense of place for local communities. (CABE 2004, p. 22)

Town squares and community plazas can provide a focus for public events and social interactions leading to a ‘sense of place’. On this, Fed Square Pty Ltd asserted that:

Victorians have adopted Federation Square as their civic, community and cultural heart, while national and international visitors have embraced it as a strikingly modern and exciting public space. (sub. 11, p. 1)

Physical features do not have to be large scale developments to enhance amenity and facilitate the building of strong communities. Local initiatives such as the development of well designed activity centres and retail precincts are also important to encourage participation in community activities and networks. The City of Boroondara noted that:

The idea of liveability for Boroondara invokes a sense of place that balances population growth with places that have well designed and effective infrastructure; places that are also accessible, inclusive and safe. There is a strong emphasis on community hubs, where shops, services, public meeting spaces etc are integrated and accessible to local communities. (sub. 48, p. 6)

The Warrnambool City Council stated that in towns in the hinterland surrounding the city centre there has been a ‘re-emergence’ of schools and public buildings, progress committees and street beautification — that has, in turn, attracted arts projects, teachers, walking school buses and investment in new housing, renovations and revegetation schemes (sub. DR97).

The importance of open space, parks and recreation areas to improving liveability has been widely recognised. On that, the Victorian Minister for Environment and Climate Change has asked the Victorian Environmental Assessment Council to carry out an investigation of Crown land and public authority land in metropolitan Melbourne and the Shire of Cardinia that will, among other things, report on the contribution of Crown land, and public authority land to liveability and opportunities to enhance this contribution.
In addition, Victoria’s bays, beaches and waterways should not be overlooked as a significant factor contributing to liveability both in Melbourne (Bayside City Council, sub. 15, Parks Victoria, sub. DR86) as well as in Victoria’s ‘sea-change’ areas (for example, Roundtable 2 summary, Roundtable 6 summary, Bass Coast Shire Council, sub. DR90).

‘Green space’ plays a key role in urban communities. Parks Victoria argued that open space is ‘the foundation of urban liveability’ — and underpins many social, ecological and economic benefits:

City living involves an extraordinary disengagement of humans from the natural environment that is likely to be detrimental to health and wellbeing. Parks may be the only means of accessing nature for the majority of people in urban areas, yet most people are unaware of their full range of potential health benefits. … recent research shows that ‘green nature’, such as parks, can reduce crime, foster psychological wellbeing, reduce stress, boost immunity, enhance productivity, and promote healing. In fact, the positive effects on human health, particularly in urban environments, cannot be over-stated. (sub. 7, attach. 3, p. 1)

On this, Anna Piatkowska argued that public open space is ‘precious’ and bound up with liveability:

Public open space should be just that — ostensibly vacant except for non-commercial, life-enhancing elements: shade; shelter; rest areas; drinking water; views; room to move as an individual and not a herd to be contained, directed and milked simultaneously of individuality and cash. These life-enhancing elements were well understood by our predecessors, who boldly and generously made provision for them. (sub. 42, p. 2)

Parks Victoria argued that parks are an important dimension of community life that needs to be ‘adaptively managed on a continuing basis’ including that additional parks will be needed in the west and north of Melbourne to avoid a ‘liveability gap’ between the eastern and western areas of Melbourne (sub. DR86, pp. 4–5).

The Commission notes that as cities are planned to have increased density, so the maintenance, management and distribution of parks is likely to have increased importance for liveability.

The MAV noted the importance of providing space for sport and recreation:

Sporting and passive recreation facilities are an integral part of liveable localities. Most areas of Victoria are well serviced by parks and ovals for these pursuits; however, the current drought is placing organised sporting competitions at threat. (sub. 22, p. 19)
Parks Victoria and the City of Boroondara noted the potential effects of climate change on parks and open spaces — and in particular the effect of drought on sporting fields, and the flow on effects to the community.

The social component of climate change is becoming more apparent with the impacts of drought on sports grounds and the viability of sporting clubs. In provincial Victoria parks also provide for important social activities such as camping and fishing that are fundamental to community identity, cultural tradition and liveability. This awareness of the broader liveability values needs to be recognised in policy and economic decisions about climate change response and key aspects of that response such as water use and allocation. (sub. DR86, p. 5)

… if it is not possible to adequately ‘drought proof’ sporting fields, this will have implications for organised sport social networks established by young people and the physical fitness of individuals. (sub. 48, pp. 14–5)

The Commission observes that the current restrictions on watering sporting fields can have long term social effects by removing a source of social development for many young people. Such restrictions can also have other social costs. For example, the City of Ballarat argues that the current and ongoing water restrictions have also had a considerable negative impact on visitor attraction and business attraction and loss of population in the region (sub. DR82). This is an example where the design, provisions and full costs and benefits of a necessary regulatory restriction including potential social costs need to be carefully considered and the community engaged in the inevitable trade-offs involved.

Poor planning and design of public spaces and services however can lead to ‘a lesser sense of community identification and pride, unsafe environments, all affecting the ability of a “place” to realise its full potential’ (Bayside City Council, sub. 15, p. 2).

The City of Boroondara argues that there is ‘limited consideration’ of the varying needs of the community within the Victorian State Planning Policy Framework — and that policy to guide local governments in managing and planning for community services and facilities, including considering the impacts of development on diverse communities, ‘is lacking’ (sub. 48, p. 20). In particular, while local governments can undertake a range of projects that seek to recognise the social needs of a diverse community in planning, state policy is required to assist local governments to incorporate the findings of such studies into the planning and management of land use (sub. 48, p. 21). The general issue of resolving state and local government perspectives on planning issues is developed in chapter 8.

**Community safety**

A safe and stable community can contribute to a location’s amenity and so influence the desirability and liveability of particular areas and regions. Victoria...
Police highlighted the importance of having a predictable and stable environment:

A predictable and stable environment enables people to enjoy their homes, their neighbourhoods and their local community. It provides them with the freedom to go about their business unimpeded and without apprehension, when they are shopping, socialising with friends, or travelling, at any time of the day or night, whether by public transport or on foot, in any neighbourhood or public space. (sub. 47, p. 2)

Community safety can be influenced by a range of factors. For a community, this can include its ability to prepare for, respond to and recover from emergencies, including natural disasters. This, in part, reflects urban design (chapter 8), but also the ability of members of the community to identify their ongoing needs and concerns. On this, the Department of Justice highlighted the contribution that Victoria’s emergency services organisations make in informing communities of potential risks, creating awareness of hazards and preparing plans in the event of an emergency (sub. DR89).

Public safety also reflects the ability of people to lead their lives free of nuisances, such as unwanted noise or disruptive behaviour and crime. Victoria Police argued that public safety is important in attracting ‘people to live and invest in Victoria and in order to encourage people from around the world to visit here in the future’ (sub. 47, pp. 6–7).

The Latrobe City Council highlighted the key role that community safety plays in improving liveability outcomes:

Through the promotion of safety and the perception of safety in the community, Latrobe City aims to increase participation in community life, reduce the impact of the burden of disease by increased physical activity, lift employment, reduce crime and promote health and wellbeing. (sub. 39, p. 9)

The City of Melbourne suggested that where people are concerned about their safety, this can lead to isolation and division:

Trust is also an important feature to consider in city planning … Fear for one’s safety can lead to feelings of isolation and make citizens likely to fortress themselves within what feels less and less like ‘their’ city. This, in turn, increases both the feelings of isolation and real divisions within a city. (sub. 41, p. 9)

The Wellington Shire Council argued that in some provincial areas, the community already enjoys ‘high levels of security and personal safety’ and that other locations throughout Victoria would benefit from improving the level of personal and community safety (sub. 24, p. 9).

The Commission notes that community safety plays a key role in improving liveability in all areas of Victoria, whether provincial or metropolitan.
The Commission is aware of some community concerns about public safety in some areas in Melbourne. For example, inquiry participants raised specific concerns about the impact that precincts with a large number of high capacity, licensed venues have on public safety and amenity. On this, the MAV argued that:

For Melbourne’s inner city councils the tension between residents living close to licensed premises or entertainment precincts and reported antisocial behaviour resulting from late night liquor licences is a growing issue. (sub. 22, p. 17)

Victoria Police also noted a recent increase in public order offences — with a high number of these incidents occurring at night and during times of high alcohol consumption:

… the Queen Street area of Melbourne was recently identified by Victoria Police as being an area of particular concern. This (relatively) small area presently has at least 12 licensed venues, with a combined licensing approval capacity for more than 7000 patrons. There has been a significant increase in the incidence and intensity of drunken and violent anti-social behaviour in this area in recent times, which could potentially diminish the area’s reputation and adversely affect investment and the overall liveability of the surrounding areas.

… The Docklands development, only 40 per cent completed, is already experiencing conflict between local residents and business operators, particularly those related to licensed venues. The co-location of residential premises, established business and a burgeoning entertainment culture will continue to create challenges in the future. (sub. 47, p. 7)

The Commission notes that the sale of liquor, including through entertainment venues, affects both public health and amenity, two important components of a liveable environment throughout Victoria. Amenity is itself a complex concept, and licensed premises contribute both positively and negatively to amenity. On this, Professor John Nieuwenhuysen, the architect of the current institutional framework, argued:

Melbourne’s renaissance over the last twenty years, with the rise of cafe, restaurant, and small bar culture and society, which has transformed the city and some suburbs, is the envy of other parts of Australia. But this growth of European style premises has a shadow. The liberalising liquor laws of 1988 and the new associated planning procedures have also created large scale premises accommodating as many as 1000 revellers — nightclubs which stay open all hours and whose patrons are a threat to the community when they emerge in droves. Violence and fear of attack in the areas of the city (for example, King Street) where there are collections of clubs, require stronger control. (Nieuwenhuysen 2008)

The Victorian government has introduced a number of measures recently, some on a trial basis, in order to mitigate these threats to public safety as part of Victoria’s Alcohol Action Plan 2008–2013. These initiatives seek to:
change the acceptance of intoxication and drunkenness and to reduce risky drinking in the community, including through sustained community awareness campaigns to encourage a safe and sensible approach to alcohol use

- ensure that licensed premises meet their obligations and responsibilities in creating a culture that supports appropriate and responsible alcohol use — including through enhancing compliance and enforcement of the *Liquor Control Act 1998* (Vic.) and reviewing liquor licensing fees with consideration given to a differentiated risk-based fee structure

- address public safety and amenity in entertainment precincts and on roads, including through trialling late-hour entry restrictions and introducing a freeze on late-night liquor licences (Government of Victoria 2008c).

The Commission has not been able to undertake a close examination of these complex matters as part of this inquiry but notes that regulation can be designed to include appropriate incentives to mitigate undesirable consequences of the actions of some businesses or individuals. A risk-based fee structure may be of benefit in harnessing market incentives for regulatory purposes.

### 6.3.4 Access to services

The strength and cohesiveness of a community is often prejudiced when members do not have access to responsive services that allow them to participate in economic, social and community activities. Examples of important community services include: child and maternal health centres, education, recreational facilities, banking, aged care, transport and ICT.

Access to human services such as health services, child care and aged care are particularly important to liveability. In many of these areas all three levels of government are involved in the funding and provision of these services.

The City of Boroondara observed that:

> It is apparent that metropolitan cities face the prospect of a significant inner/outer divide between the well-off and well-located in terms of access to services, and those households on lower incomes with poor access to public transport and services located to the margins of cities. Locational disadvantage will compound the economic and social problems faced by poorer households and result in potential loss of personal wellbeing. (sub. 48, p. 14)

A lack of access to services can create particular problems for people or groups with special needs. The Law Institute of Victoria highlighted the difficulties faced by people with disabilities to participate in work and community life without having better access to education, transport and buildings (sub. DR87). Along similar lines, VCOSS noted that while accessible pathways and public transport may be ‘convenient for all’, these are essential to some people with disabilities, older people and carers of young children (sub. DR92, p. 2). Liveability,
particularly in provincial areas, can be reduced by limited access to services and infrastructure (chapter 7).

To be truly accessible, services must be responsive as well as available and reflect changing community preferences and needs. There may be particular challenges in seeking to ensure services remain relevant and provide appropriate levels of ‘customer service’ if they lack clear statements of the service standards that can be expected and effective ‘feedback’ mechanisms (to measure and assess performance) or other incentives to focus on service outcomes (section 6.4.2).

**Transport**

Lack of transport is consistently rated by rural, regional and metropolitan fringe communities as ‘one of the most significant barriers to accessing services, employment and social networks’ (DVC 2007a, p. 18). VCOSS also argues that the cost of transport has a significant impact on liveability — particularly for people on low or fixed incomes (sub. DR92). Transport issues are discussed in more detail in chapter 9.

The Department of Infrastructure/now Department of Transport (DOI/DOT) noted the increasing difficulty in providing all Victorians access to a variety of transport modes and, that as a result, incidences of ‘transport disadvantage’ are starting to spread (sub. 52, p. 18).

While this is a concern broadly, it can create particular problems for those people with special transport needs. DOI/DOT argued that:

> In addition to locationally based transport disadvantage, specific societal groups also experience transport disadvantage, particularly the aged, young people, people with disabilities, newly arrived immigrants or refugees (particularly women) who do not speak English and people in low income households (who often have one or more of the characteristics identified above). (sub. 52, p. 18)

Access to local transport, including taxi services, is a particularly important element of transport contributing to community strengthening (chapter 9 and supplementary paper C).

Youthlaw highlighted the importance of accessible transport for young homeless people to ensure ongoing connection with services and with the community:

> Where there is a lack of local service provision, access to public transport to travel longer distances is important enabling young people in poorly resourced outer metropolitan regions to remain linked with a range of city-based support services and maintain some sense of connection with the community. (sub. 30, p. 2)

DOI/DOT is implementing a number of targeted initiatives to try to mitigate the transport disadvantage experienced by marginalised groups (sub. 52). This includes improving access for people with physical disabilities (such as introducing low-floor trams and tram platform stops, introducing new fully-
compliant trains in metropolitan and regional networks, upgrading or refurbishing major train stations and improving signage). DOI/DOT has also developed a policy framework for assisting older Victorians to stay mobile as part of a broader strategy of extending the enabling transport infrastructure that caters for all people, while also promoting alternatives to private car use.

Local transport, which can be of particular value in minimising social isolation, is usually dependent on private vehicles. A lack of public transport options can result in aggravated social disadvantage for those without private transport. With the rapidly ageing population, improved local transport alternatives offer support for better quality of life for older citizens through ageing in place. The possibility of meeting these needs through affordable market responses is raised in chapter 9.

**Information and communication technology**

The Commission has observed the important role that ICT plays in people’s lives (chapter 11). For example, Multimedia Victoria argued:

> Being a general purpose technology, ICT is widely used across a diverse range of industry and service sectors, thus allowing ICT to impact on liveability in a number of direct and indirect ways. The use of ICT in service sectors, such as health and education, to enhance service delivery, and the fact that ICT is becoming embedded in “everyday” devices demonstrate ICT’s unique ability to affect the many different facets of liveability. (sub. 61, p. 3)

The Commission considers that ICT is a powerful tool to help build networks and strengthen communities. On this, the Victorian Government has highlighted the social and economic benefits that the internet offers to individuals and communities:

> … communication networks are important tools in reducing community isolation, meeting community needs, strengthening communities and encouraging community participation and engagement by individual Victorians. (Government of Victoria 2004a, p. 21)

DPCD also argued that internet access, particularly access to fast broadband, can play a ‘direct role in alleviating disadvantage in a number of critical areas’ including providing improved access to services and improved community engagement and political participation (sub. DR104, p. 2).

**6.3.5 Housing affordability**

As noted in chapter 2, housing is a key part of the built infrastructure. A number of submissions considered housing affordability to be a major issue affecting liveability and competitiveness in Victoria (for example, see City of Whittlesea (sub. 28), Master Builders Association of Victoria (sub. 40), Moreland City Council (sub. DR81), Kingston City Council (sub. DR84)). Housing affordability is also a key factor in attracting and retaining skilled labour (chapter 5).
Housing in Victoria has become less affordable over the past decade (supplementary paper B). While home owners and investors generally have benefited from appreciating property values, the deterioration in housing affordability has adversely affected the ability of many first home seekers to purchase a home, especially in many inner and middle suburbs of Melbourne. That said, there is evidence that houses in the growth areas of Melbourne and regional centres are relatively more affordable (supplementary paper B).

At the same time, Australian data indicates that rental affordability (as measured by rent-to-income ratios) has deteriorated over the past two decades for renter households of all income levels. Of the households considered to be in housing stress, the majority are low-income renters (supplementary paper B). Inquiry participants also pointed to availability, quality and access issues in the private rental market which particularly affect disadvantaged groups in the Victorian community (Roundtable 5 summary).

Given the significance of housing to liveability, the Commission considers that measures of housing and rental affordability should be included in the suite of liveability indicators recommended in chapter 4. The collection, monitoring and annual publication of these measures would inform policy development and decision making at all levels of government.

### 6.4 Building community strength

The MACVC’s report on strong communities adopted Professor Mark Considine’s definition of community strengthening:

> Any sustained effort to increase connectedness, active engagement and partnerships among members of the community, community groups and organisations in order to enhance social, economic and environmental objectives. (MACVC 2006, p. 26)

Building community strength and enhanced liveability depends greatly on the sustained efforts of the members of communities, community organisations, businesses and all levels of government in recognising the profound impact on communities of connectedness and community engagement, cultural diversity, local amenity and access to services. These efforts require a strong sense of leadership amongst key community stakeholders.

### 6.4.1 The community sector

Clubs, community groups and non-government organisations play a role in Victorian communities. The Stronger Community Organisations Project noted:

> … community organisations contribute to the Victorian community through a variety of activities such as supporting individuals and families; offering sporting, recreational and cultural opportunities; and providing a vehicle for members of the
community to express their views. As well as meeting and expressing the needs of the community in a wide range of areas, these contributions also enhance the ‘connectedness’ of a society and improve civic participation. (SCOP 2007, p. 29)

In April 2008, the Victorian Government announced an action plan for strengthening community organisations based on extensive consultation and two reviews: the *Stronger Community Organisations Project*, led by Professor Alan Fels; and the *Review of Not-for-Profit Regulation* undertaken by the State Services Authority (section 6.4.3). In doing so it recognised:

… the invaluable knowledge and relationships that these organisations create in Victorian communities, and the level of engagement that many of them have with minority groups and marginalised communities whose engagement with mainstream institutions may be limited. (Government of Victoria 2008b, p. 5)

It is estimated that more than 120 000 community organisations operate in Victoria (SCOP 2007).

Victoria’s community organisations are active in a diverse range of areas — including health and community services, cultural groups, sporting organisations and the arts — and are diverse in terms of the size, purpose and range of activities undertaken, the sources of funding, and the nature of organisational arrangements. These can range from small grassroots groups that are run entirely by volunteers through to much larger organisations.

The community sector’s activities often involve exposure to and interaction among a diverse range of people from different backgrounds and are an important segment of social capital. They can also involve people in decision-making in local areas, which can improve community life (section 6.3.1).

A key role in strengthening communities played by community organisations is to reduce isolation within society, for example, neighbourhood houses and senior citizens clubs. Social isolation can become more important as ageing increases, with an increasing challenge for aged people to ‘age in place’ and remain physically and socially active in their local communities. Community organisations also facilitate the social inclusion of members of culturally and linguistically diverse communities.

Aside from formal organisations, informal networks of friends and neighbours are central to the strength of communities. On this, the OSISDC noted:

These networks are marked by neighbourly acts such as holding a neighbour’s spare key, lending tools or minding a pet. These are basic but valuable social interactions which occur independently of organisations. (OSISDC 2006, p. 24)

### 6.4.2 Corporate citizenship

Organisations — be they corporations, governments, or community groups — can be seen as ‘corporate’ citizens in a community in that they are entities with
whom individual citizens interact and whose actions in the provision of services and other dealings have an influential role in the community and affect wellbeing and liveability. St John of God Health Care noted:

Increasingly, companies and organisations worldwide are recognising the widespread benefits of a more concerted approach to achieving balance between their organisational objectives and important social, cultural and environmental responsibilities. To do this, organisations are engaging with multiple stakeholders to ensure that their operational success goes hand in hand with enhancing broader community and social wellbeing, which in turn is often a factor in their success. (St John of God 2008)

In some cases, the impact that corporate citizens have on the community is highly localised. For example, at its roundtables in Shepparton and Traralgon, the Commission heard of how local small businesses are strongly connected with their communities — and the benefits that this provides to the community and those businesses.

Many organisations interact with communities across the state. For example, the Department of Justice argued that corporate support for Victoria’s volunteer emergency services (including sponsorship that provides emergency service units with equipment) reflects ‘co-operative and socially-minded’ behaviour that promotes a strong and cohesive community (sub. DR89, p. 2). The Commission is also aware that many larger businesses have become increasingly involved in community building activities, by donating to causes that ‘give something back’ to the community, through sponsoring particular events, through staff volunteering programs, or perhaps more importantly, through a strong sense of responsibility for their impact on the community.

The Parliamentary Joint Committee on Corporations and Financial Services suggested that, while there is a wide range of influences governing the behaviour of companies and organisations, the dominant factor that drives corporate responsibility is market forces, coupled with community pressure. In particular, it stated:

As community and financial market expectations of what constitutes good corporate behaviour change and evolve over time, in most cases corporations respond by modifying their operations and activities accordingly. … Companies that embrace the concept of corporate responsibility are realising that the long term financial interests of a company are ‘not mutually exclusive’ with acting fairly in the interests of stakeholders (other than shareholders). … Indeed for some companies, considering broader stakeholder interests can have a significant benefit for their long-term financial position. (PJCCFS 2006, p. 20)

In whatever way corporations, government agencies, community groups and other organisations engage with the community, the breadth of their corporate activities involves a wide range of community interactions with liveability.
consequences. Organisations generally understand that their corporate actions affect community wellbeing.

For private sector organisations, community wellbeing will often be served by the provision of goods and services in a competitive market. From this flows the satisfaction of needs, employment and innovation, and through the meeting of shareholder expectations, the provision of capital and the sustainability of business. Where service or quality falls short of consumer demands, market disciplines will normally engender necessary improvements. Many organisations will, for a variety of reasons, extend their interactions with communities beyond market transactions, although no doubt conscious of any attendant higher costs. Being seen to be a good corporate citizen has become an important element of strategies companies adopt to win consumers and investors and help to motivate, attract and retain staff.

Organisations that have no concern for adverse impacts on community wellbeing may detract from liveability for the community; for example, poor services, lack of responsiveness to service failure reports, poor quality products, and environmental impacts. Generally a fully informed market is the best driver for good corporate citizenship and government intervention is appropriate to those circumstances where the market is ineffective in protecting the community. Organisations that recognise their corporate citizenship responsibilities, whether driven by market concerns or more altruistic motives, not only lessen the need for government intervention but arguably benefit from their contribution to the development of strong communities.

For not-for-profit community organisations, their very existence is premised on ‘good’ citizenship. Government intervention can however be necessary to ensure some oversight of these organisations in their representations to the community in the absence of market mechanisms, and also to remove unnecessary impediments to their beneficial activities. The Victorian Government has taken recent steps in the latter regard (see State Services Authority 2007).

For public sector organisations, in the absence of market disciplines, measuring effectiveness and performance as they affect liveability is difficult. They are subject to a range of accountability mechanisms, Parliamentary scrutiny, Ministerial responsibility, Auditor-General’s and Ombudsman’s reviews, regulatory oversight, service standards reporting and complaints mechanisms (figure 6.1).

These mechanisms can introduce clarity and transparency and provide an ongoing assurance of service assessment, review and improvement. For example, service charters can serve as effective performance measurement and accountability tools by focusing on service outcomes — reflecting the standards of service customers can reasonably expect. The Department of Human Services’ Public Hospital Patient Charter outlines the rights and responsibilities of patients while attending a public hospital in Victoria. It includes patients’ rights to make
decisions about their treatment and care, be treated with respect, dignity and consideration for privacy and have an opportunity to discuss questions or complaints about the care received (DHS 2008b). Under the Marine Safety Victoria Service Charter, customers can, for example, expect that Marine Safety Victoria will provide accurate information about functions, services, charges and relevant standards and allow for timely consultation in developing policy advice, making policy decisions or administering programs (MSV 2008).

Service charters have been developed and used by Commonwealth departments and agencies (that deal with the public), some state agencies and local governments. Performance against charter principles is sometimes reported in individual department and agency annual reports. Service charters are also used in the private sector.

Figure 6.1  Accountability mechanisms

Source: VCEC.

2 The Commonwealth has reported on performance across the Commonwealth against each service charter principle. The second report (1999–2000) was the last detailed report — although service charters continue to be reported in individual department and agency annual reports (APSC 2008).
The City of Boroondara highlighted the benefits of developing service charters ‘so that citizens have a clear understanding of the standards of service to be delivered at all levels of government’ (sub. DR85, p. 2). On that it supported the development of service standards for state government agencies and services because ‘such an action would introduce a similar level of scrutiny and accountability as that experienced by local government currently’ (sub. DR85, p. 3).

It should be recognised that government services cover a very complex range of activities, often demanding responsiveness of the highest order in meeting the needs of specific individuals, such as health and welfare services. As noted above, most government services lack market feedback mechanisms — being without charge and without competition. A range of evaluation and survey tools are used in attempts to substitute for market-based feedback.

The Commission suggests that an assessment of service charters and other approaches to improving service standards (including the future use of specific service charters for certain agencies) by a body such as the State Services Authority could throw further light on this issue.

The Commission concludes that ‘good’ citizens, both individual and corporate, are essential to strong communities, contributing to the development of social capital, building community wellbeing and enhancing liveability. The roles of corporate citizens, which reach into most aspects of community life, can have a particularly strong impact.

### 6.4.3 Governments

Governments support community strengthening through a range of initiatives and programs (box 6.1). These include initiatives that seek to engage communities, increase participation, involve communities in the governance of community organisations, and change the way governments deliver services to be flexible to local needs, and to review unintended effects of regulation.

Governments can also play a role in reducing obstacles that could otherwise hinder efforts of individuals, community groups, and institutions. For example, the Commission found in its report on food regulation that moves to adopt a risk based approach to food regulation would reduce the regulatory burden on a significant number of ‘low risk’ community groups — which would no longer be required to develop food safety plans and would benefit from simplified record keeping and educational requirements (VCEC 2007a).

### Existing Victorian Government initiatives

The Victorian Government has a number of overarching policy initiatives which have an impact on community strength. While there is a diverse range of programs and initiatives (box 6.1), three principles underpin the Victorian Government’s approach to strengthening communities.
Box 6.1 **Existing Victorian Government initiatives**

‘**Place-based**’ approaches to community building seek to respond to community needs and priorities that have been identified by local residents.

The *Neighbourhood Renewal* program aims to tackle disadvantage in communities with high concentrations of public housing, and disadvantage. There are currently 19 project areas around Victoria and each develops an area-based community action plan that prioritises local issues, and collaboratively develops strategic solutions and actions.

The *Community Renewal* program is directed at declining urban neighbourhoods in rapidly changing suburbs without high concentrations of public housing — and seeks to help these communities get actively involved in improving the places in which they live. There are currently eight community renewal sites. Under the program, local governments are funded to employ locally-based workers who bring residents, different levels of government, local businesses and other organisations together to develop an action plan for the community.

The *Community Building Initiative* (CBI) is directed at strengthening small rural communities by bringing local residents together with government and community agencies to plan for and address local needs, build leadership and foster community networks. There are 19 CBI projects. Under the program, a community facilitator guides and supports local organisations through a community building process. In addition, the Macpherson Smith Community Alliance (an alliance between the Victorian Government and the Helen Macpherson Smith Trust) provides seed funding for projects that have evolved out of the CBI process.

The *Transport Connections* program provides funding to help communities develop innovative approaches that can make participation in community life easier for people with limited access to transport. It seeks to develop localised solutions that make better use of existing transport resources.

‘**Population-based**’ approaches focus on investing in capacity building and participation, governance networks, social and economic inclusion, and access for groups with specific needs within the broader community.

The *State Disability Plan* outlines the right of people with disabilities to live and participate in the community on an equal basis with other citizens of Victoria. The plan emphasises that to create the most opportunities for community participation, the government, community and business must support communities to be more inclusive and accessible.

The Victorian Multicultural Commission Grants Program provides funding to support community organisations undertaking projects to strengthen multicultural communities. In 2006-07 the community grants program supported more than 1600 community groups and organisations through funding to support community initiatives, as well as supporting 900 local festivals and events.

**Sources**: DPCD (sub. 51), DHS 2008a, DPCD 2008a, DPCD 2008b, DPCD 2008f, VMC 2008b.
The principles underpinning the Victorian Government’s approach are:

- the importance of investing in community strengthening activities
- the need to develop integrated local approaches to planning and delivery of services
- the requirement to change the way government works, both within government and with the community sectors (DPCD 2008e).

Growing Victoria Together seeks to articulate the issues that are important to Victorians, and the priorities the government has set to make Victoria a better place in which to live, work and raise a family. Of these, a number relate directly to building stronger communities including building friendly, confident and safe communities, greater public participation and more accountable government (chapter 1).

A Fairer Victoria is part of the Victorian Government’s long term social policy action plan for tackling disadvantage and creating opportunities for all Victorians. It includes a number of ‘place-based’ strategies designed to build stronger communities and improve the liveability of disadvantaged areas, as well as ‘population-based’ policies that focus on groups with specific needs (box 6.1). The Victorian Government also provides support for volunteers, recognising that volunteering is at the heart of a strong community. For example, the Volunteer Support Grants program provides funds for activities that support, extend and sustain volunteer activity, to better share information and resources and to strengthen community connections and partnerships (DPCD 2008c).

The Victorian Government has also sought to build stronger communities by making it easier to work with government — through improving the accessibility and responsiveness of state government services and streamlining and simplifying the workings of government. This includes:

- aligning the State Government’s administrative boundaries with local government boundaries and establishing eight standard departmental regions to create a more sensible and straightforward set of responsibilities and relationships between levels of government and different types of government agencies;
- establishing a high level administrative network (Regional Management Forums) in each region to bring regional government departments and regional local governments together to focus on identifying opportunities for joint action; and
- … bringing together groups of departments, local governments, businesses and the community sector to develop and implement local innovations in service design and delivery. (sub. 51, p. 22)

Regional Management Forums (RMFs), judging from the evidence provided to the Commission, have contributed to better and more collaborative joined-up government in provincial regions (chapter 7). However, the benefits of
collaboration at these forums were mitigated for some local governments by the enormous areas covered by the administrative regions. It was suggested that supplementary regional arrangements of a more local nature were needed, and are often informally arranged, to facilitate collaboration on a number of common issues affecting areas outside the RMF boundaries.

The Commission notes the benefits arising from RMFs. In pursuing this initiative, there is a need for recognition of some different relationships, including sub regions, based on commonalities existing within and across RMFs.

In April 2008, the Victorian Government released the *Action Plan: Strengthening Community Organisations*. This outlines the government’s response to two earlier reviews — the *Stronger Community Organisations Project* (SCOP 2007) and the *Review of Not-for-Profit Regulation* (State Services Authority 2007).

The action plan has two objectives:

1. to ensure that, in its direct interactions with community and non-profit organisations, government acts in ways which are simple, easy to navigate and designed to optimise value to the community
2. to create an environment for community organisations to also invest in their own capabilities and long term sustainability.

It includes 25 actions, grouped under five broad themes:

- reducing the regulatory burden and streamlining interaction with government
- building the capacity of community organisations
- supporting innovation and growth
- enhancing the role of not-for-profit organisations in local community life
- recognising community organisations and coordinating effort across government (Government of Victoria 2008b).

Existing Victorian Government initiatives and programs support community strengthening in a range of ways. Ensuring that these programs remain relevant, and targeted to where they can have the most effect, is facilitated by an evidence-based approach to policy formation and implementation. A liveability monitoring process would assist in ensuring the continued relevance of such programs.

**Local governments**

The Commission has observed the central role of local governments in fostering the important features of strong communities and implementing community strengthening initiatives. Local governments are responsible for local democratic leadership, local services, and for administering many diverse programs, policies and regulations of the state and federal government which influence aspects of liveability.
The MAV noted that local governments’ involvement in economic development and the provision of social services (including health and welfare services, community housing, recreation and sporting facilities) ‘has been increasing over recent decades’ (sub. 22, p. 5). In addition, it argued that:

As the closest level of government to the community, local government has a central role in building and sustaining communities through participation. Councils shape the conditions in which voluntary associations, strategic partnerships and social networks develop and thrive and they support a wide range of associations, community groups and businesses within their local area. (sub. 22, p. 18)

MACVC argued that one of the essential elements in a systematic approach to community strengthening is:

A local government led, inclusive community planning process as the key mechanism by which communities’ interests, aspirations, needs, visions, values, and priorities are articulated and actioned. (MACVC 2006, p. 8)

In addition, the Bayside City Council argued that local government is:

… well placed and attuned to local community aspirations and expectations on matters such as open space, quality of urban design execution in public spaces, provision of community facilities and meeting places for social, cultural and recreation purposes etc. (sub. 15, p. 1)

The Victorian Local Governance Association observed that there has been a shift from ‘governing for the people towards governing with the people’ (sub. 65, p. 9). The Victorian Local Governance Association argues that local governments have become ‘genuinely participatory’ and were the first to ‘recognise the value of community consultation and increased opportunities for citizens to become more directly involved in policy and program development and review’ (sub. 65, p. 9).

This local understanding can be particularly important in provincial areas. For example, the MAV argued:

The challenges facing metropolitan and regional councils are often distinct. Partly this is influenced by the expectations people have of councils in capital cities versus smaller or regional communities. (sub. 22, p. 5)

To reflect this, a number of councils in both provincial and metropolitan areas use extensive community planning programs and initiatives to identify needs. For example, the Mildura Rural City Council has undertaken community planning in order to increase social capital, empowerment and engagement within communities (box 6.2).
Formal community planning within Mildura Rural City Council commenced in February 2007. Mildura Rural City Council has introduced community planning to:

… connect with communities through finding out what it is they would like to achieve in moving forward, as opposed to telling communities what they would like to achieve.

Community planning programs have been developed in four towns: Merbein, Walpeup, Underbool and Murrayville. In each, the communities were engaged, a ‘visioning’ session held to identify particular visions and project groups formed around those visions. As a result, a broad range of projects have been initiated, including:

- sporting precinct upgrades and master planning
- scaled model of the solar system along the Mallee Track
- town entrances
- community wetland developments
- shop locally campaigns.

Mildura Rural City Council intends to roll out two community plans annually. In addition, $250,000 has been allocated in the Council budget to support projects coming out of the Community Plans, through the Community Plan Support Funding program.

Source: Mildura Rural City Council 2008.

Local governments all have to respond to varying local community needs across Victoria and have some powers to set their own regulations and local laws, and provide a range of discretionary services. In provincial areas, to meet local preferences, local governments must provide a diverse range of services (including a substantial amount of local infrastructure) from a sometimes narrow rate base (chapters 3 and 7).

The liveability of communities is central to all government decision making, but is of particular importance for local governments.

**Coordination and integration**

The challenges to building stronger communities are complex, often the responsibility of multiple government agencies and multiple levels of governments. MACVC argued that a systematic program for strengthening communities requires:

A system that emphasises the integration of policy, practice and resources at the state, regional and local level. (MACVC 2006, p. 8)

In this context, the Bayside City Council highlighted the link between different levels of governments:
Local Government plays a key role in creating a sustainable and liveable environment, but there needs to be a clear understanding of the role between State and Local Government … Local Government has experienced significant levels of cost shifting from Federal and State Governments, at a time of rising community expectations as to both the quantum and quality of what it delivers. Council currently experiences a heavy burden fulfilling its planning role due to the high level of development activity in a prime municipality, and the need to plan for local interpretation of State intentions, such as Metropolitan Strategy – Melbourne 2030. (sub. 15, p. 1)

At the roundtable into strong communities, participants indicated that greater collaboration and communication will help to ensure that governments are able to meet their community building objectives in a forward looking and strategic manner (Roundtable 5 summary). The further development of ‘place-based’ initiatives (box 6.1) should be of assistance in this regard. The Commission notes that the partnership model for integrated planning in Caroline Springs provides an innovative ‘place-based’ approach to planning and delivering services (box 6.3).

**Box 6.3 Strengthening local communities: the Caroline Springs Partnership**

Caroline Springs is located on the metropolitan fringe in the Shire of Melton.

In January 2005, the Caroline Springs Partnership was established between the Shire of Melton, Delfin and the then Department for Victorian Communities to trial a new way of planning and delivering infrastructure and services. The model is a ‘place-based’ approach that was focused on developing new systems for the integrated planning and delivery of services and infrastructure.

The activities of the Caroline Springs Partnership were evaluated in 2006 and 2007 by the then Department of Victorian Communities (DVC 2007b). The review found that the model had been a success — in particular:

- a strong network now exists, with partners having a high level of trust and confidence in others
- the partnership provided a forum for open discussion and negotiation and kept ‘parties focussed on the ultimate community outcomes’
- the partnership led to better decision making because communication reduced the duplication of effort and maximised the knowledge of opportunities, there was greater transparency and greater ownership of the process and outcomes
- the partnership had led to innovation and opportunities that would not have been available or considered otherwise — and that which can now be showcased to developments in other areas.

Source: DVC 2007b.
The success of ‘joined up’ approaches depends, in part, on having shared purpose, extensive levels of interagency trust and shared responsibilities and rewards. Effective accountability requires the establishment of governance structures, incentive systems and reporting arrangements that might cross traditional boundaries and operating paradigms.

The Commission notes that the GAA has been established to guide sustainable development in Melbourne’s five outer growth areas. The GAA seeks to address some of the coordination and integration issues in these communities — and works with Victorian Government agencies, local governments and developers to ensure planning issues are managed in an effective and timely manner (chapter 8).

### 6.5 Summing up

The topic of community strength and its relationship with liveability attracted a great deal of comment in submissions to the inquiry and at roundtables. There is a wealth of literature available and the Commission assessed this material as it relates to the specific terms of reference for this inquiry.

Overall, the Commission notes the widespread emphasis that strong communities are a key element of liveability.

**Strong communities provide benefits for individuals and for business competitiveness.** The features of strong communities that are prominent in promoting liveability are:

- community connectedness, engagement and wellbeing — there are particular challenges in building community connectedness in new suburbs and greenfield developments
- well managed and integrated cultural diversity
- amenity and place, including community safety
- access to services, in particular transport and information and communication technology
- housing affordability

(finding 6.1).

These findings provide some insight as to areas where efforts can be focused to improve the strength of communities and hence improve Victoria’s liveability. In particular, the Commission observed the important role open space, parks and recreation areas play in community life.

**The Commission finds that the distribution, maintenance and management of parks is of substantial importance for liveability in urban areas, the more so as the density of cities increases** (finding 6.2).
In exploring ways of building community strength the Commission finds that:

- the community sector plays a substantial role in building community strength and enhancing the state’s liveability
- strong corporate citizenship helps build community strength and improve liveability
- all levels of government contribute to strengthening communities. There are many government initiatives underway in Victoria and these initiatives need to be integrated to improve community accessibility and to build on the strengths of the state and local governments
- the design and full costs and benefits of a necessary regulatory restriction including potential social costs need to be carefully considered and the community engaged in the sometimes inevitable trade-offs: the impact of restrictions on watering of sports grounds is an example. This reinforces the importance of decisions being taken as close as practicable to those affected (finding 6.3).

The challenges to building stronger communities are complex and are often the responsibility of multiple government agencies and multiple levels of governments. The challenge is to integrate policy, practice and resources effectively to ensure that governments are able to meet their community strengthening objectives in a forward looking and strategic manner.

The Commission finds that Regional Management Forums (RMFs), have contributed to better and more collaborative joined-up government, particularly in provincial areas. But the boundaries of RMFs are not suited to all needs. Other sub-regional forums may be required to harness the benefits of relationships based on commonalities existing within and across RMF boundaries (finding 6.4).

In further pursuing the objective of improving government service delivery, the government should ask a body such as the State Services Authority to assess the use of service charters and other approaches to improving service standards in government agencies (recommendation 6.1).

Community strength is a pervasive part of liveability and a key aspect therefore of all the elements of liveability addressed in the report. Community strength is greatly affected by the availability of transport, planning, communications and all aspects of community.
Part B
Specific issues
7 ‘One Victoria’ — liveability in provincial Victoria

7.1 Introduction

The terms of reference for the inquiry require the Victorian Competition and Efficiency Commission (the Commission) to conduct an inquiry into enhancing liveability throughout Victoria and specifically to ‘discuss whether there are dimensions of liveability that are different in provincial Victoria than in Melbourne’. This chapter explores provincial Victoria and the dimensions of liveability that affect those living in the diverse locations of provincial Victoria and how these dimensions differ from those affecting metropolitan Melbourne. The chapter considers provincial Victoria in the context of interdependencies of all the diverse areas of Victoria, namely a ‘one Victoria’ perspective. Consideration of different dimensions of liveability in provincial Victoria and the possible reasons for this can assist in ensuring that Victoria as a whole benefits from its diversity and interdependencies.

The Wellington Shire Council noted that the comparison of liveability between Melbourne and provincial Victoria should not:

… indicate that Melbourne is the benchmark for liveability with other parts of the state subsets of Melbourne rather than having high liveability values in their own right. (sub. DR74, p. 1)

The need to take a Victoria wide approach was noted by other participants. For example, Trevor Budge commented:

The VCEC inquiry needs to realise that no part of the state exists in isolation from the rest and that there is a high level of interdependency when it comes to making any assessment of liveability. (sub. 10, p. 3)

The Commission has noted the strong interactions and interdependencies between all parts of the state, and the need therefore to adopt an holistic approach to considering the enhancement of Victoria’s liveability.

While there are strong interactions between Melbourne and provincial Victoria, there are differences in social and demographic composition across Victoria which can impact on liveability. At a broad level, despite some significant disparities between regions across Victoria, including metropolitan areas, provincial Victoria has generally:

- experienced slower population growth than Melbourne since the early 1990s
- been losing young adults (particularly the 16–24 age group) to Melbourne but has been gaining other (older) age groups
• been experiencing declining fertility rates (but remaining similar to fertility rates in Melbourne)
• an older age structure than Melbourne
• declining numbers of women of child-bearing age — although some areas are gaining (Regional Policy Research Forum 2004, pp. 7–10).

However, it is important to note that such generalisations hide some significant disparities between regions within Victoria. The Warrnambool City Council (sub. DR97) emphasised the significant disparities between different provincial areas within Victoria. These differences are discussed further in section 7.3.3.

In addition, the 2006 Census provides some useful insight into various aspects of Melbourne and provincial Victoria that may impact on liveability. Some of these differences (and similarities) include:

• the most common type of dwelling in Melbourne and provincial Victoria is a detached house (73 per cent and 88 per cent respectively)
• in Melbourne, 69 per cent of dwellings are fully owned or being purchased (with 24 per cent of dwellings being rented). In provincial Victoria 71 per cent of dwellings are fully owned or being purchased, with a corresponding lower proportion of dwellings being rented (22 per cent)
• the median monthly housing loan repayment in Melbourne was $1300 and $1000 in provincial Victoria
• the average household size for Melbourne is around 2.6 persons and 2.5 persons in provincial Victoria
• around 10 per cent of the people born in provincial Victoria were born overseas. This contrasts to Melbourne, where almost 30 per cent of people were born overseas (ABS 2007a).

Provincial Victoria is an integral part of the state economy and hence has a strong economic relationship with Melbourne. More than a quarter of Victorians live in provincial areas and these areas are the source of:

• over one quarter of the state’s jobs
• some of Victoria’s most important industries, including agriculture, construction, dairy, food, minerals, service and finance, tourism and wine
• many of Victoria’s international exports
• the majority of Victoria’s electricity supply (ABS 2007a, VCEC 2005).

Given the importance of provincial areas to the social and economic health of Victoria, it is impossible to assess liveability without considering the specific issues affecting the liveability of provincial areas.

This chapter discusses the overall level of liveability in provincial areas and then examines the individual elements which both contribute to, and detract from, liveability in provincial Victoria. The chapter also highlights the role played by
local governments in provincial areas. It then looks at the important interactions and interrelationships between Melbourne and provincial Victoria.

The discussion in this chapter draws heavily on data provided in submissions to the inquiry, roundtable discussions held in provincial areas, other reports, including a consultancy report prepared by the McCaughey Centre using the Community Indicators Victoria (CIV) survey.¹

7.2 Overall liveability in provincial areas

Most areas of provincial Victoria are highly liveable places for the many people who choose to live in these areas, offering factors of liveability not available in metropolitan areas. This section examines the overall liveability of provincial Victoria drawing on information from the CIV survey and evidence of population movements. The section also considers the attractiveness of provincial areas to businesses.

7.2.1 Survey data

One way to measure liveability in provincial areas is to examine residents’ own views about their wellbeing. The CIV survey contains data on self reported subjective wellbeing based on a Personal Wellbeing Index (PWI). The PWI is measured by satisfaction with seven domains of life, namely standard of living, health, achievements in life, personal relationships, safety, community connection and future security. The PWI presents an average score across all seven domains — standardised into a scale of 0 to 100 (where 100 represents the highest level of satisfaction). Table 7.1 presents the results showing provincial differences and comparisons with Melbourne.

Table 7.1 Subjective wellbeing

<table>
<thead>
<tr>
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<th>Victoria Average</th>
<th>Metro Areas a</th>
<th>Non-provincial Areas b</th>
<th>Provincial Areas c</th>
<th>Ballarat</th>
<th>Greater Bendigo</th>
<th>Greater Geelong</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>76.4</td>
<td>75.6</td>
<td>75.8</td>
<td>78.7</td>
<td>76.7</td>
<td>78.9</td>
<td>77.1</td>
</tr>
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a Metropolitan Melbourne. b Non-Provincial areas are defined as Metropolitan Melbourne and Ballarat, Greater Bendigo and Greater Geelong. c Provincial areas includes all Victoria excluding Metropolitan Melbourne, Ballarat, Greater Bendigo and Greater Geelong.

Source: McCaughey Centre 2008, p. 15.

¹ The full report can be found on the Commission’s website at: www.vcec.vic.gov.au.
The results presented in table 7.1 show the average subjective wellbeing score for Victoria as a whole being 76.4 per cent, the score for metropolitan Melbourne slightly below the state-wide average at 75.6 per cent while provincial areas is higher (78.7 per cent). The McCaughey Centre concluded that:

This indicates that people living in Provincial Victoria have higher levels of Subjective Wellbeing or life satisfaction than those living in Metropolitan Melbourne. A similar result is evident in Greater Bendigo, Greater Geelong, and to a lesser extent in Ballarat. (McCaughey Centre 2008, p. 15)

Perceptions of relative liveability are important. As noted by the City of Greater Bendigo:

There is a perception by some metropolitan residents that Bendigo is a less desirable place to live, but many Bendigo residents have a similar view about Melbourne. (sub. 12, p. 3)

It may be that the high level of subjective wellbeing expressed by many people living in both provincial areas and Melbourne is due to their ‘self selection’; that is, people have chosen to live where their personal wellbeing is highest.

### 7.2.2 Population movements

Another source of data on the liveability of provincial Victoria is population movements. Do population movements indicate that people are choosing to live in provincial areas rather than in Melbourne? The City of Greater Shepparton argued that this is an important measure or indicator of the liveability of particular places:

One of the significant measures of the attractiveness or liveability of a region or city is the level of in-migration. This reflects people making choices to deliberately relocate to a place. It is highly likely that a strong movement to a centre reflects a positive perception of a place. (sub. 32, p. 3)

A number of participants to the inquiry noted that at least some provincial areas were experiencing strong population growth — in particular, major provincial centres are significant beneficiaries of this growth. The Department of Infrastructure/now Department of Transport (DOI/DOT) noted that:

Mildura, Bendigo, Ballarat and Shepparton recorded the fastest population growth of all inland statistical districts across Australia during 2005-06. (sub. 52, p. 6)

Smaller centres, especially those attractive to retirees, are also gaining population. DOI/DOT noted that a source of growth in these areas is:

… increasing migration of people from urban areas to coastal, regional or rural areas — a process commonly known as ‘sea-changing’ or ‘tree-changing’ as well as the increase of people with second homes in coastal, regional or rural areas. (sub. 52, p. 12)
Trevor Budge as part of his analysis of provincial Victoria reinforces the importance of strong ‘pull factors’ drawing population to provincial areas:

A new found confidence in most of rural and regional Victoria is driving growth and investment, particularly in the housing sector, and resulting in significant migration to rural and regional areas. This growth is particularly focused in regional centres and ‘lifestyle’ towns/areas. (sub. 10, p.4)

It is clear that many people regard provincial Victoria as very liveable and a desirable location to live, work and raise a family, and hence regard provincial Victoria as the ‘liveable alternative’ to Melbourne.

Population data supports these views that parts of provincial Victoria are growing strongly. A recent analysis of population data undertaken by the Department of Sustainability and Environment found that between June 2005 and June 2006, Melbourne’s estimated resident population increased by 1.3 per cent while regional Victoria’s growth rate was 1.4 per cent (DSE 2007b, p. 1). However, the aggregate data for provincial Victoria as a whole conceals considerable variation across the state (just as there is variation across metropolitan Melbourne). Larger regional cities or towns tend to be growing most rapidly. For example, between June 2005 and June 2006, Mildura grew by 2.2 per cent, Bendigo by 2 per cent and Ballarat by 1.9 per cent (DSE 2007b, p. 2). These locations also experienced strong growth in the following year: Mildura 1.5 per cent; Bendigo 1.6 per cent and Ballarat 1.4 per cent (ABS 2008).

One explanation for the strong growth of regional cities is the ‘sponge cities’ effect where various factors encourage the agglomeration of people and businesses into larger cites. The Commission in its report on Regulation and Regional Victoria: Challenges and Opportunities noted that:

Sufficiently large regional cities offer a mid-way house that combines some of the lower factor price advantages (for example, lower land rents) with some of the clustering advantages. They may have enough population to provide enough diversity and range in services (such as health and education, recreation, child care, restaurants, cinemas and other entertainment facilities), attract some people who may commute to work in the metropolis (provided commuting costs are low), while having advantages such as low land and housing prices. These naturally generate the ‘sponge effect’, gobbling up smaller dispersed rural centres. (VCEC 2005, p. 33)

In the case of other provincial areas, growth is mixed. Areas with significant natural attractions — such as those by the coast — are experiencing strong growth. For example, the Surf Coast Shire’s population increased by 3.2 per cent between 2006 and 2007 (ABS 2008). However, other provincial areas are experiencing population declines. This is especially the case for areas in the Wimmera where nine local government areas experienced population declines...
between 2006 and 2007. For example, population declined in Loddon (-0.2 per cent) North Grampians (-0.2 per cent) and West Wimmera (-0.8 per cent) (ABS 2008). These areas also suffered population declines in the previous year (DSE 2007b).

The implications of this population data were summarised by the Chief Executive Officer of Loddon Shire Council at the Shepparton roundtable discussions who noted that:

We’re [Loddon Shire] second highest — or almost worse — in the rate of population decline in our municipality but if this trend continues within a few years Victoria will be populated along the southern coast and along its northern border, wherever there’s water, and the rural parts in the middle other than some large regional cities will be emptying out. (Roundtable 2 transcript, p. 17)

The population changes taking place in many provincial areas are also having a significant impact on the age profile of provincial areas. Wellington Shire Council noted that:

Much of rural Victoria is experiencing the ‘Triple whammy of ageing’, with the general aging of the population, young people leaving and older people coming to settle in the region (including ‘sea-change’ and ‘tree-change’ retirees). (sub. 24, p. 3)

The changing age structure in provincial areas will significantly impact on the types of services required by residents and the demands placed on all levels of government to provide appropriate services, such as services for the ageing population.

7.2.3 Businesses in provincial areas

The economic performance and prosperity of a region is an important driver of many aspects of liveability. Many provincial areas are not only attractive to people but they also provide attractive locations for businesses and opportunities for more efficient distribution of businesses and population throughout the state to the benefit of Victoria’s overall liveability. Box 7.1 describes some of the key industries in provincial Victoria.

The major employer in provincial Victoria is the retail trade sector, followed by manufacturing, agriculture, forestry and fishing. Industry growth in particular sectors has been strong. Between 1991 and 2001, employment in property and business services increased by 83 per cent and in cultural and recreational services employment increased by 63 per cent. However, employment declined in the electricity, gas and water sector, government administration, finance and insurance and mining (RDV 2005a, p. 19).
Box 7.1  **Key industries in provincial Victoria**

The largest city outside Melbourne is Geelong, which is central to Victoria’s car manufacturing and wool industries. Geelong is also the gateway to Victoria’s surf coast and the Great Ocean Road — important tourist destinations.

At Mildura, in the state’s northern-most tip, citrus, fruits and grapes are the predominant crops. Victoria is also a major vegetable-producing state and its biggest exporters include the dairy industry co-operatives, Bonlac and Murray Goulburn.

Albury-Wodonga is a manufacturing centre; and wine producing areas, such as Rutherglen and Milawa, are close by.

Ballarat, 110 kilometres from Melbourne, was a major gold mining centre in the 1900s. Sovereign Hill, a theme park portraying the gold rush era, is a prime tourist attraction. Manufacturing and food industries are also prevalent in this area.

Bendigo, 160 kilometres from Melbourne, is home to a range of diverse manufacturing industries including food, clothing and textiles.

La Trobe Valley, 150 kilometres from Melbourne, has large resources of brown coal and is the source for most of Victoria’s electricity. Other major industries include timber processing and paper manufacturing.

Shepparton is the centre of the Goulburn Valley irrigation area where a lot of Victoria’s food is produced. Food processing and dairy industries are the predominant activities in this region.

*Source: Invest Victoria 2007.*

Provincial Victoria can offer businesses a number of advantages over metropolitan Melbourne which can help improve their competitiveness. A benchmarking study of regional business costs concluded that:

The key business cost and liveability advantages for businesses located in regional cities compared to metropolitan Melbourne are:

- Lower labour costs
- A greater proportion of residents with trades education and training
- Greater availability of vacant industrial land
- Lower commercial and industrial building and land costs
- Lower commercial and industrial rental costs
- Lower water and sewerage business costs
- Lower proportion of planning applications subject to delay or appeal
- Lower residential land and housing costs
- Shorter hospital waiting lists for emergency treatment and elective surgery.

*(Essential Economics 2006, p. 73)*

The benchmarking study also noted that ‘a considerable asset for regional cities is their resident labour force’ *(Essential Economics 2006, p. 19).* The Commission’s roundtable in Shepparton noted businesses were attracted to regions with
workforce stability. There is, therefore, an important link between business performance and competitiveness and the ability of provincial areas to attract population growth.

In addition to being able to access a pool of skilled labour in the local area, developments in information and communications technology (ICT) will continue to enable businesses to locate their employees in areas remote from Melbourne. Employees will increasingly be able to access employment generated from Melbourne and still take advantage of the liveability benefits of living in provincial areas. Improved transport, the availability of emerging communications technology, and other services such as health and education will help to consolidate and enhance the attractiveness of provincial Victoria and lead to more effective integration with Melbourne (section 7.3.2).

Regulatory arrangements can also have a significant impact on economic development and business performance in provincial areas. The Commission has undertaken an earlier inquiry Regulation and Regional Victoria: Challenges and Opportunities which made 41 recommendations to improve regulatory arrangements which impact on regional Victoria (VCEC 2005). The Victorian Government published a response to the inquiry and indicated that it was ‘overwhelmingly supportive of the changes proposed by the VCEC’ (Treasurer of Victoria 2005, p. 1). Details on progress with implementation can be viewed at www.vcec.vic.gov.au.

The liveability of provincial areas has encouraged people and businesses to locate in these areas, an effect that is beneficial to the liveability of Victoria as a whole. However, to realise this benefit more attention is required to the timely provision of infrastructure and services to meet the needs of individuals and businesses and the likely movement of some employment to provincial Victoria. Infrastructure needs include transport and ICT, while education and health services for a growing population are a high priority.

7.3 Factors underlying provincial liveability

The recognised general liveability of much of provincial Victoria can obscure the diversity of different parts of the state and the range of factors that can contribute to and detract from liveability.

7.3.1 Factors positively affecting provincial liveability

Residents in provincial areas and those moving to these areas clearly consider them to be liveable, and make a choice to live there. This section examines the positive attributes of provincial areas which contribute to their liveability and which provide means of enhancing liveability in the interests of a more liveable and integrated ‘one Victoria’.
In Trevor Budge’s view (sub. 10, pp. 5–6), there are eight key factors contributing to growth and the liveability of provincial areas:

1. Strong natural amenity — water, scenery, environment
2. Rural ambience and aesthetic qualities of small towns and their communities — strong contrast with Metropolitan living
3. Diversity of housing stock (price, style), including affordable housing options
4. Diverse range of employment opportunities across the area
5. Rising home values (investment is seen to provide a return)
6. Quality and secure facilities in health and education
7. Existing or further retirement lifestyle qualities

Natural amenity, employment and economic considerations as well as lifestyle factors feature in several submissions received by the Commission. For example, the City of Greater Bendigo highlighted the lifestyle advantages of provincial areas as being a key element of their liveability:

Among these distinguishing attributes are significantly lower levels of traffic congestion and shorter commuting times, lower costs of living and better opportunities for work-life balance. (sub. 12, p. 3)

The City of Greater Shepparton also highlighted a number of positive attributes of provincial living:

Regional centres and their surrounding rural communities are able to offer cleaner environments, less stressful living, virtually no traffic congestion, greatly reduced travel and commuting times, more convenient access to many facilities, increased family time, much less mortgage stress, a stronger sense of community and a vibrant community based lifestyle. (sub. 32, pp. 12–13)

Data from the CIV survey also provides some insights into the factors which contribute to the liveability of provincial areas. In particular, the survey highlights the strength of community in provincial areas compared with Melbourne. Table 7.2 provides information on reported community connectedness (where respondents rated their satisfaction with their connection to their community) and participation in citizen engagement activities.

In terms of community connectedness respondents were asked to rate their satisfaction with their connection to their community. The results are presented as a score ranging from 0 to 100 (with 100 indicating the highest level of satisfaction). The results in table 7.2 indicate that community connectedness is highest in provincial Victoria and lowest in metropolitan Melbourne.
Table 7.2  **Community connectedness and citizen engagement**

<table>
<thead>
<tr>
<th></th>
<th>Victoria Average</th>
<th>Metro Areas</th>
<th>Non-Provincial Areas</th>
<th>Provincial Areas</th>
<th>Ballarat</th>
<th>Greater Bendigo</th>
<th>Greater Geelong</th>
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<tbody>
<tr>
<td>Community connected-</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>ness %</td>
<td>70.7</td>
<td>68.9</td>
<td>69.3</td>
<td>76.7</td>
<td>71.7</td>
<td>74.6</td>
<td>72.9</td>
</tr>
<tr>
<td>Citizen engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>53.8</td>
<td>49.4</td>
<td>50.9</td>
<td>66.3</td>
<td>58.3</td>
<td>65.5</td>
<td>67.3</td>
</tr>
</tbody>
</table>

* Metropolitan Melbourne. † Non-Provincial areas are defined as Metropolitan Melbourne and Ballarat, Greater Bendigo and Greater Geelong. ‡ Provincial areas includes all Victoria excluding Metropolitan Melbourne, Ballarat, Greater Bendigo and Greater Geelong.


Similarly, those living in provincial areas (and the major provincial cities) were more likely to have participated in citizen engagement activities over the past 12 months (this includes activities such as writing a letter, attending a community meeting, attending a council meeting etc). The results presented in table 7.2 indicate that citizens in provincial areas and cities were more likely to have participated in citizen engagement activities compared with those living in Melbourne.

### 7.3.2 Factors adversely affecting provincial liveability

There is also a number of negative factors impacting on the liveability of provincial Victoria. Adequate access to various services was the major issue raised during the inquiry. Some participants also raised the impact of the drought on provincial Victoria.

**Access to services and infrastructure in provincial areas**

A number of submissions to this inquiry highlight limited access to a range of services as having a negative impact on the liveability of many areas. The Municipal Association of Victoria (MAV) summarised many of the factors adversely affecting the liveability of provincial areas:

The key areas of transport, housing affordability, land use planning and sustainability have formed the foundation for the MAV’s submission, however, it is acknowledged that in some rural and regional areas other issues are just as — if not more — important. Issues such as tertiary education opportunities, availability of specialist health services, recreation, arts and cultural opportunities, broadband and telecommunications, and wastewater management are all having a fundamental influence on the liveability of areas outside of metropolitan Melbourne and the major regional centres. (sub. 22, p. 20)
Transport

DOI/DOT also noted the lack of public transport access in many provincial areas:

Due to the dispersed nature of regional living and the relatively small populations, the economic provision of conventional public transport infrastructure and services is difficult. (sub. 52, p. 25)

MAV also highlighted the importance of adequate transport to the liveability of provincial Victorians noting that the:

… lack of transport options is a critical liveability issue for regional and rural Victoria, where the availability of public transport is limited and the cost of private transport is high and expected to increase substantially. (sub. DR88, p. 2)

The Community Indicators Victoria data compiled by the McCaughey Centre also highlight limited access to public transport as an important issue for those in provincial areas (especially those not living in major provincial cities). In a survey respondents were asked if they had experienced transport limitations in the past 12 months (that is, if their ability to travel on a day-to-day basis had been restricted for some reason). In both provincial and non-provincial areas approximately 20 per cent of respondents indicated they had suffered transport limitations (McCaughey Centre 2008, p. 26).

However, the reason for transport limitations differed widely between the two groups. Over 50 per cent of those living in provincial areas cited ‘no public transport in your area’ as the reason for their transport limitations, whereas in non-provincial areas only 21 per cent cited this reason (McCaughey Centre 2008, p. 26). The lack of public transport in provincial areas can have serious consequences for liveability and businesses, for community wellbeing and employment, as people are unable to travel for social or private reasons or to get to their place of employment.

Effective transport services and the cost of freight also impacts on businesses. At the Traralgon provincial roundtable, the President of the Traralgon Chamber of Commerce argued that one of the important factors:

… pertaining to liveability is transport costs. Apparently Melbourne lives in a hole and it’s downhill … anything else that comes from regional Victoria doesn’t cost anything to transport to take to Melbourne yet coming back into regional Victoria it costs a fortune. You pay everything on everything and it affects small business, it affects all businesses that you’re paying extra transport costs to get it from Melbourne to the country… (Roundtable 6 transcript, p. 19)

The importance of freight transport to the economic success of provincial Victoria was raised by a number of participants. Particular emphasis was placed on the role of rail transport in facilitating freight movements. The Mildura Rural City Council noted that:
The recently released Fischer Report on Victorian rail observes that one fully laden freight train can replace more than 50 B-doubles and in the course of 400 kms, will save 8,000 litres of diesel and 23 tons of greenhouse gas.

This statement is a cryptic reminder that rail is the priority if we have any hope of achieving our economic, social and environmental expectations.

A failure to resolve the current rail crisis is tantamount to a death sentence for both regional and metropolitan communities if Victoria is consigned to a future based on road transport. (sub. DR102, pp. 2–3)

This is discussed in chapter 9.

**Education**

Access to education, especially higher education, was also highlighted as impacting adversely on the liveability of provincial areas. The Bass Coast Shire Council noted that:

A fundamental key for the sustained liveability of existing and growing communities and for them to build their competitiveness is ongoing investment in education and skills. (sub. DR90, p. 10)

Trevor Budge noted the comparative lack of access to higher education facilities for those living in provincial Victoria by comparison with the situation in South Australia:

There is an interesting comparison that can be made between South Australia and Victoria. Victoria has more people living in regional Victoria than live in the whole of South Australia. Adelaide supports three major universities with a total student population of about 70,000. In contrast, Victoria’s regional collection of universities and campuses has about 30,000 students with over a third at the Deakin Geelong campuses. (sub. 10, p. 8)

Even where educational facilities are available, access to them may be adversely affected by the lack of adequate transport. At the Traralgon roundtable discussion, the Executive Manager of Economic Development at Latrobe City Council noted that:

… Monash University Gippsland campus is certainly an asset for this region but there’s a lot of potential people that would go to the university but can’t get there because of lack of transport. (Roundtable 6 transcript, p. 6)

Where transport options are available they may be prohibitively expensive. The Bass Coast Shire Council stated that:

The costs for residents of the Shire wanting access to tertiary education and skills training can often be prohibitive. This can be partly attributed to the costs involved in living away from home and transport. … Melbourne based facilities are seen as accessible but in reality they are not; because the Shire’s residents have to relocate to Melbourne to access them. (sub. DR90, p. 10)
As noted earlier (chapter 5), international students also face difficulties in provincial cities, including ineligibility for travel concessions.

**Information and communication technology**

Another issue raised in both submissions and during the regional roundtable discussions held by the Commission was the lack of access experienced by many provincial residents to the internet, and particularly broadband technology. At the Shepparton roundtable, the Executive Officer of the Bendigo Chamber of Commerce and Industries noted that:

> We think the future depends on ideas and information and knowledge all across the community and the great conduit to ideas, information and knowledge is access to high quality, world class IT infrastructure. And that’s not only — the provincial cities aside — Bendigo but it’s for smaller communities the size of Bridgewater and Pine Lodge and everywhere else you can think of and unless communities and businesses in those areas have that access I think we’re behind the eight ball … .(Roundtable 2 transcript, p. 11)

This observation is reinforced by the data available from the CIV survey. As part of the survey respondents were asked if they had any internet connection and, if yes, whether that connection was dial-up or broadband. Table 7.3 provides these data.

**Table 7.3 Access to the internet**

<table>
<thead>
<tr>
<th></th>
<th>Victoria Average</th>
<th>Metro Areas&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Non-Provincial Areas&lt;sup&gt;b&lt;/sup&gt;</th>
<th>Provincial Areas&lt;sup&gt;c&lt;/sup&gt;</th>
<th>Ballarat</th>
<th>Greater Bendigo</th>
<th>Greater Geelong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, have internet access %</td>
<td>78.9</td>
<td>80.8</td>
<td>80.5</td>
<td>72.1</td>
<td>73.9</td>
<td>80.5</td>
<td>78.0</td>
</tr>
<tr>
<td>Yes, Dial-up %</td>
<td>17.4</td>
<td>14.6</td>
<td>15.3</td>
<td>26.6</td>
<td>20.7</td>
<td>26.6</td>
<td>20.2</td>
</tr>
<tr>
<td>Yes, Broadband %</td>
<td>61.1</td>
<td>65.8</td>
<td>64.8</td>
<td>45.2</td>
<td>53.0</td>
<td>53.2</td>
<td>57.7</td>
</tr>
</tbody>
</table>

<sup>a</sup> Metropolitan Melbourne, <sup>b</sup> Non-Provincial areas are defined as Metropolitan Melbourne and Ballarat, Greater Bendigo and Greater Geelong, <sup>c</sup> Provincial areas includes all Victoria excluding Metropolitan Melbourne, Ballarat, Greater Bendigo and Greater Geelong.

On the basis of this data the McCaughey Centre concluded that:

Approximately 79 per cent of Victorians indicated that they had some form of internet access. However, significant differences exist between internet access within Provincial and Non-provincial Victoria, with respondents from country Victoria more likely to rely on Dial-Up and less likely to use Broadband connections. (McCaughey Centre 2008, p. 23)

Poor internet access has significant implications for both the liveability of an area from the perspective of residents but also for businesses. Improved internet access increases the possibility of people working from home in more remote locations, can help the interconnectedness of provincial areas and access to metropolitan Melbourne, and can enhance the productivity of commuting time. All of these factors can assist the economic development of provincial Victoria and encourage decentralisation of population, businesses and employment from the concentration in Melbourne, leading to improved liveability throughout the state.

In some cases small improvements to internet access could have significant liveability implications. During discussions in Bendigo it was noted that internet access and reliable mobile phone connection on the fast train between Bendigo and Melbourne were poor, which adversely affected commuters’ ability to work on the train while travelling to Melbourne.

Improvements in the interconnections between Melbourne and provincial areas through transport improvements and improved ICT benefit not only provincial areas but also Melbourne residents and businesses. As part of the Moving Forward: Update initiative (box 7.2) the Victorian Government has allocated $25.2 million over the next two years for investment in infrastructure development in provincial Victoria. In addition, to facilitate wider access to broadband, a new position of Broadband Project Officer has been created. The officer, whose position will be jointly funded by the Victorian and Commonwealth governments, will:

… identify opportunities for new and improved broadband services in regional Victoria and support the next generation broadband network infrastructure rollout, access and effective use by geographic location and industry sector. (RDV 2008, p. 45)

In the context of a growing population, building the concept of ‘one Victoria’ can help ease population pressures on Melbourne (and its associated problems such as traffic congestion and higher housing costs) by making provincial Victoria an even more attractive place to live and operate a business. The concept of ‘one Victoria’ is discussed in a number of parts of the report and is a central theme throughout the report.

ICT issues more generally are discussed further in chapter 11.
Other infrastructure

The provision of other types of infrastructure was also raised during the inquiry. For example, at the Shepparton roundtable, the Chief Executive Officer of the Economic Development Board in Mildura noted:

The other thing people may or may not know is that the infrastructure provision is essential. We currently get natural gas out of South Australia and a pipeline was built, as an example, eight years ago, it’s now at 110 per cent capacity and we’ll be starting to lose businesses to New South Wales and South Australia because they’ve got natural gas and we can’t get another provision or anything of that nature. So infrastructure availability is essential to getting not only your existing businesses efficiencies up, to get them to export but to attract new businesses is going to be essential (Roundtable 2 transcript, p. 20)

Improved access to services and infrastructure would clearly enhance liveability in many provincial areas. Infrastructure quality also affects the ability of businesses and employees to locate in provincial areas. Planning for services and infrastructure in provincial areas needs to keep pace with the growth in population and the potential to absorb population from Melbourne.

Government policy initiatives

The Commission is aware that the Victorian Government has already introduced a range of initiatives to address many of these issues. Box 7.2 provides a summary of the key overarching initiatives. The Commission has not examined the effectiveness of these programs.

Vulnerability of provincial areas to adverse events

One aspect of liveability that is likely to differ between provincial Victoria (especially smaller centres) and Melbourne is their vulnerability to adverse events, such as the drought, bushfires, the closure of a key employer or other major event.

As an example of this vulnerability, the Victoria Police raised the impact of the current drought on the liveability of provincial Victoria. Victoria Police noted that:

The prolonged recent drought appears to be contributing to increased stress levels and mental health problems, such as depression, increases in rates of smoking, alcohol and other drug use. There are significant social and psychological implications, particularly in rural communities where families are experiencing financial stress, resulting in increased risk of mental health issues and strain on relationships. Victoria Police has seen this lead to increased family violence, theft of livestock and water, property damage, depression, self-harm and suicide. (sub. 47, p. 5)

Smaller communities with a less diverse economic base than larger centres may experience wider swings in liveability than larger more diverse centres (including Melbourne). Smaller towns may be temporarily advantaged by, for example, strong
commodity prices if the production of that commodity is their major source of income, but similarly extremely disadvantaged when commodity prices fall.

While adverse events may negatively impact on liveability there is also the more positive aspect that many provincial areas have demonstrated a high degree of resilience and ability to recover from such events. The strength of volunteer organisations such as the Country Fire Authority and the degree of community connectedness helps contribute to this resilience.

**Box 7.2 Government initiatives for Provincial Victoria**

The Victorian Government has launched a number of initiatives to promote population growth and economic development in provincial Victoria. The Government’s main statement regarding provincial Victoria is *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest*, which was launched in November 2005. This program provided a $502 million funding package for provincial cities under 15 actions (72 initiatives), including:

- $100 million for the Provincial Victoria Growth Fund
- $200 million for the Regional Infrastructure Development Fund
- $14.7 million for the Make It Happen in provincial Victoria campaign and improving housing choice
- $13.5 million for local government planning to manage population growth
- $36.6 million for supporting small towns/the Small Towns Development Fund
- $34 million for arts, cultural and recreational projects
- $43 million to enhance skills and training
- over $77 million for industry development
- $50.8 million for bus and transport connections
- $61.5 million new funding for local ports
- $20 million for better freight and supply chain links
- $6.15 million for improving broadband access.

The *Moving Forward* initiative is subject to regular upgrading through a review, refocus and renewal procedure. Its most recent update, the *Moving Forward: Update – The next two years*, identified growth and change, industry, skills, infrastructure, and drought and climate change as priority areas for the 2008–2010 period. A municipal task force was established in 2008.


**7.3.3 Different dimensions of liveability**

The Victorian Council of Social Service, observed that:

The use of ‘provincial Victoria’ as a geographic category of assessment is too broad to adequately capture the substantial differences in the liveability of small rural towns as compared to large regional centres, as between communities in Melbourne’s peri-urban outer suburbs and inner city. (sub. DR92, p. 3)
A number of submissions noted a trade-off between positive and negative aspects of liveability in different areas. The City of Boroondara stated that:

… dimensions of liveability vary across Victoria. Not all Victorians have equal access to services which contribute to liveability (for example, higher education participation rates are lower in country Victoria than in the metropolitan region; access to public transport is not equal). Arguably these differences may be offset by access to more affordable housing opportunities, but income levels may be lower. (sub. 48, p. 20)

The Department of Planning and Community Development (DPCD) noted the need for flexibility in considering liveability:

It is important that in conceptualising liveability we have a broad approach which also allows for local flexibility and difference. This flexibility is important because communities across Victoria will have different views about liveability and this will change over time. (sub. 51, p. 32)

The range and diversity of locations with different liveability characteristics within Victoria is a positive attribute of the state and enables many people to make choices where they want to live and hence the bundle of liveability characteristics they want to enjoy. Moreover, the impact of differences in liveability can be lessened by good interconnections between locations.

Regional Development Victoria also pointed to differences in the perceived liveability of provincial areas, noting that:

Liveability is a critical factor attracting investment, new workers and population. Not all areas share the same liveability qualities. Some centres and areas have a poor liveability image. (RDV 2005, p. 6)

The differences in liveability among provincial areas are reflected, in part, in the differing population growth rates presented in section 7.2.2.

7.4 Local governments in provincial Victoria

Local governments have an important role in providing leadership in provincial Victoria, and enhancing liveability is clearly a role for all governments (section 7.3.1). For example, Latrobe City Council stated that:

It is our belief that Local Government plays a vital role in the development of liveable communities. (sub. 39, p. 1)

Participants raised two major issues relating to local governments in provincial areas: the scope of their activities and resources, and interaction with other levels of government.
7.4.1 Local government activities and resources

Section 7.3.2 above addresses the impact of access to services and infrastructure. In many cases the lack of access to services can put increased pressure on local governments to meet the needs of residents. The City of Greater Shepparton noted that the:

Citizens of Melbourne have a range of bodies to turn to in the provision of services and facilities and are able to access numerous facilities. Communities in a regional centre place a much greater emphasis on the role and importance of their local Council to provide those facilities. (sub. 32, p. 11)

This may put significant pressure on some local governments and may result in councils in provincial areas having fewer resources to devote to other, more discretionary areas of activity, which may still play an important role in enhancing liveability, compared with those in Melbourne. In particular, local governments in provincial areas are required to maintain a substantial amount of local infrastructure.

MAV noted the infrastructure demands on local governments in provincial areas and the resulting financial pressures, noting that community demands on their local governments:

… include high levels of investment in roads, sewerage, water supply, public transport, health and education and arts and cultural opportunities, which place significant financial strain on many municipalities. (sub. 22, pp. 5–6)

The issue of adequate resources can be particularly significant for smaller local governments. For example, the Strathbogie Shire Council noted that:

Like most small rural Councils, we are financially unsustainable into the long term as we have a large infrastructure gap. As identified by the Federal Government’s Productivity Review, small rural councils do not have the capacity to fund the required 35% increase in rates for this gap. The dire financial situation of small rural Councils throughout Victoria also impacts on enhancing liveability within those shires as it is not possible for them to provide the level of service that their communities need and expect. Councils also do not have the discretionary funds to undertake the required strategic work which would also further enhance their position to provide more liveable communities. (sub. DR77, p. 1)

In a recent study of the revenue raising capacity of local governments, the Productivity Commission found that local governments in provincial areas have a:

… higher total incidence of rates relative to other councils, based on a weighted measure of incidence. This is due to the higher expenditure per person in rural councils, for example, on infrastructure services such as provision of local roads. (PC 2008, p. 153)

Higher local government rates may place additional stress on provincial residents. This issue was raised during the Shepparton roundtable where one
participant noted that rates are higher in many provincial areas than in Melbourne because of the need to fund infrastructure and other services from a narrower rate base.

MAV suggested that additional funding for local governments could help alleviate these problems:

> It is particularly important for those councils which face significant infrastructure backlogs that continued funding to promote fiscal equalisation continues. Such an approach will ensure that rural councils facing declining population and limited revenue bases can contribute to achieving the Commission’s stated goals of improving services and infrastructure access. (sub. DR88, p. 3)

### 7.4.2 Interface between local and state governments

Residents in provincial Victoria have generally high expectations and demands of their local governments. Local governments are in many matters more aware of the desires and aspirations of local residents and businesses than other levels of government, and hence well placed to respond to their needs. However, some local governments argued that their ability to do so may be constrained by both inadequate resources and statewide policy requirements. A number of participants to the inquiry from provincial Victoria raised the issue of planning regulations which may be appropriate in Melbourne but are not flexible enough to meet the differing needs of provincial areas. For example, the City of Greater Bendigo argued that:

> The “one size fits all” approach of the Victorian planning system in a sense impedes good planning and development as the potential for local variations to these standards are limited. (sub. 12, p. 6)

Similarly, the City of Greater Shepparton argued that one issue of concern to them was:

> … the degree to which some elements developed as part of Melbourne 2030 have become part of ‘planning mantra’ and are being applied across provincial Victoria regardless of the local circumstances. Many elements of the Victorian planning system were devised to address specific issues in Melbourne have now been extended to embrace planning across the State. (sub. 32, p. 8)

The Victorian Local Governance Association noted that:

> Currently there is no equivalent land-use framework of Melbourne 2030 for provincial Victoria. A Provincial Victoria 2030 might better articulate the interrelationships and complementarities with metropolitan Melbourne. (sub. 65, p. 14)

The Melbourne 2030 Audit Expert Group recommended that the state’s population growth should be managed, among other things, by:
Developing a stronger planning framework for regional towns and cities, to enhance their vitality and sustainability, while relieving pressure on metropolitan Melbourne, (AEG 2008, p. 6)

These matters and planning issues more generally including the issue of land availability for new housing are discussed in chapter 8 and supplementary paper B.

The establishment of Regional Management Forums (RMFs) was a Victorian Government initiative to promote an interchange of information between state and local governments on the needs and concerns of the local communities.

These forums consist of senior Victorian Government officials and the chief executive officers of local governments from the state’s eight regions. DPCD noted that the role of the RMFs was to:

… engage with regional stakeholders to develop an understanding of issues which would benefit from a joined-up response involving state and local government and community agencies working together, and also to develop proposals for addressing priority issues in each region that involve integrated planning and service delivery. (DPCD nd(a))

These forums provide an opportunity for issues affecting provincial Victorian local governments and businesses to be raised directly with Victorian Government officials (and in the case of the Gippsland, Grampians and Hume forums with Commonwealth Government officials) (DPCD, sub. DR104, p. 3).

Although a relatively recent initiative, the Commission received some positive feedback on the degree of collaboration the RMFs had facilitated between levels of government (Roundtable 2 transcript, p. 88).

In discussion with the Commission some participants suggested the RMFs were not as effective in addressing local issues when the ‘headquarters’ of the relevant RMF was distant. For example, the RMFs for Warrnambool and Mildura are based in Geelong and Bendigo respectively. This matter is further discussed in chapter 6 and reflected in finding 6.4.

More recently, as part of the Moving Forward: Update initiative the Victorian Government established a Ministerial Taskforce, chaired by the Minister for Regional and Rural Development, to oversee a $15.9 million regional planning initiative designed:

… to boost the planning capacity of Victoria’s 48 regional and rural councils and accelerate the development of statutory plans for major regional growth centres. (RDV 2008, p. 3)

The Commission concludes that local governments in provincial areas play a key role in enhancing the liveability of those areas. However, the unique demands placed on them by residents, and statewide policy requirements can impose significant resource demands.
7.5 ‘One Victoria’ — interaction between Melbourne and provincial Victoria

This chapter has highlighted factors which contribute to the differences in liveability between Melbourne and provincial Victoria. It is impossible to assess adequately the liveability of provincial Victoria without considering the interaction and interconnection between Melbourne and provincial areas. The liveability of both Melbourne and many provincial areas can be enhanced by this interaction.

A number of inquiry participants made this point to the Commission. For example, Trevor Budge argued that:

… Melbourne’s liveability is substantially as a result of the role and quality of provincial Victoria. Likewise provincial Victoria, or at least much of it, is more liveable because a large metropolitan area with all the assets and attributes it has is reasonably proximate. This is not a situation enjoyed by many areas in regional Australia. (sub. 10, p. 3)

The City of Greater Shepparton expressed similar views:

The reality is that the liveability of provincial Victoria strengthens Melbourne’s liveability. (sub. 32, p. 5)

MAV argued that this interaction between Melbourne and provincial areas is strengthened by the geographically compact nature of the state:

It should be noted, however, that Victoria has the competitive advantage of being one of the most geographically compact states so the trade-off between the benefits of living in provincial Victoria, and the services and cultural opportunities of metropolitan Melbourne, are less than in most other Australian states and territories. (sub. 22, p. 6)

The Commission agrees and notes that such interaction between Melbourne and provincial Victoria is affected by transport and communications links which facilitate the flow of people and information. Transport issues are discussed further in chapter 9 and ICT issues in chapter 11. The challenge for Victoria is to realise the potential benefits of the comparative advantage of size and connectivity.

The development and publication of a broad longterm framework for the planning and development of provincial Victoria and for various regional clusters in provincial Victoria — similar to *Melbourne 2030* — would facilitate the development of ‘one Victoria’. This matter is discussed further in chapter 8.
7.6 Summing up

In addressing its terms of reference for the inquiry, the Commission has explored the aspects of liveability that may differ between Melbourne and provincial Victoria.

The Commission finds that:

- many parts of provincial Victoria are very liveable and provincial Victoria can be considered the ‘liveable alternative’ to Melbourne
- provincial Victoria faces particular policy challenges, such as services for the ageing population and public transport
- the liveability of provincial areas has encouraged people and businesses to locate in these areas, an effect that is beneficial to the liveability of Victoria as a whole. This highlights the importance of the timely provision of infrastructure and services to meet the needs of individuals and businesses and the likely movement of some employment to provincial Victoria (finding 7.1).

The Commission has noted the extensive development of policy by the Victorian Government addressing issues affecting provincial Victoria.

Some of the factors which make provincial Victoria liveable, including lower land and housing costs, benefit both people living in those areas and businesses.

The primary factor detracting from liveability in many provincial areas is access to services and infrastructure, such as transport, education, health and ICT. In many cases, poor access to infrastructure also impacts on business performance and competitiveness. Access to internet technology for example, impacts on the ability of individuals to access a range of information sources and opportunities to interact with others over the internet.

In this context, the Commission concluded that poor access to services and infrastructure in some provincial areas is a key contributor to lower levels of liveability for residents, but also adversely impacts on business performance and competitiveness. Poor infrastructure also affects the ability of businesses and employees to locate in provincial areas. Planning for services and infrastructure in provincial areas needs to keep pace with the growth in population and the potential to absorb population from Melbourne.

The Commission finds that improved transport, the availability of emerging communications technology and other services such as health and education will help to consolidate and enhance the attractiveness of provincial Victoria and lead to more effective integration with Melbourne and improved liveability throughout Victoria (finding 7.2).
Provincial Victoria is also very diverse and this needs to be considered when assessing liveability and ways to enhance the liveability of provincial areas. For example a number of participants noted that statewide regulatory arrangements — such as planning regulation — could be insufficiently flexible to meet the specific needs of provincial areas.

The diversity of provincial Victoria also enhances the role played by local governments in providing information and services required to meet the needs of local residents and businesses. Submissions received by the Commission reinforced that local governments play an important leadership role in enhancing the liveability of their communities, particularly in provincial Victoria.

The Commission finds that local governments in provincial areas play a key role in enhancing the liveability of those areas. However, the extent of demands placed on them by residents, and statewide policy requirements, can impose significant resource demands (finding 7.3).

The Commission finds that an examination of the liveability of provincial Victoria must acknowledge the strong links and interdependencies between provincial areas and Melbourne. The liveability of both is enhanced by this relationship and liveability should be viewed in the context of ‘one Victoria’. The liveability of all Victorians in the future could be enhanced by government investment in the factors that contribute to an interdependent Victoria — in particular services for provincial Victoria and improved transport and ICT services both throughout provincial Victoria and between Melbourne and the larger provincial cities (finding 7.4).

The development and publication of a broad long-term framework for the planning and development of provincial Victoria and for various regional clusters in provincial Victoria — similar to Melbourne 2030 — would facilitate the development of ‘one Victoria’ (finding 7.5).
8 Urban planning and design, and community infrastructure

8.1 Introduction

The terms of reference for the inquiry require the Victorian Competition and Efficiency Commission (the Commission), in the context of enhancing liveability in Victoria, to:

- examine the efficiency advantages of good planning and community infrastructure and evaluate the economic costs of poor urban design
- report on the planning, design and implementation of sustainable urban concepts and systems in other jurisdictions — both in Australia and internationally — that are focused on achieving liveability goals, and comment on the potential applicability of such approaches in Victoria.

The Commission is also required, more generally, to:

- identify opportunities for government action to enhance the liveability of Victoria — while taking into account sustainability issues — and suggest ways of overcoming any challenges faced in realising these opportunities.

In considering these issues it is important to distinguish between urban design and planning. The Office of the Victorian Government Architect (OVGA) defined design as meaning ‘design of the built environment and includes architecture, landscape architecture and urban design’ (sub. 53, p. 5) and argued:

Urban design is concerned with the placement of buildings within a city, the uses and external details of those buildings, the spaces created between buildings including streets, as well as open spaces. … Urban design is the practice of shaping the physical features of settlements to create places for people and to make high-quality connections between people, places and buildings. (sub. 53, pp. 5–6)

Urban design is the art of making places for people. It includes the way places work, including considerations such as:

… community safety, as well as how they look. It concerns the connections between people and places, movement and urban form, nature and the built fabric, and the processes for ensuring successful towns and cities. (CABE 2000, p. 8)

Urban planning is a broader concept than urban design and encompasses wider consideration of how land is used. The OVGA noted:

At the local neighbourhood level, urban and rural planning is concerned with the use of land, and the buildings and other developments that go on that land, and their impact on communities and environments. Planning regulation of
land-uses aims to ensure equity in terms of access and impact on communities and individuals. (sub. 53, p. 6)

Good design can, therefore, be regarded as an element of planning. By creating and planning for places that meet the changing needs and preferences of the community who live, work or play in them, Victoria’s liveability and competitiveness can be improved. The OVGA recognised this and noted:

… the quality of the built environment has a significant impact on the success of many community services and infrastructure, in terms of community acceptance, ‘take-up’ or use, in facilitating community engagement and contributing to social, ecological and economic sustainability. In addition, the quality of architecture and the public realm significantly improves or diminishes the cultural relevance, resonance and attractiveness of places for people, thereby enhancing or detracting from liveability. (sub. 53, p. 4)

The complexity of the relationship between the urban environment — an outcome of the planning system, the natural environment, community infrastructure and urban design — and liveability can be expressed diagrammatically (figure 8.1). While not explicitly highlighted in this figure, the natural environment and community infrastructure permeate most elements of the urban environment.

Professor Edward Glaeser of Harvard University, and Manhattan Institute Senior Fellow, has argued that:

The starting point for any serious urban policy is to recognise that the government’s objective should be to enrich and empower the lives of people, no matter where they live. … Even if the focus of policy should be helping people, not places, there is still plenty of scope for place-based policies. Our quality of life depends on the safety and attractiveness of our neighbourhoods. (Glaeser 2008, p. 2)

In exploring the impacts of planning, urban design and community infrastructure on liveability this chapter considers:

• the efficiency advantages of good planning and community infrastructure (section 8.2)
• urban design — opportunities and threats (section 8.3)
• how sustainable urban concepts have been adopted in other jurisdictions — two Australian and four overseas cities — and their applicability to Victoria (section 8.4)
• the role of government in urban design, community infrastructure and planning (section 8.5).
8.2 The efficiency advantages of good planning and community infrastructure

Good planning and community infrastructure are important to the wellbeing of societies and growth of economies and the extent to which governments can tackle social and equity issues that are fundamental to liveability. For example:

- well planned land use encourages more efficient use of land and infrastructure by identifying the optimal use for land (economically, socially and environmentally) in an environment characterised by competing demands, and facilitates more resources being available for other liveability enhancing initiatives (section 8.2.1)
- well planned community infrastructure can improve community safety and connectivity, and enhance social capital while reducing the costs incurred in maintenance and staffing (section 8.2.2).
Both these issues are explored below.

### 8.2.1 The efficiency advantages of good planning

Land use planning determines the uses to which land is devoted and seeks to alter urban form to gain greater urban efficiency. Land use plans often seek to do this by developing compact cities through encouraging higher density, mixed use development, making the most of community investment in physical and social infrastructure, encouraging transit-oriented development in activity centres, improving public transport and limiting outer urban growth.

Urban efficiency is usually defined in terms of travel patterns, infrastructure and energy use, and social and environmental benefits and costs including transport, water use, congestion costs and the costs of urban sprawl. Societies which consume less land for residential and related purposes proportionate to the population, would generally require fewer roads, use infrastructure more efficiently, and be able to invest their unused resources for other productive initiatives. It must be recognised, however, that with more efficient cities other economic, social and environmental challenges may arise (section 8.3).

According to research undertaken for Maroondah City Council, the benefits associated with a project to consolidate urban development and encourage more sustainable travel patterns in and around Ringwood (the Ringwood Transit City project) are:

\[
\begin{align*}
\text{... an annual Gross State Product [GSP] boost of some } & \$19 \text{ million, or some } \\
& \$218 \text{ million, capitalised at } 6\% \text{ (real) over 20 years. This estimate does not take into account further GSP benefits arising from a greater propensity for innovation which is likely to arise ... (sub. 34, p. iii)}
\end{align*}
\]

The Department of Infrastructure/now Department of Transport (DOI/DOT) recognised the efficiency and economic advantages associated with an efficiently planned transport system when it noted:

In all definitions, liveability is affected by the cost of living. The costs of goods and services in a community are directly affected by the performance of the transport system. In addition, the cost of housing can be partially affected by the availability of adequate transport infrastructure and the distance of journeys to work. The modes used can have considerable economic impacts on a household and delays on the transport system can have economic and productivity impacts on employers. In other words, the economic efficiency of the transport network contributes directly to the economic performance of the State. (sub. 52, p. 13)

DOI/DOT also highlighted that good planning and investment helps realise and capture efficiency gains:
Investment, future planning and improved efficiency of passenger, freight and commercial activity is essential to secure and strengthen Victoria’s economic efficiency and competitiveness, which in turn increases liveability. (sub. 52, p. 23)

SGS Economics and Planning Pty Ltd noted significant efficiency gains could be made with good planning and urban management programs and provided quantitative estimates on the impact on GDP of improvements in urban structure and management over a 10 year time frame. The scenarios they adopted for testing considered three of the many opportunities for cost savings from better cities; namely, reduced traffic congestion, reduced transport related greenhouse gas emissions and lower housing construction costs. Their modelling found:

… that by 2020-21 Australia’s GDP can be expected to be higher by 1.27% compared to the Base Case Scenario (i.e. do nothing scenario). Similarly, Federal Government’s tax revenue can be expected to be higher by 0.55%. (sub. 26, p. 6)

The majority of the literature examined by the Commission suggests efficiency benefits result from more geographically confined cities, an essential tenet of Melbourne 2030. It is important to note, however, that the benefits that may accrue due to confining a city will be largely dependent on planning, infrastructure and design.

8.2.2 The efficiency advantages of community infrastructure

While there is a number of possible definitions of community infrastructure, it can be broadly defined as the complex system of physical facilities, programs, and social networks that aim to improve people’s quality of life. These services, networks and physical assets work together to form the foundation of a strong neighbourhood.

Physical community infrastructure helps to make communities sustainable at the local level. At its broadest, virtually all infrastructure has impacts on communities such as roads, drains, transport and water. Additionally, some infrastructure is directed to more specific social needs such as children’s services and child care centres, aged care centres, social housing, schools, libraries, multi use community facilities, leisure centres, bike paths, pavements and parks.

The City of Melbourne (2007b) highlighted the challenges local communities can face when there has not been effective community infrastructure planning, including:

- current facilities not meeting the needs of the growing population
- services and functions varying across the municipality, creating equity issues
- some facilities having operational and governance issues
- some single purpose facilities being under-utilised while others are over-utilised
under-representation of some sectors of the community in service usage

some existing facilities being located in residential areas, thereby limiting community use and creating issues around opening hours and access.

Where community infrastructure is well planned, the scope for these challenges to arise is reduced and the scope for the efficient use of physical infrastructure is maximised. In particular, the City of Melbourne (2007b) argued that the efficiency advantages associated with co-location and integration of physical infrastructure, where appropriate, include:

- better access for service users, saving time and reducing travel costs
- less staff isolation and reduced occupational health and safety risk, increased staff security, increased referrals
- savings through lower maintenance costs (economies of scope)
- an increased span of hours and better return on investment in infrastructure.

More generally, improved use of community infrastructure can also improve environmental outcomes by reducing waste and duplication (such as electricity usage), thereby contributing to reductions in greenhouse gas emissions. An example is the extended use of local facilities by local communities, such as halls, sports facilities, and libraries, thus lessening the need for the separate and additional provision of capital assets in the community.

The Victorian Government (2007a), recognising the social benefits of investment in community infrastructure, has undertaken a number of initiatives, including:

- funding 19 neighbourhood renewal sites to reinvigorate the physical and social infrastructure of disadvantaged communities
- building 12 new and redeveloping 52 existing neighbourhood houses, and improving the computer facilities/internet access of 56 houses
- undertaking community building initiatives in 102 small towns across Victoria, which saw 2600 people participate in community workshops to identify priorities needing action and establish project teams
- funding more than 1700 aquatic and sporting facility projects across Victorian communities.

This type of investment in infrastructure seems likely to be important in building strong communities, as people who are actively involved in community life have better health, higher school retention rates and lower rates of unemployment and crime. In addition, evidence such as the Jesuit Social Services report, *Dropping Off The Edge*, suggests that communities with high levels of participation and social connectedness are better placed to deal with disadvantage and important aspects of liveability (Vinson 2007).
In summary, there are efficiency gains to be captured through good planning and community infrastructure. However, the Commission is not aware of any studies of the extent of the size of the efficiency gains achieved.

Planning for the provision of community infrastructure must also consider the maintenance and renewal of existing infrastructure. In 2005, state and local governments in Victoria were responsible for physical assets valued at $138 billion (with the state government being responsible for $91 million and local government $47 billion) (MAV 2008b). Many governments, and in particular local governments in provincial Victoria (chapter 7), face substantial asset maintenance and replacement backlogs. On this, the MAV advised that there is a substantial asset maintenance and replacement backlog for local governments in Victoria, which is increasing each year. The total accumulated backlog is still being quantified through engineering assessments by local governments (MAV 2008a, 2008c).

8.3 Urban design: opportunities and threats

The terms of reference require the Commission to evaluate the economic costs of poor urban design. The Commission has focused on the localised costs of poor urban design; recognising that urban planning plays an important role in determining the capacity for urban design to influence the social, economic and environmental success of local areas.

Good urban design is not simply a question of aesthetics or style. The OVGA argued that good design:

- meets the needs of the people and communities who use it;
- enhances public spaces such as streets, courtyards, parks and gardens;
- performs in a sustainable way; and
- offers a qualitative experience of delight in the built environment.

(sub. 53, p. 7)

Urban areas that are poorly designed can lack many characteristics that make a place liveable. That is, there may be an absence of:

- character — created by identifying, responding to and reinforcing locally distinctive patterns of development, landscape and culture
- quality in the public realm — public spaces and routes that are attractive, safe, uncluttered and work effectively for all in society, including disabled and elderly people
- ease of movement — a place that is easy to get to and move through
- adaptability — developments that can respond to changing social, technological and economic conditions
• diversity — a place with variety and choice (whatever style is used by designers)
• environmental sustainability and inclusiveness (CABE 2000, 2006).

Places and buildings that do not possess these positive characteristics are not well designed and can impose costs on individuals, the community and the economy. The lack of recognition of these costs can explain why the cost of bad design is not always considered when projects are planned (CABE 2006). For example, a badly designed park, with inadequate lighting and multiple ‘blind spots’ may encourage opportunistic crime — the consequences and costs of which will be borne by the local members of the community and more broadly by other taxpayers (for example, increased policing costs).

While robust cost benefit analysis should be able to provide a framework to estimate the economic, social and environmental costs associated with poor planning and urban design, the costs can be difficult to determine because of the complex relationship between the various components (NZ Ministry for the Environment 2005). The Commission considers there is limited capacity to draw useful quantitative information from such analysis and has therefore evaluated the cost of poor urban design largely from a qualitative perspective. The economic, social and environmental impacts of planning and urban design are examined below (sections 8.3.1, 8.3.2 and 8.3.3 respectively).

### 8.3.1 Economic impacts of urban design

Poor urban design can impose significant costs on the economy, the environment and the wider community. These costs include congestion, unhealthy lifestyles (increased health costs), funding required to rectify poorly designed areas and a failure to capitalise on amenities delivered through good urban design (CABE 2006). As the New Zealand Government noted, poor design results in:

… lower quality of life and limit employment opportunities…[and] the ‘external costs’ generated by such development are significant ... (NZ Ministry for the Environment 2005, p. 67)

To illustrate some of the costs of poor urban design, a number of issues are explored.

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1 Physical design measures must be complemented by non-physical initiatives if they are to deliver optimal value. For example: (1) perceptions of comfort and safety are influenced by the physical environment, but also by the behaviour of other street users and the degree to which streets are active and lively; and (2) while good design and planning can act to enhance people’s sense of security, it is also influenced by other factors such as personal experience and the social environment (NZ Ministry for the Environment 2005).
Poor urban design can affect the operation and costs of public transport providers and delay passengers through contributing to congestion and poor access to public transport. Congestion reduces mobility, thereby increasing the market power of well located businesses but reducing market reach and competition. At the broadest level, congestion also affects the attractiveness of living in larger cities such as Melbourne, Geelong, Ballarat and Bendigo and increases the costs of doing business in these cities. Congestion can also impose a range of environmental and social costs (VCEC 2006).

Good urban design of built environments creates conditions that enhance health, for example well connected paths and pavements that encourage walking and cycling. Similarly, urban design can ensure parks and open areas are available for sporting and social activities. Put simply, shaping the environment through urban design has the potential to support good public policy, improve the health of the community, reduce the pressures on the health system and improve both wellbeing and productivity (Lake & Townshend 2006). With Australia being one of the world’s most obese nations — approximately nine million Australian adults are overweight — good urban design is a particularly appropriate means of enhancing Victoria’s liveability (DPC 2005a).

On the other hand, poor urban design can be responsible for environments conducive to poor social outcomes, including criminal activity and resulting in both social costs (section 8.3.2) and economic costs.

For example, the Department of Justice argued that poor urban design can worsen the effects of natural disasters:

There are a number of issues that impact on the [Emergency Services Organisations] ESOs performing their duties, which in turn, increases the risks to the community by reducing the ability of ESOs to respond quickly. Issues which affect the ESOs ability to respond include; restricted street and building access; poor building design and materials; and the ageing infrastructure of utilities, particularly water. … Greater involvement by the emergency services in planning for Victoria’s future needs will assist in ensuring Victorian communities are safer. (sub. DR89, p. 2)

With respect to criminal activity in particular, the South Australian Government noted:

Design features of the physical environment can assist crime to occur or deter it. An offender’s decision to commit an offence in a public space can be affected by the cues in the surrounding environment. For example, a building or facility that cannot be easily observed by passers-by provides a potential offender with less possibility of being observed whilst committing a robbery or a break-in. (Government of South Australia 2004, p. 3)
The economic costs associated with poor urban design can also be assessed by reference to the absence of the benefits usually associated with good urban design. Forgoing these benefits can be considered an opportunity cost and a failure to capitalise on amenities delivered through good planning (CABE 2006). The Department of Planning and Community Development (DPCD), for example, suggests that ‘good design can add economic value’ and it:

… create[s] areas where people want to spend time, helping to transform property markets. Well-designed places do more than add economic value: by creating places people want to live and work in, places people feel safe to walk around, places with good access to open space, public transport, facilities and job opportunities, good design can help to produce a range of social and environmental benefits. (sub. 51, p. 31)

Fed Square Pty Ltd asserts that Federation Square is part of Melbourne’s ‘civic, community and cultural heart’ and this ‘exciting public space’ contributes to the Victorian economy by:

- increasing expenditure by interstate and international visitors — an estimated additional $88 million per annum to GSP
- generating 756 (gross) full-time equivalent employment positions (sub. 11).

Good urban design can help the economy by reducing the need for private car use, thereby reducing congestion, improving travel times and reducing greenhouse gas emissions. Environment Victoria recognised the importance of transport planning to liveability when it noted:

… accessibility of transport both within a settlement area and between settlements, and the resultant time of travelling are important aspects of quality of life and economic success. … transport [also] has a significant effect on the pressure of a settlement on its environment due to the reliance of transport on fossil fuels. (sub. 19, p. 4)

Transport issues are explored in chapter 9.

There is a number of economic costs associated with poor urban design that governments need to consider, including:

- discouraging people (including skilled workers, innovative business operators, customers and tourists) from choosing to live, establish a business and/or visit a place
- costs associated with congestion, such as access to and use of businesses and services within an area and the costs of travelling within and between places.
8.3.2 Social impacts of urban design

Poor urban design results in social costs for individuals and communities living in poorly designed areas. These social costs may also have direct economic consequences as funding may be required to address the resulting social problems. According to CABE (2001), the social costs associated with urban design include:

- limited opportunities for social interaction and participation in community activities
- limited range of services and transport options available to individuals
- physical disconnection, disproportionately impacting on the opportunities available to the less mobile
- disconnection from public transport networks and established urban areas causing staff recruitment and retention problems
- social value diminished by poorly designed public space.

A number of submissions recognised this and noted poor urban design can be detrimental to the safety, wellbeing and functioning of communities. In particular, Victoria Police (sub. 47, p. 11) noted poor planning and design can result in:

- Increased levels of crime and violence, requiring additional security considerations, repair costs and increased demands on police and other services
- Increased levels of social isolation and a decrease in community connectedness, resulting in the potential for a range of social problems including increases in the rates of mental illness, suicide, drug and alcohol use and domestic violence.

The majority of submissions focused on the benefits associated with urban design. Consideration of the benefits of good urban design serves also to highlight the lost opportunities, threats and costs associated with poor urban design. For example, Fed Square Pty Ltd (sub. 11) noted Federation Square, through its design features, had helped in:

- building creative activity
- expanding educational and lifelong learning opportunities
- adding to the canvas of cultural and recreational opportunities
- improving the quality of community interaction and improving the quality of life in the city
- building the opportunity for community, educational, creative and business partnerships.

The Parks Forum similarly noted:
Well-designed, centrally located parks serve as places for young people, families and cultural groups to come together and participate in outdoor sporting activities and build community cohesiveness. (sub. 16, p. 2)

The planning and design of housing developments (both old and new) to ensure the maximum possible benefits, including social benefits, were captured was also cited by a number of submissions as important. For example, VicHealth drew attention to the *Creating Liveable New Communities* project (box 8.1) and noted:

… work is being undertaken with the Growth Areas Authority and other partners (MAV, PIA, Heart Foundation, DPCD, DHS, Housing Industry Association, and VicUrban) on the *Creating Liveable New Communities* project. The project aims to create a body of knowledge that identifies key elements needed to create sustainable and liveable new communities. (sub. 36, p. 7)

### Box 8.1 *Creating Liveable New Communities*

The Growth Areas Authority (GAA) is undertaking the *Creating Liveable New Communities* project to identify key elements needed to create sustainable new communities in Melbourne’s growth areas. The project aims to develop a strategic framework and ‘best practice’ tools to enable the GAA and partner organisations to create safe, healthy, active and strong communities. Features of the new communities will include walkable neighbourhoods and clustering of services and facilities close to public transport. The project will contribute to delivering the planning principles of *Melbourne 2030* by promoting excellent neighbourhood design and making people feel safe.

*Source: DPCD nd(b).*

The Community Housing Federation of Victoria (sub. 25) also argued that poor urban design that fails to accommodate different housing types (reflected in size, quality and cost of dwellings) will limit the scope for a diverse population and this will, in turn, be detrimental to the local area as social and economic opportunities may be missed.

Having an appropriate mix of housing is also important for business competitiveness, with housing in reasonable proximity to places of employment being important to the ongoing viability of businesses. Issues associated with competitiveness were explored in chapter 5 and accessible housing is explored in more detail in supporting paper B.

More broadly, CABE (2001) noted that good urban design is critical to:

- opening up areas and amenities
- boosting city pride and a sense of belonging
- reducing the need for high profile security arrangements
- increasing feelings of safety both within sites and beyond them.
8.3.3 Environmental impacts of urban design

Urban design can generate or exacerbate environmental challenges or contribute positively to a sustainable environment. Localised environmental costs associated with poor urban design include:

- inefficient use of resources (incurred as a consequence of addressing poorly designed areas, such as a lack of suitably placed bike paths and pavements that encourage car use)
- lack of, or poorly designed, parks that results in a lack of suitable habitat for plants and animals (including humans)
- litter
- decline in the character of a place — for example, trees planted along a road can have a positive environmental and visual benefit.

Environmental issues are discussed in chapter 10.

The environmental costs of poor urban design can also be illustrated through the absence of environmental benefits associated with good urban design. The OVGA, for example, noted that ecological sustainability is a fundamental aspect of good design and that:

> Good design does not only reduce the embodied energy and energy consumption of a development but it can also increase its useable lifespan and facilitate flexibility of use. The more intensely a building is used over a longer lifetime the more sustainable the building becomes. (sub. 53, p. 11)

Parks Victoria argued good urban planning and design for green space is important for its intrinsic value, for the services it provides and experiences and education that it allows:

> The natural world holds intrinsic value: it is important in itself quite apart from the presence or needs of people and has a right to exist and be protected. Natural systems also provide services that are vital to community well-being, such as clean air and water. Victoria’s parks play a crucial role in ensuring these services. They also provide many opportunities to learn about and explore the natural environment as well as to engage in experiences relating to their natural and cultural values. (sub. 7, attachment 2, p. 26)

Summing up, urban design can impact for good or bad on:

- the efficient use of scarce, non-renewable resources
- emissions from transport, for example public and private transport impacts
- conservation of green spaces
- awareness and appreciation of the natural environment (NZ Ministry for the Environment 2005).
There are wide-ranging economic, social, and environmental benefits and costs associated with urban design. Due to the complexity of these issues, the Commission concludes that quantification of the costs of poor urban design is difficult to determine but qualitative evaluation leaves no doubt that Victoria's liveability could be enhanced through the support of appropriate urban design policies.

8.4 Sustainable urban concepts in other jurisdictions

The terms of reference require the Commission to report on the planning, design, and implementation of sustainable urban concepts and systems in other jurisdictions — both in Australia and internationally — that are focused on achieving liveability goals, and comment on the potential applicability of such approaches in Victoria.

Sustainable urban concepts and systems refer to urban settlements which are planned so as to balance social, economic, and environmental goals in order to enhance liveability. There is a close link between planning mechanisms and policies and the promotion of sustainable urban concepts. Appropriate planning and design is required to create sustainable urban areas.

There is no single description of urban sustainability, due to differing circumstances around the world and divergent views about what is to be sustained. Sustainable urban concepts have, however, been adopted by numerous cities around the world.

Professor Glaeser, in commenting on England’s older industrial cities, observed that a bright future ‘can only come by investing in people’. He expanded:

Neither infrastructure nor industrial policy offer a way forward. In both the US and Britain, human, not physical capital has been the source of urban regeneration. Across older, colder American cities, education levels have been the strongest predictor of urban success since 1960. There is a similar pattern in Britain. … Economic change has increased returns to being smart, and you become smart by being around smart people. (Glaeser 2008, p. 2)

To determine the potential applicability of international experience to Victoria, the Commission asked Urbis Pty Ltd (Urbis) to examine how other cities had implemented their policies concerning sustainable urban concepts (box 8.2). The cities selected were Vancouver (Canada), Barcelona (Spain), Dublin (Ireland), and Liverpool (United Kingdom).

Urbis also was asked to examine two regional Australian centres — Newcastle (in New South Wales) and Ipswich (in Queensland) (box 8.3). These case studies examine the particular approach adopted in non-capital regional cities to fostering sustainable urban development, the tensions that exist between the goals and the benefits that the approaches have brought in terms of improvements in liveability and competitiveness.

Urbis’ entire reports are available on the Commission’s website: www.vcec.vic.gov.au.
Box 8.2  Sustainable urban concepts — international examples

Urbis Pty Ltd (Urbis) examined how four international cities implemented their policies concerning sustainable urban concepts.

**Vancouver** is continually rated as one of the world’s most liveable and competitive cities and is often compared with Melbourne. However, continued expansion of the urban area and population growth are potential threats to the sustainability and liveability of the city.

The Greater Vancouver Regional District (GVRD) co-ordinates the planning policy and practice of 21 local councils located in the Greater Vancouver Regional District. Its *Liveable Region Strategic Plan*, seeks to protect Vancouver’s natural assets, build ‘complete’ communities, increase transportation choice and achieve a compact metropolitan region. The GVRD monitors progress with respect to its strategic plan and publishes an annual report outlining performance.

**Liverpool** has undergone a dramatic change since the 1980s when its unemployment rates were among the highest in the United Kingdom. Today, the process of urban renaissance is now well entrenched. However, achieving economic success along with social justice has been identified as an ongoing challenge.

Liverpool’s *Core Strategy Development Plan* identifies five broad strategic objectives for the future of Liverpool: to strengthen Liverpool’s economy and improve the city’s image; to build and support strong and inclusive communities; to improve the quality of buildings and spaces, and foster local identity; to protect the environment and minimise resource use; and to maximise accessibility.

**Dublin** has experienced a period of considerable change and rapid growth, however this has not been without cost. In particular, the increasing cost of living is expected to pose a challenge, as Dublin attempts to sustain growth but also ensure equity for its citizens.

Dublin’s approach to sustainable urban development has been driven by planning frameworks at the national, county and city level. For example, the *National Spatial Strategy 2002—2020* outlines a number of requirements that are integral to supporting the consolidation of the economic and habitable city. The *Dublin City Development Plan 2005—2011* sets out the spatial framework for the inner- and outer-city, the wider region and the state as a whole.

**Barcelona** first introduced coordinated strategic planning in the late 1980s in response to the emerging pressures of globalisation and new economic and social challenges. In 2003, Barcelona introduced its first strategic plan to be applied at the metropolitan level — covering 36 municipalities. In doing so, Barcelona has recognised the need for an explicit broad urban policy to specifically address the challenges and opportunities facing cities and regions, and their communities and residents.

Source: Urbis 2008a.
Box 8.3  Sustainable urban concepts — regional case studies

Urbis Pty Ltd (Urbis) examined how two Australian urban regions have developed and implemented policies concerning sustainable urban concepts.

**Newcastle** is the regional hub of the Lower Hunter Region of New South Wales. Urban development has sought to create vibrant and liveable ‘urban villages’ in the region — where employment, social and cultural opportunities are within walking distance, or are at least accessible via public transport. Key strategies include:

- **Lower Hunter Regional Strategy (2006)** — A state government strategy that seeks to ensure adequate land is available and appropriately located to sustainably accommodate the projected housing and employment growth in the region by:
  - redirecting development towards existing centres — through the renewal of strategic centres and corridors and the strategic management of new release areas for residential development — and supporting the role of Newcastle city centre as the region’s principal city
  - identifying and protecting ‘green corridors’ and land for industrial uses.

- **City of Newcastle Urban Development Strategy (2005)** — A City of Newcastle strategy that seeks to better utilise existing urban infrastructure, encourage use of public transport and pedestrian travel, and the encroachment of urban area into rural and natural landscapes in the Newcastle local government area.

- **Revitalising Newcastle City Centre Plan (2008)** — The plan was developed by the state government, in partnership with the City of Newcastle that seeks to revitalise the city centre, including by encouraging mixed use development and diverse precincts around the city centre.

**Ipswich** is one of south east Queensland’s fastest growing sub-regions. The community enjoys a high quality of life — reflecting access to the region’s natural environment, affordable housing and a number of established employers and employment. Three key plans guide urban development in the wider Ipswich area:

- **South East Queensland Regional Plan (2005—2026)** — A state government strategy to manage urban growth and enhance quality of life across 18 local authority areas. In particular, it seeks to move towards a more compact urban form to reduce travel demands and reduce impact of urban development by:
  - developing new housing, largely in master planned communities
  - designating Ipswich City Centre as the region’s principal activity centre to create a focus for employment, business, retail, and service industries.

- **Ipswich 2020 and Beyond (2005)** — An Ipswich City Council plan that emphasises Ipswich as a key regional centre and identifies 400 strategies and actions (some already underway and others new) to ‘deliver sustainable community wellbeing’.

- **Ipswich Regional Centre Strategy (2008)** — A collaborative project between state government and Ipswich City Council to consolidate and revitalise Ipswich as the region’s principal activity centre.

Source: Urbis 2008b.
8.4.2 Key lessons from international experience and the Australian case studies

In observing the success of implementing sustainable urban concepts internationally (in Vancouver, Liverpool, Barcelona and Dublin) as well as the Australian case studies (Newcastle and Ipswich), the Commission notes that:

- some strategies similar to Melbourne 2030 have been implemented internationally — for example, there has been an emphasis on ensuring ‘green zones’ and ensuring a ‘compact city’
- there is no distinctly different approach that has led to markedly better outcomes for social, environmental and economic objectives
- all the international cities studied had governance structures in place to permit an holistic approach to planning across the greater city area.

Other high level observations and conclusions from international experience suggest:

- collaboration (among levels of governments and the private sector) is important if an holistic city-wide development is to occur
- governance arrangements — focusing on managing the tension between the legitimate perspectives of local communities and the city as a whole — need to be transparent and robust, with clear city priorities set
- annual reporting on progress is important if continuous improvements are to occur
- a willingness to change and adapt is required if emerging challenges — population, environmental and technological — are to be met and successfully addressed.

Summing up, the experiences of the international and Australian case studies at planning, design and implementing sustainable urban concepts to achieve liveability goals do not provide markedly better models for enhancing liveability, but can provide insights into how Victoria’s liveability could be enhanced. As the characteristics of each city are different each approach taken to address liveability concerns is different. There are, however, some broad lessons that may be of use in Victoria. These relate to collaborative strategic planning, holistic governance arrangements, regular reporting, and adaptation in the face of challenges.

8.5 The role of government in urban design and planning

Planning issues and most aspects of broad urban design are primarily the responsibility of state and local governments (sections 8.5.1 and 8.5.2), with the Commonwealth Government having a more limited role (section 8.5.3) where
national interests are involved. This section explores the different responsibilities of these players and seeks to identify improvements in how they operate (section 8.5.4).

### 8.5.1 Local governments

Local governments have a strong role to play in relation to place making, urban design and the public realm. Local governments are primarily responsible for the preparation and administration of local planning schemes. As the planning authority, they research and draft local planning schemes subject to State Government approval having regard to broader state concerns — including the municipal strategic statement — and usually initiate amendments to the planning scheme. They also oversee the operation of the permit process, make decisions on permit applications and enforce the planning scheme and permits (VCEC 2005). The Municipal Association of Victoria (MAV) noted that local governments have:

> … an important role to fulfil in ensuring the interests of communities are represented when developing local planning schemes and assessing applications. (sub. 22, p. 14)

Local governments are able to influence planning and urban design within their municipalities through their Local Planning Policy Framework, which is part of their planning scheme. The Local Planning Policy Framework contains a municipal strategic statement and local planning policies. The framework identifies long term directions about land use and development in a municipality, presents a vision for its community and other stakeholders and provides the rationale for the zone and overlay requirements and particular provisions in the scheme.

While each municipality has its own planning scheme, all schemes must be consistent with the State Planning Policy Framework. However, local governments have very limited, if any, influence on the development plans of the Commonwealth and state authorities and agencies. In fact, development proposals of Commonwealth and state governments and their agencies in local government areas are exempted from the local planning approval process, for example schools, universities and hospitals. Consistent with the need for intergovernmental collaboration and the principle of subsidiarity (see chapter 3), it would seem that there is a need for improved governance arrangements to address these issues in the interests of better decision making for the local and wider communities.

### 8.5.2 Victorian Government

There is a number of State Government stakeholders in planning and design issues in Victoria, particularly the Minister for Planning, DPCD, the Victorian Civil and Administrative Tribunal and the OVGA.
The Minister for Planning has overall responsibility for the state’s planning legislation and framework. The minister has wide ranging powers that include the ability to grant exemptions from complying with legislation, issue ministerial directions, approve planning scheme amendments and intervene in planning processes. As mentioned above, the Victorian Government also has the power to initiate its own developments in local communities without being subject to the local planning approvals process.

DPCD has administrative responsibility for the framework and practice of planning in Victoria, reporting to the Minister for Planning. Its responsibilities include:

- preparing the standard provisions for planning schemes
- reviewing planning scheme amendments
- playing a significant part in numerous planning initiatives across Victoria including *Melbourne 2030*, *Activity Centres*, *Transit Cities* and *Green Wedges*, providing design advice to engineers and urban planners in implementing urban design principles and policy
- producing urban design guidelines and conducting training to help practitioners understand them
- oversight of VicUrban and the Growth Areas Authority (GAA)
- advising the minister in the exercise of his powers.

The Victorian Civil and Administrative Tribunal, through the *Victorian Civil and Administrative Tribunal Act 1998* (Vic.), considers a range of disputes relating to planning scheme administration and planning permit decisions.

The OVGA provides leadership and strategic advice on architecture and urban design, and promoting awareness of how good design can make great living places and urban environments. It aims to:

... encourage high quality buildings and public places that:

- are engaging, diverse and inclusive;
- are environmentally, economically and socially sustainable;
- promote confidence and well-being in the community; and
- are culturally rich, resonant and poetic. (sub. 53, p. 3)

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2 Other planning initiatives DPCD is involved with include *Coasts and Waterways, Urban Development Program, Regional Planning, Creating Better Places* and *Growth Area Planning*.

3 Urban design guidelines produced by DPCD include *Activity Centre Design Guidelines, Guidelines for Higher Density Residential Development, Safer Design Guidelines* and *Interim Design Guidelines for Large Format Retail Premises*. 
The Victorian Government and related state authorities therefore have a large
degree of influence over the planning and design of local communities,
principally through:

- direction of planning policy through the State Planning Policy Framework
  and Melbourne 2030 strategy
- supervision and alteration of proposed planning scheme amendments
- ministerial discretion over planning issues for particular sites
- state developments in local areas not subjected to local approval processes.

8.5.3 Commonwealth Government

Historically the Commonwealth Government has largely influenced urban
development through economic and taxation policies. There have, however,
been a number of further involvements:

- between 1945–49 it initiated the Commonwealth-State Housing Agreement
  which provided low interest loans to the states for housing projects such as
  public housing
- from 1972–75 it established the Department of Urban and Regional Planning
  which funded urban renewal programs, increased sewerage networks and
  pursued policies of decentralisation with the New Cities program
- in 1994 it established the Department of Housing and Regional
  Development to investigate issues of microeconomic reform, social justice
  and environmental sustainability — the Better Cities program was one of its
  major initiatives (Playford 2001)
- in 2004 it celebrated the Year of the Built Environment to promote
  education and debate and raise awareness of the built environment and
  sustainability issues.

The Commission understands that today the Commonwealth Government’s
direct involvement in planning and urban design is limited, with decisions largely
left to states and territories. Four key areas where the Commonwealth
Government remains involved include:

- the National Land Transport (Auslink) Network, which is an integrated
  network of land transport linkages of strategic national importance, which is
  funded by Commonwealth, state and territory governments\(^4\)
- authority over planning in Commonwealth-owned airport land, as detailed in
  the Airports Act 1996 (Cwlth.)\(^5\)

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\(^4\) Auslink is based on national and inter-regional transport corridors including connections through urban
areas, links to ports and airports, rail, road and intermodal connections that together are of critical importance
to national and regional economic growth development and connectivity.
• the management and release of Commonwealth land, of which there is more than $6 billion worth across the country (ALP 2007a)
• policies to facilitate first home ownership and availability of rental properties.

8.5.4 Opportunities for improvement

A number of submissions suggested scope for improvement in the planning processes in Victoria. In particular, it was emphasised that improved communication between different tiers of government and a more strategic approach to land use could yield significant enhancements to Victoria’s liveability — both these issues are discussed below.

Improved intergovernmental collaboration

A number of inquiry participants (Planning Institute of Australia (sub. 21), MAV (sub. 22), City of Boroondara (sub. 48), OVGA (sub. 83)) suggested Victoria’s liveability could be enhanced if interaction and collaboration between the different tiers of government on planning issues were improved. The Planning Institute of Australia (PIA), for example, suggested a whole-of-government partnership approach would improve outcomes through:

• allowing the Commonwealth to more fully achieve national goals for prosperity, social security and health;
• improving the impact of Commonwealth programs through ‘place management’ and ‘joined up’ approaches to service delivery; and
• allowing the States and local governments to properly fulfil their potential as urban and regional managers. (sub. 21, attachment 1, p. 9)

The PIA also suggested that, to achieve a whole-of-government partnership in planning, the Council of Australian Governments (COAG) should be involved and that a national charter for Australian Sustainable Development should be established. COAG would allow the state and Commonwealth governments to ‘resolve a set of time bounded national objectives regarding sustainable development’ (sub. 21, attachment 1).

The OVGA similarly suggested that COAG contribute to improve outcomes, although they argued COAG should focus on developing a national urban design charter and noted:

5 Whilst the requirements of the Act are comprehensive, they do not require the airport-lessee company to have explicit regard to state or local planning regulations within their master planning or major development. That said, the Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government has produced the Airport Development Consultation Guidelines (December 2007), which emphasises collaboration with state and local governments (DITRDLG 2007).
Add good design in our built environment to the Council of Australian Governments (COAG) agenda, and seek COAG support for policy supporting better built environment outcomes throughout Australia, (this would assist where federal and state jurisdictions intersect – frequently the site of poor design outcomes due to poor coordination of policy). (sub. 53, p. 19)

The PIA also suggested a commission be established to evaluate and monitor proposed plans or policies from all tiers of government, and its role would be to:

… scrutinize and endorse (or otherwise) the sustainable development plans and policies proposed by signatory governments and to rigorously monitor progress towards the agreed sustainability outcomes in each jurisdiction. (sub. 21, attachment 1, p. 15)

Calls for the Commonwealth Government to become more actively involved in encouraging more sustainable cities, including through the mechanisms detailed above, are not new. A 2005 House of Representatives Standing Committee on Environment and Heritage (HRSCEH) inquiry — Sustainable Cities: Report on the Inquiry into Sustainable Cities — examined many of these issues and put forward recommendations to improve how the current system operates (The Parliament of the Commonwealth of Australia 2005). In particular, HRSCEH suggested that outcomes could be improved if the Commonwealth Government:

- established an Australian Sustainability Charter that sets key national targets across a number of areas, including for building design and planning
- encouraged a COAG agreement to the charter and its key targets.

The Commission is unaware of any specific action that has been undertaken to address the issues highlighted in HSRCEH’s report and the Commission notes that the previous Commonwealth Government did not respond to the report. Should the current Commonwealth Government respond to this report, the Commission notes that a question to be resolved is how any benefits associated with HSRCEH’s recommendations could also accommodate local preferences and the principles of subsidiarity (chapter 3). The Commission notes that a 2007 media release by the current Commonwealth Government (then in Opposition) emphasised the importance of the then Commonwealth Government responding to HSRCEH’s report (ALP 2007b).

A number of inquiry participants (MAV (sub. 22) and City of Boroondara (sub. 48)) also suggested improved collaboration between the Victorian and local governments could enhance liveability. For example, MAV noted:

The inquiry should provide scope for increasing intergovernmental collaboration in planning policy and involving local government in State Government long-term release strategies. (sub. 22, p. 16)

The City of Boroondara similarly suggested:
There is scope for the Department of Planning and Community Development to take a much stronger leadership role and to develop more effective partnerships with local government. (sub. 48, p. 13)

As a general principle, the Commission sees improved collaboration between the state and local governments as a continuous improvement goal that should be pursued, as such collaboration improves the scope for optimal outcomes to be achieved with regard to both local and broader needs.

In summary, the Victorian Government should seek more effective means of collaboration with local governments and encourage all tiers of government to take account of good urban design principles in planning decision making processes. Requesting the Commonwealth Government to respond to the report on the inquiry into sustainable cities is one approach through which this could be facilitated.

**A strategic approach to land use planning in Victoria**

Stakeholder discussions and inquiry submissions suggested there is concern with the level of integration of land use and transport planning occurring in Victoria. It was suggested that greater coordination of transport and land use planning would help ensure governments were better able to meet challenges in a proactive and strategic manner, and introduce improvements in transport and land use which maximise social and economic benefits. For example, the Metropolitan Transport Forum noted ‘it is essential that state planning recognises the critical link between urban and transport planning and their interrelated costs’ (sub. 60).

MAV recognised the importance of a more holistic approach to planning and noted that it:

… believes that increasing Victoria’s liveability and competitiveness requires the effective integration of housing policy, transport planning, strategic land use planning and sustainable development. (sub. 22, p. 4)

Wellington Shire Council similarly noted:

There is a strong relationship between planning for transport, land use and other areas, such as economic development, education and health. Integration is needed across these sectors and across levels of planning, locations and decision makers. (sub. 24, p. 5)

DOI/DOT also recognised the benefits of effective integration of land use planning and transport policies and noted that better integration could assist in:

- reducing the need to travel;
- reducing the length of journeys;
- making it safer and easier for people to access services;
• reducing the impact of transport on communities;
• improving freight access to key terminals and improved freight flows;
• providing for the efficient distribution of goods and services to business and community;
• providing a choice of travel modes; and
• ensuring flexibility to meet the demands of a changing economy and market environments. (sub. 52, p. 4)

The World Bank (2000) and the United Kingdom ‘Eddington’ report (2006) have also recognised the importance of adopting a more holistic approach to planning and noted, for example, that joint planning of transport infrastructure and housing is fundamental to the success of regional development. Transport issues are discussed in chapter 9. The Melbourne 2030 Audit Expert Group (AEG) noted the need for effective governance and clarity of responsibility for planning. The AEG argued that successful planning requires:

… allocation of responsibility for coordinating its implementation and clear understanding and commitment to the plan by the ‘whole of Victorian Government’ at the most senior levels. (AEG 2008, p. 5)

In seeking to improve the strategic approach to land use planning in Victoria it is important to recognise the legitimate tensions that will have to be addressed between local and broader regional or metropolitan perspectives. This tension reflects the often divergent views of local and state governments in seeking to improve the liveability of their constituents. This is an issue associated with subsidiarity and the appropriate allocation of authority (chapter 3). This tension was recognised by a number of inquiry participants including the PIA which noted that:

… conflicts between varying state and local objectives … are often experienced when considering the notion of liveability in a planning context. (sub. 21, p. 1)

The City of Boroondara also recognised this tension and noted that it would continue until such time as there was appropriate recognition of the roles and responsibilities of the different tiers of government. In particular, it noted:

… Local governments must be afforded sufficient independence in the exercise of strategic and statutory planning functions in order to appropriately respond to the challenges of achieving high standards of liveability for their communities. … The current approach to State-Local government relationships by the Department of Planning and Community Development (DPCD) is considered to be authoritative and not properly respectful of the valid authority of local government. (sub. 48, p. 18)

The Public Transport Users Association also noted the inherent tensions that result when dealing with different tiers of government:
Regardless of the actual division of roles and responsibilities, there will always be interdependence between functions carried out by different tiers of government. … The institutional framework must accommodate these interdependencies and remove barriers to successful coordination of decisions, regardless of how roles are allocated between tiers. (sub. 45, p. 23)

These tensions largely reflect the legitimate attempts by two levels of government to represent the (sometimes conflicting) best interests of their constituents, namely a very local constituency and the broader metropolitan-wide or state-wide community.

Tensions, and the consequential conflict, resulting in delays (and associated costs) in planning processes, have likely hindered the implementation of Melbourne 2030. Hobsons Bay City Council recognised the importance of addressing these delays when it noted that:

The planning system is extremely complex and time consuming. It is typical for a planning scheme amendment to take 3–4 years from start to finish regardless of the 'better decisions faster' reforms. (sub. 13, p. 1)

The Victorian Government has also recognised the impacts of planning delays, with the Minister for Planning recently stating:

… in many instances it takes almost five years to get land from a greenfield site to having people walking in the front door of their homes. Five years is too long … There are too many steps that are duplicated in the process currently, and what we want to see is a reduction in that duplication to streamline the process and get more land onto the market as quickly as possible. (Minister for Planning 2008, pp. 559–60)

Tensions in the planning process were also identified in provincial Victoria (chapter 7). In particular, a number of inquiry participants suggested the strategic approach to planning in provincial areas was greatly influenced by planning provisions developed to address metropolitan challenges, and to that extent was not appropriate for provincial areas and detracted from the liveability of provincial areas. For example, the City of Greater Shepparton noted:

… that metropolitan standards are often applied and enforced without any regard for regional circumstances, and as such are potentially inefficient and in fact can be counterproductive to liveability and competitiveness. (sub. 32, p. 7)

The City of Booroondara accepted that some flexibility is needed to address the legitimate tensions involved and:

… some level of subsidiarity can be legitimately sacrificed if local government is given greater certainty in regards to good urban design outcomes and matters such as ‘sense of place’ and ‘neighbourhood character’ are not undermined. (sub. DR85, p. 3)
The Victorian Government has recognised the need to address some of these tensions and delays and has initiated a number of reforms and reviews to improve the planning process in Victoria. In particular the Victorian Government recently released *Planning for all of Melbourne* (box 8.4) — its response to the five year audit of *Melbourne 2030* by the AEG setting out its action framework over the next five years (box 8.4).

**Box 8.4 Planning for all of Melbourne — response to the M2030 audit**

The Victorian Government released its response to the first five year audit of *Melbourne 2030* in 2008. The plan sets out a framework for action over the next five years and beyond.

The key challenges the plan seeks to address are managing congestion and providing world-class transport; planning well-connected new communities and providing for more housing near existing transport and services; and increasing the accessibility to quality jobs and services to all residents.

The Government broadly accepted the recommendations of the Audit Committee and is taking action in four key areas:

- **Planning for all of Melbourne.** This includes the establishment of development committees to make decisions in areas of metropolitan significance, preparation of integrated infrastructure plans for urban growth areas, and longer-term plans to manage Melbourne’s growth.

- **Transport and managing congestion.** This includes developing an integrated, long-term vision for Melbourne’s transport system beyond 2035, implementing priority projects in *Meeting our Transport Challenges*, and *Keeping Melbourne Moving* and investing $4 million to plan and protect future major transport routes.

- **Environmental sustainability and climate change.** This includes improving the energy efficiency of homes, offices and other buildings, acceleration and extension of mapping of native vegetation in growth areas and integration of planning for biodiversity, and diversifying our water resources through the initiatives in Victoria’s Water Plan.

- **Managing urban growth and change.** This includes working in partnership with councils to develop new residential zones and supporting council to plan for future needs and introducing integrated planning, introducing new activity centre and development frameworks, maintaining the urban growth boundary and considering the timing of future urban growth boundary changes on the basis of updated forecasts, and continuing to streamline planning processes in Growth Areas to fast-track residential development.

*Source: Government of Victoria 2008f.*
The AEG noted in its report in respect of the collaboration issue:

Successful plan implementation requires adoption of broadly supported directions that are consistent over time. Consistency is more likely when long range plans are adopted as ‘Melbourne’s Plan’ as a result of inclusive public processes. (AEG 2008, p. 30)

The AEG recommended that:

… the State Government creates new governance arrangements to ensure the responsibility, authority and visible leadership to oversee and coordinate the implementation of Melbourne 2030. These arrangements will need support from State Government at the highest levels (AEG 2008, p. 28).

In dealing with the legitimate tensions between local and city or state wide interests, Planning for all of Melbourne proposes to establish Development Assessment Committees (DACs) made up of two standing State Government nominees and two local government nominees with an independent and mutually agreed chair (DPCD 2008).

The DACs will make planning permit decisions in relation to areas and matters of metropolitan significance, including Melbourne’s 26 Principal Activity Centres (box 8.5).

By doing this, state and local governments will work together in making significant decisions which have shared state-local interest and have an impact on the wider region (Government of Victoria 2008f). In its response to the Melbourne 2030 audit, the Victorian Government referred to its responsibility to plan for all of Melbourne while having regard to the legitimate tensions identified above:

The Victorian Government has a clear and overarching responsibility to plan for all of Melbourne. This includes balancing local and broader regional interests when major planning and infrastructure decisions are made. … State and local governments share a critical responsibility to manage future housing, economic growth and infrastructure needs in a sustainable way. (Government of Victoria 2008f, p. 1)

and added:

A refreshed planning partnership between State and local government is needed … . This must include more opportunities for State and local governments to reach joint decisions. (Government of Victoria 2008f, p. 3)
Activity centres are places that incorporate employment, commercial, housing and community facilities and services. Across metropolitan Melbourne there is a network of over 1 000 activity centres of various types and sizes including:

- the Central Activities District — Melbourne’s CBD is the largest centre, with the greatest variety of uses and most intense concentration of development
- 26 Principal Activity Centres — larger centres with mix of activities that are well served by public transport and that have, in nine cases, also been designated as a ‘transit city’ with a focus on transit-oriented development (eg. Box Hill, Footscray, Werribee)
- 94 Major Activity Centres — similar to, and linked with, Principal Activity Centres, but serving smaller catchment areas (eg. Caulfield, Endeavour Hills, Sunbury, Williamstown)
- 10 Specialised Activity Centres — that provide a mix of strategic economic activities of state importance (eg. Parkville Medical and Bioscience Precinct, Melbourne Airport, La Trobe Technology Park Bundoora)
- around 900 Neighbourhood Activity Centres — smaller centres dominated by local businesses and shops that meet local needs, that are recognised by local councils, but are not designated in *Melbourne 2030*.

Planning for all of Melbourne seeks to ensure that the planning and management of designated activity centres is less complex and more effective. This includes:

- introducing Activity Centre Zones and simple Development Frameworks to provide greater certainty for communities and developers about the scale of development, public realm improvements, land uses and to identify the boundaries of designated activity centres
- releasing a new *Planning Practice Note for Activity Centre Structure Planning* to make structure plans more concise and ensure more effective community engagement
- establishing Development Assessment Committees in partnership with local governments to make planning permit decisions for areas and matters of metropolitan significance, including Principal Activity Centres.

While the focus is on development in Principal Activity Centres and Transit Cities, ongoing support is also provided for councils to develop a wider network of activity centres. For example, the *Creating Better Places Grants Program* provides funding for some urban improvement projects and the *Expert Assistance Program* provides specialist expert advice to assist councils finalise and implement structure plans for principal and major activity centres.

Sources: DPCD 2008g, 2008h, 2008i, 2008j, 2008k; Government of Victoria 2008f.
The detail of the implementation and operation of DACs is not yet finalised — with the next steps being consultation with local government on the implementation and operation of DACs, including finalising criteria to identify sites or matters of state, regional or metropolitan significance. Following this, DACs will initially be introduced in more ‘market ready’ Principal Activity Centres and Transit Cities (for example Camberwell, Coburg, Doncaster Hill, central Geelong and Preston (High Street)). DACs then will progressively be introduced across all remaining Principal Activity Centres.

Once established, the Minister for Planning will have the option of giving some of the minister’s current responsibilities in places of regional or metropolitan significance to a DAC.

This is, however, an ongoing challenge and a number of inquiry participants suggested more be done in this area.

**State and local governments in partnership**

The State Government has identified the need for a ‘refreshed’ planning partnership between state and local governments, with more opportunities for joint decisions in the context of *Melbourne 2030* (Government of Victoria 2008f, p. 3). It seems to be implicit in the Government’s statements that the same partnership approach should apply across the whole of Victoria.

The challenge of ensuring good planning decisions for the Melbourne metropolitan region applies in a similar way to variously defined regions in provincial Victoria. The provincial challenge tends mainly to apply to clusters of local governments surrounding the larger regional cities. Good planning decisions for these ‘cluster’ regions require both:

- collaboration among the local governments concerned to ensure that decisions of one local government, likely the central city, have proper regard to the interest of the wider provincial community
- collaboration with the State Government to ensure that the interests of the wider community are taken into account where a matter is of regional or state significance, that is, having regard for the regional community and the wider state community.

The Commission has considered Australian and international experience (section 8.4.1 and Urbis 2008a and 2008b) and views expressed by stakeholders to assist it in developing options to facilitate more holistic planning with improved strategic and better integrated land use and transport policies within Victoria. The Commission considered the following three options to facilitate improved strategic and better integrated land use and transport policies within Victoria:
1. creating a new overarching statutory authority with decision making powers responsible for the strategic planning and development of Melbourne, and separate authorities for regional clusters of provincial local government areas
2. retaining the current arrangements (status quo) but with some improvements such as the recently announced DACs
3. as option 2, plus the establishment of regional facilitating authorities (similar to the GAA’s facilitating role in the Melbourne metropolitan fringe) for the Melbourne metropolitan areas and the regional clusters of provincial local government areas.

Option 1: Overarching Planning Authorities

Discussions with participants (including at roundtables) raised the potential benefit of establishing an overarching urban planning authority (including representatives of state and local governments), in effect, a single Greater Melbourne Authority. It was suggested that a Greater Melbourne Authority could greatly enhance the scope for strategic land use and planning to be implemented within Melbourne. If appropriately developed, such an authority would seek:

- an appropriate balance between state and local government responsibilities to ensure strategic planning was achieved while ensuring that the interests of local communities are respected
- development of a single strategic plan in consultation with the relevant state and local governments to ensure consistent policy directions.

A similar authority could arguably be constituted for regional clusters of provincial local government areas. Such authorities would need clearly defined statutory authority. There was concern that such an authority for Melbourne should avoid becoming a ‘new’ Melbourne and Metropolitan Board of Works (box 8.6), but rather a responsive, inclusive and carefully balanced authority that could effectively navigate the various challenges associated with town planning in Melbourne from both a greater city perspective and an understanding of the legitimate concerns of more local communities.

The Commission considers it unlikely that this option could achieve that result.

A challenge associated with this approach is the requirement for state and local governments to cede to a significant extent their current decision making for planning permits to another authority.

The Commission has not seen evidence to warrant such radical change and the need for such a centralisation of executive planning authority in Melbourne or regional areas given the likely adverse impact on public accountability, at both the state and local levels, and potentially adverse impacts on liveability.
Box 8.6  Melbourne and Metropolitan Board of Works

The Melbourne and Metropolitan Board of Works (MMBW) was formed in 1891 and ceased operating as an organisation in 1992. While its roles changed over the years, it was primarily responsible for:

- water supply and sewerage functions — it managed a number of storage reservoirs, as well as pumping stations and the Werribee Treatment Farm in the sewerage system
- main drains and storm water functions — it looked after rivers, creeks, drains, surface water and flood control
- town planning functions — in 1954, it was affirmed as the permanent planning authority for Melbourne and the metropolitan area, including a responsibility for parks. This role ceased in July 1985
- highways, bridges and foreshores functions — between 1956–74 it constructed and maintained various highways and bridges, and had responsibility for foreshore protection.

In 1991, it merged with a number of local water authorities to form Melbourne Water, and shortly thereafter the MMBW was disbanded. MMBW’s town planning functions as well as infrastructure responsibilities are now largely undertaken by DPCD, DOT and Parks Victoria.


The Commission concludes that the model is not informed by an adequate regard to the principle of subsidiarity (chapter 3).

Option 2: Status Quo — current approach but with improvements

Under this approach different parts of government would largely continue to operate with their current responsibilities but they would seek to work more collaboratively. Option 2 would include ensuring more efficient outcomes by encouraging more ‘joined up government’ initiatives, including for urban planning issues. The Eastern Transport Coalition noted in its submission:

> The challenges to make Victoria more liveable are not only cross departmental in nature, but also require substantial, consistent and integrated intergovernmental cooperation. (sub. DR79, p. 6)

The importance of improved coordination was also recognised by MAV, which noted:

> … these problems [issues associated with inequality] could be avoided through better communication and coordination of planning between all levels of government (and between the relevant state government departments) and private developers. (sub. 22, p. 10)
The government would also continue the reform processes currently underway. The recent creation of DOT seems to represent a step towards a more ‘joined up’ approach for government in land use and transport planning, with the functions previously undertaken by the Coordinator-General, Infrastructure now being a key focus of the new Department through the Office of the Secretary.

The Nillumbik Shire Council supported the improvement of current arrangements and making local policy stronger. The Council noted that the Eastern Group of Council’s report Planning for the Future — Sustainable Solutions for Victoria, the Cutting Red Tape initiative and the Minister for Planning’s Action Plan identified a number of options for making local policy stronger and enhancing Victoria’s liveability (sub. DR95, p. 2).

Governments can also work in partnership with the private sector to ensure more efficient sectoral policies are delivered and that outcomes are maximised. For example, in January 2005, a partnership was established between the Shire of Melton, a developer and the Department for Victorian Communities (now DPCD) to trial a new way of planning and delivering infrastructure and services in a new development (Caroline Springs). An August 2007 evaluation report on this project, Strengthening Local Communities: Integrated Local Area Planning in Growth Suburbs, found that ‘all partners believed the partnership met its objectives’ and that the ‘outcome has been a better planned community in Melbourne’s growth area’ (DVC 2007b, p. 6). As one person noted:

… If you get it right in these new suburbs now … if you create vibrant self-sustaining new suburbs now…you won’t have to worry about it for the next 50, 100 years. (cited from DVC 2007b, p. 6)

A pre-requisite for effective collaboration between governments (and between government and non-government organisations) is that governments have access to sufficient skills and resources. A recurring theme found in many of the Commission’s inquiries is that the implementation of state and local policies and regulations is significantly impaired as a result of local governments not having sufficient resources, personnel or training — this is particularly true for many local governments in provincial areas. While local government funding arrangements are beyond the scope of this inquiry, the Productivity Commission (PC) has recently finalised a report that examined this issue — Assessing Local Government Revenue Raising Capacity. The PC report found inter alia that most local governments could do more to help themselves (PC 2008). The Commission, however, notes that

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6 The Victorian Government has released a discussion paper outlining a broad structure for three new planning zones — the substantial change zone, the incremental change zone and the limited change zone (DPCD 2008m). The new zones are intended to more directly reflect the objectives of state and local planning policies and to provide better tools for local governments to manage the diverse and changing housing needs of their communities. The consultation process for the new zones has closed (18 April 2008) and work on this initiative is continuing.
planning fees have only increased 2 per cent over the last ten years, a substantial reduction in real terms. Limitations on cost recovery can unnecessarily diminish the revenue raising capacity of local governments. The broader issue of vertical fiscal imbalance is also of concern to local governments (chapter 7).

Robust performance monitoring can also identify whether results are meeting expectations and whether additional measures are warranted. Recognising a need for measuring performance in planning, the Commission recommended in its report into Regulation and Regional Victoria (VCEC 2005) that the Victorian Government, in conjunction with local governments, develop a set of target performance indicators to measure the performance of the planning system and of local governments’ implementation of that system. In developing these indicators the government was to assess what minimal additional data might be required to support a robust state-wide monitoring system. The Commission is unaware of when these performance indicators will be available, although in its response to the 2005 inquiry the Victorian Government indicated it was working on developing such indicators.

The Commission also considers that information to improve the planning interface between local and state governments may be elicited from a survey of local governments. In particular, there may be merit in developing a survey to assess the extent to which local governments find information provided by the Minister on intervention in planning and heritage matters useful to future decision making. From discussions with stakeholders, and through examination of Ministerial decisions on interventions, the Commission considers that reasons cited for calling in a decision often provide limited insight into specific actions that local governments can implement to improve their processes — the reasons cited are often couched in broad terms with reference to policy statements and election commitments. The Commission has been unable to gauge the extent to which the advice prepared by the Minister provides enough information for local governments to implement change and suggests that more information is required to clarify this issue. In the view of the Commission, the Victorian Government’s recently released Planning for all of Melbourne has substantially improved the planning framework in responding to the AEG report. In particular, the proposed introduction of DACs recognises the need to address the legitimate tensions between the interests of local communities and the wider community.

Once the DAC process is underway, there may, in the Commission’s view, be merit in considering a consultative process amongst the DACs to promote consistency in interpretation of State Government objectives and exchanges of experience in resolving competing opinions. Moreover, in promoting planning partnerships with local governments, the Victorian Government could consult with provincial groups of local governments as the logic of particular planning decisions requires. These are matters of implementation.
Option 3: Building on the Growth Areas Authority

Another strategic approach is to adopt option 2 (building the status quo and the recently announced initiatives) and to establish facilitating authorities for the Melbourne metropolitan area and the various provincial regions, that is, clusters of local government areas. These authorities could be given a facilitating role similar to the GAA in the Melbourne growth areas. Established in 2006, the GAA is an independent statutory body with a broad, facilitative role to help create greater certainty, faster decisions and better coordination for all parties involved in planning and development of Melbourne’s growth areas.

By establishing similar facilitating agencies for established metropolitan and provincial regions, a new and more collaborative approach to development in Melbourne’s metropolitan area and provincial regions could result. These new authorities, with a facilitating rather than authoritative role, could cover residential, commercial and industrial land uses, parks and open space networks, and the use of land for services and infrastructure. For this approach to be effective within a metropolitan or regional area there would need to be a robust understanding of the possible availability of land for development. An inventory, undertaken by DPCD in consultation with local governments, to identify unused or underutilised land under state or local government ownership would contribute to the effectiveness of the proposed authorities.

The Property Council of Australia suggested the ‘current lack of coordinated planning and infrastructure development throughout metropolitan Melbourne’ could be addressed through the establishment of such a body and noted:

> The Growth Areas Authority (GAA) has been established to coordinate outer-urban development. The Property Council welcomed this move, however, our position has not changed and we consider a similar body is needed to coordinate development and infrastructure at the metropolitan and state wide level. (sub. 33, p. 5)

The City of Booroondara also supported the concept of such a new authority. With respect to its roles and responsibilities, it noted in its submission:

> Council considers that such an authority should only play a facilitative role so as to add value to the planning process rather than detract from it as ‘another layer’. Council submits that this would also allow current decision making and statutory mechanisms to remain largely as they are. (sub. DR85, p. 4)

Some financial provision would be necessary. In particular, the ability to encourage greater coordination through the provision of appropriate resources would be necessary. The economic benefits flowing from better planning would need to be sufficient to justify the financial investment, including staff resourcing and some grant provision for financial incentives.
The City of Moreland noted the importance of providing adequate financial resources to any new body. The new authorities would need to understand the issues facing local governments, such as ageing population, housing affordability and infrastructure demand (sub. DR81).

In its inquiry into Options for Managing Transport Congestion (VCEC 2006) the Commission highlighted the scope for agencies similar to the GAA to be established in other regions, but noted this should be informed by the three-year performance assessment of the GAA. The GAA’s three year anniversary is fast approaching, and given that the Victorian Government, in its response to the transport congestion inquiry, has indicated support for the ongoing monitoring of the GAA’s performance, the Victorian Government may soon be well placed to determine the appropriateness of application of the GAA model to metropolitan areas and provincial clusters. It is noted, of course, that there would be some fundamental differences in the work of facilitative bodies focusing on planning in established areas rather than the growth areas.

8.6 Summing up

There are wide ranging economic, social and environmental benefits and costs associated with urban design. Due to the complexity of these issues the Commission concludes that quantification of the costs of poor urban design is difficult to determine but qualitative information leaves no doubt that Victoria’s liveability could be enhanced through the support of appropriate urban design policies (finding 8.1).

In examining the planning, design and implementation of sustainable urban concepts and systems in Australia and internationally, the Commission finds that experience in other jurisdictions of planning, design and implementing sustainable urban concepts to achieve liveability goals do not provide markedly better models for enhancing liveability, but can provide insights for Victoria. Some broad lessons that may be of use in Victoria relate to the importance of collaborative strategic planning, holistic governance arrangements, regular reporting and ongoing adaptation to changing circumstances (finding 8.2).

The Victorian Government should continue to seek more effective means of collaboration with local governments and encourage all tiers of government to take account of good urban design principles in planning decisions. As an example, requesting the Commonwealth Government to respond to the report on the inquiry into sustainable cities is one approach through which this could be facilitated (finding 8.3).

Liveability could also be enhanced through the continued development of performance indicators for the planning system. There would also be
merit in the Department of Planning and Community Development developing a survey to assess the extent to which local governments find information provided by the Minister on intervention in planning and heritage matters useful to future decision making (finding 8.4).

While recognising there are numerous initiatives currently in progress to improve land use planning co-ordination, the Commission has identified a number of governance mechanisms and options through which a more strategic approach to land use planning in Victoria could be implemented to manage the legitimate tensions between the interests of local and wider communities, and enhance Victoria’s liveability. The Commission considers that improving current arrangements and the establishment of facilitative bodies for assisting Melbourne and provincial regions merit careful consideration (finding 8.5).

The Commission notes that statutory limitations on cost recovery can unnecessarily diminish the revenue raising capacity of local governments, for example planning permit fees. Vertical fiscal imbalance has the potential to adversely affect the ability of local governments to meet the legitimate needs of their residents (finding 8.6).
9 Transport and liveability

9.1 Introduction

The terms of reference for the inquiry direct the Victorian Competition and Efficiency Commission (the Commission) to identify opportunities for government action to enhance the liveability of Victoria. This chapter discusses a range of transport issues across Victoria, and their relationship with liveability and competitiveness.

In exploring transport issues, this chapter examines:

- the relationship between transport, liveability and competitiveness (section 9.2)
- recent reforms in transport policy (section 9.3)
- challenges in transport and scope for improvement (section 9.4).

Section 9.5 summarises the main findings and presents the conclusions of the chapter.

9.2 Transport, liveability and competitiveness

Victoria’s transport systems — the networks of roads, train and tram lines, bicycle paths and footpaths, as well as the vehicles that use this infrastructure — can influence competitiveness and liveability in a number of ways. The quality of transport systems contributes to the liveability and competitiveness of places directly, as it facilitates meeting the travel and freight needs of individuals and businesses for work and leisure purposes. The availability of transport infrastructure and services facilitates access to markets, employment and services, which are key factors for both residents and businesses when choosing between locations to work, live or enjoy recreation. It also affects other areas related to liveability and competitiveness, such as economic performance, productivity and lifestyles. For this reason, most liveability measures and studies include transport accessibility as one of their key components (chapter 2).

9.2.1 The importance of transport for individuals

Transport is one of the basic factors that people consider in determining where to live and work. The time spent commuting to work every day is a major issue for many people and the availability and quality of transport services play a determining role in locational and modal choices. This is highlighted by evidence that total daily travel time and average travel time to work, over time and across geographic regions, are relatively constant (Mokhtarian & Chen 2004). In Melbourne, travel time to work has remained roughly constant over more than 150 years at an average of 20 minutes. The total daily travel time budget
(including work and non-work related trips) in metropolitan Melbourne is just over an hour (Ironmonger & Norman 2007). The Department of Infrastructure/now Department of Transport (DOI/DOT) considers that this figure is more likely to be around 30 minutes (sub. DR110, p. 6).

Whilst travel times have been relatively constant, the transport needs of people have become more complex, driven by technological changes and increasing incomes. These more complex trips include non-work related travel and access to leisure and social activities, retail facilities, culture and various other services.

Personal transport needs vary substantially between individuals by age group, work force status, gender, income and lifestyle. Most people have a choice to meet their transport needs by using private or public transport. However, there are some groups in society whose access to private transport is limited due to economic reasons, or their special transport needs, such as elderly citizens and people with disabilities. For these groups the provision of appropriate public transport services is particularly important to ensure that they can access services and engage with others. Transport, and public transport in particular, is viewed as an important means of ensuring and maintaining social inclusion through addressing social connectedness, social equity and community issues (World Bank 2002). These issues are discussed in more detail in chapter 6.

Some inquiry participants expressed concern that inadequate transport infrastructure and services in specific areas can lead to the formation of transport disadvantaged groups. This seems common in fringe and provincial areas where the transport infrastructure is more limited and public transport is sparse or unavailable. The Municipal Association of Victoria (MAV) argued that in outer-metropolitan growth areas like Casey, Cardinia, Hume and Melton, families need to rely on two cars to be able to function properly and that in Caroline Springs around 35 per cent of the dwellings are not serviced by any form of public transport (sub. 22, p. 10). This is supported by survey evidence which shows that a number of households in the fringe areas of Melbourne earn less than average income, yet they operate two or more cars (Stanley et al. 2007). Rising oil prices can put a substantial extra burden on these households, especially if they cannot substitute other modes of transport for car travel.

The provision of public transport services in these areas is often seen as a key factor to address social equity and connectedness issues. For example, the Bus Association Victoria (sub. 23, p. 11) expressed the view that:

- Public transport aids inclusion by helping combat social exclusion and helps to overcome social disadvantage.
- Adequate public transport permits all members of society to participate and facilitates both recreational events and work activities.
- Public transport, and walking and cycling appear to encourage social interaction however more research in this area is warranted.
Public transport in these areas can be particularly important to provide access and mobility for young people (Currie 2006). The Public Transport Users Association argued that:

Poor urban planning is especially burdensome for transport disadvantaged households. Around one third of people in Melbourne cannot drive ... Lack of transport limits access to education and employment with the result that young people in transport-poor areas of Melbourne experience significantly higher levels of unemployment and are much less likely to complete high school or attend tertiary education ... On top of the resulting personal disadvantage, this breeds broader social problems and reliance on government support. (sub. 45, p. 22)

Despite the increasing reliance on their cars, it is a general phenomenon in large cities that people move to fringe areas because of more affordable housing and make a trade-off between commuting time and housing costs. For those who need to get an additional car if they move to outer suburbs, the monthly cost would be roughly equivalent to adding $67 000 to their mortgage.1 Provided they can save $67 000 on the cost of a house, running an extra car may be worthwhile, other things being equal. Rising interest rates increase the attractiveness of the ‘fringe+car’ option, whilst rising fuel costs diminish it.

Transport issues are critical to effective urban planning in both metropolitan and provincial areas. Some research indicates that more compact, high density cities achieve transport benefits, including less vehicle trips and distances (EWLNA 2008). Transport determines access to employment, services and recreation. Transport planning is central to amenity, attractive urban areas, increased environmental and public space quality, and improved city or region image (DFT 2004). The Associate Victorian Government Architect suggested that even small micro elements of transport planning can create amenity, such as:

… well-located railway stations, road corridors and noise walls that are not only durable and structurally appropriate, but are also comfortable to use and look good in their context. (Roundtable 3 transcript, p. 46)

Transport planning can also contribute to creating a more liveable and sustainable environment through reducing the negative effects of traffic on the local environment. In this respect, public transport is the preferred option because it generates less traffic, congestion and environmental harm than private transport.

The Metropolitan Transport Forum (MTF) argued that:

Traffic spills from arterial roads onto local roads at the expense of local access and amenity, creates noise, pollution and accidents, while exacerbating respiratory and other diseases. This all undermines the liveability of cities. There are also adverse effects in deterring street activity and social life. (sub. 49, p. 2)

1 Calculation based on average full cost of car ownership amounting to $143 per week. (Based on NRMA (NRMA 2007) and RACV estimates (RACV 2008), and on current interest rates. Changes in travel time or other preferences are not considered.)
9.2.2 The importance of transport for businesses

For some businesses and industries, transport can be a primary issue in deciding on the optimal location of their investments and operational sites.

The transport needs of businesses vary substantially across industries and time. Changing industrial structures, such as the growth of the services and high-tech industries, and the increasing reliance on just-in-time production have resulted in an increased demand for freight services. The *East West Link Needs Assessment* (EWLNA) observed that the forces of economic growth, greater global integration of markets, and structural changes in the economy such as more outsourcing and growth in the service sector have meant that:

… the journeys that are important to Melbourne’s economy are changing. The journeys that matter most to a services economy include face-to-face meetings, negotiations and transactions, personal contact with clients, advisers and suppliers, and relatively fast and efficient international connections (through airports and ports). (EWLNA 2008, p. 25)

In this dynamic business environment, access to high quality transport infrastructure can contribute to business competitiveness, for example through:

- providing spatial access to markets, labour supply and physical inputs for production
- decreasing logistical costs, inventories and inventory costs
- facilitating more cost effective production processes, distribution and use of premises
- bringing businesses closer to each other and improving business cooperation, networking and facilitating the realisation of spillover effects
- creating new business opportunities by opening previously inaccessible sites for development (SACTRA 1994).

Freight transport planning is important to facilitate more efficient access to goods and services across suburbs and towns, and to ensure that passenger and freight transport effectively share the transport network. Freight is also a key factor in addressing land use planning and environmental issues (sub. DR110, p. 4). The importance of providing a transport system that can effectively meet the increasing demand for freight is discussed in more detail in section 9.4.1.

The availability of good transport infrastructure may increase the productivity of businesses through facilitating access to more, or a larger variety, of factors of production such as labour and capital. The importance of this link has been recognised in a number of empirical studies. For example, the ‘city productivity hypothesis’ suggests that access to employment is of crucial importance to the

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2 Many studies suggest that a positive relationship exists between city productivity and size. However, the benefits associated with city size are potential and conditional on the quality of city management. Through
competitiveness of cities, because the efficiency of urban areas increases with the size of the labour market accessible to its residents (Prud’homme & Lee 1999). Therefore an efficient transport infrastructure can create more employment opportunities for inhabitants and increase the size of the labour force which has access to jobs in a given area. Places with developed transport networks are also more attractive for inward investment, which can provide finance for the development of local businesses.

The regional development literature presents ample empirical evidence that the level of GDP in a geographic region correlates to the level of transport accessibility (Knapp 2003).\(^3\) Through increasing the productivity of businesses, transport can contribute to economic growth in the region. In turn, higher incomes can help to improve the liveability of a place.

Excessive levels of transport congestion pose a threat to business productivity. As noted in the Commission’s congestion report, excessive congestion can increase operational costs to businesses through:

- requiring increased inventories, particularly when goods are perishable, difficult to warehouse or subject to rapid changes in value
- requiring freight companies to add vehicles and drivers and extend their hours of operation to compensate for longer travel times and less reliable pick-up and delivery times
- reducing the market reach for businesses, resulting in smaller plants with higher unit costs and less access to specialised inputs
- encouraging businesses to revert to less efficient production scheduling processes
- increasing labour costs demanded by employees in exchange for longer commuting times
- potentially reducing the competitiveness of Australian exports because of delays or uncertainty of delivery schedules. (VCEC 2006, p. 4)

Appropriate transport facilitates access and connectedness, which are basic needs for both individuals and businesses. The following section summarises some of the key initiatives affecting the development of the transport system.

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\(^3\) It should be noted that the direction of this relationship is ambiguous, as there is no consensus on whether economic development induces more developed transport infrastructure, or that better infrastructure generates economic growth.
9.3 Recent reforms

The Victorian Government has given much attention to addressing various transport issues and has highlighted transport as a critical factor in ensuring the state’s liveability and economic success. The Government has developed and implemented a number of initiatives.

9.3.1 The current transport policy framework

The strategic policy framework which determines transport development in Victoria during the 2007–2010 period, includes the following policy statements (DOI 2007a):

- Growing Victoria Together: The Victorian Vision for 2010 and Beyond
- Melbourne 2030: Planning for Sustainable Growth
- Linking Melbourne: The Metropolitan Transport Plan
- Meeting Our Transport Challenges: Connecting Victorian Communities
- National Transport Links: Growing Victoria’s Economy
- Victorian Ports Strategic Framework
- Victoria: Leading the Way Economic Statement
- A Fairer Victoria
- Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest
- Our Environment, Our Future: Sustainability Action Statement

In addition to these initiatives, the Government is developing a new, longer term transport plan for the whole of Victoria, which is intended to address transport priorities and meet greenhouse gas reduction targets in the future. The new plan will draw on the outcomes of recently conducted reviews, including the EWLNA and the Melbourne 2030 Audit. This plan is expected to be released by the end of 2008.

The following sections summarise the transport aspects of some of the Government’s key statements.

Growing Victoria Together

In 2001, the Victorian Government released Growing Victoria Together, which outlined its vision for making Victoria a stronger, more caring and innovative state. Building faster, better, more accessible transport and communication links and linking Melbourne and regional ports to industry and agricultural centres across Victoria were identified as priority actions under the ‘growing and linking all of Victoria’ initiative. The initiative set out programs to develop better links between Melbourne and provincial Victoria, improve accessibility and efficiency, decrease the costs of congestion and develop urban roads and public transport around Melbourne with a focus on fast outer-city bus services linking suburban
centres. Funding was allocated for a number of initiatives, including fast train services between Melbourne and provincial centres, re-opening country rail passenger lines, standardisation of Victoria’s regional rail system, and development of the Scoresby Integrated Transport Corridor to provide freeway and public transport improvements from Ringwood to Frankston (DPC 2005b). *Growing Victoria Together* reports on some of these transport outcomes and is discussed in more detail in chapter 4.

**Melbourne 2030**

Released in 2002, *Melbourne 2030* is the Victorian Government’s long-term strategy for managing the growth and development of metropolitan Melbourne. As the title suggests, this strategy does not directly address provincial issues. The main thrust of the strategy was to enable an anticipated 660 000 extra households to be accommodated over 30 years in the Melbourne metropolitan area. With respect to transport objectives, *Melbourne 2030* outlines eight directions (DPCD nd(c)):

- upgrade and develop the Principal Public Transport Network and local public transport services to connect activity centres and link Melbourne to the regional cities
- improve the operation of the existing public transport network with faster, more reliable and efficient on-road and rail public transport
- plan urban development to make jobs and community services more accessible
- coordinate development of all transport modes to provide a comprehensive transport system
- manage the road system to achieve integration, choice and balance by developing an efficient and safe network and by making the most of existing infrastructure
- review transport practices, including design, construction and management, to reduce environmental impacts
- give more priority to cycling and walking in planning urban infrastructure and in managing our road system and neighbourhoods
- promote the use of sustainable personal transport systems.

The five-year audit of *Melbourne 2030* was completed in 2008. The Victorian Government released its response to the independent Audit Expert Group’s report in May 2008, titled *Planning for all of Melbourne*. The Audit identified the following key transport challenges:

- planning for Melbourne’s long-term transport needs
- improving integration of transport and land-use planning
- planning for Victoria’s growing freight needs
- providing more transport choice
- managing the road network and reducing congestion.
Metropolitan Transport Plan

In 2004, the Government published the *Linking Melbourne: Metropolitan Transport Plan* (MTP) initiative to address the transport needs of the growing population in Melbourne, covering both established suburban areas and designated growth areas in the outer suburbs. The plan identified these key issues for transport planning: improving safety, managing congestion, and providing a transport system which is capable of supporting population growth and economic development.

To reduce congestion in the inner and established areas of Melbourne the plan outlined strategies to increase the efficiency of existing transport systems, including:

- improving the reliability and flow of public transport
- making existing roads operate better
- improving service coordination, integration and consumer interface
- promoting sustainable travel through better demand management.

Strategies for managing metropolitan growth in the outer areas considered the provision of newer infrastructure, including:

- improving outer metropolitan arterial roads
- increasing access via public transport in middle and outer areas
- improving access via the passenger rail network
- developing integrated transport in the Mitcham–Frankston corridor (DOI 2004).

Meeting Our Transport Challenges

In 2006, the Victorian Government released *Meeting Our Transport Challenges* (MOTC) — a ten-year strategic plan for improving Victoria’s transport system. MOTC develops a number of initiatives outlined in the MTP and provides specific programs for their implementation. MOTC provided for $10.5 billion to be spent on transport over ten years on a range of projects including (DOI 2007b):

- capacity enhancements to Melbourne’s major east west road corridor and upgrades to regional arterial roads
- improving cross-town connections to manage the increasing freight task between key freight centres, including the port and industrial areas in the outer west, north and south-east
- improving road safety through road infrastructure improvements
- upgrades to Melbourne’s rail system with a view to enhancing capacity and safety
- the progressive purchase of new trains and trams and a new train control centre
- the creation of a cross-town public transport network for Melbourne with SmartBus orbital services
- improvements in regional public transport to provide better connections within regional centres, between centres and outlying towns, and between
regional areas and Melbourne to ensure that people living in regional areas have access to jobs, health services, education and recreational activities.

9.3.2 Other initiatives

In addition to the specific initiatives outlined above, the Victorian Government also commissioned a number of studies to examine some of the key transport challenges facing Victoria.

Options for Managing Transport Congestion

In 2005, the Government directed the Commission to conduct a public inquiry into managing transport congestion in Melbourne and the key regional centres (box 9.1). The report noted that traffic congestion was imposing a significant cost on Victoria which, under the best available projections for infrastructure spending and population growth, would increase rapidly in the next 15 years. These projections of population growth have in fact been exceeded, with further consequences for congestion.

Section 9.2 discusses some implications of congestion on liveability and competitiveness.

<table>
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<tr>
<th>Box 9.1 Congestion report key issues</th>
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<tr>
<td>The Commission proposed a number of options for managing transport congestion including:</td>
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<td>• better managing the existing road space through measures such as improved incident management and accelerated development of a hierarchy of road use</td>
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<td>• expanding the frequency and reliability of bus services, with more innovative contractual arrangements to drive efficiency and patronage growth</td>
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<td>• undertaking efficiency measures for rail.</td>
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<td>The Commission argued that, in the longer term, the wider application of user charges will need to be considered. A comprehensive Melbourne road charging study would be useful to understand better the benefits of road use charging in a future environment in which congestion may be increasing, and to permit a comparison of these benefits with the costs of this form of demand management.</td>
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<td>Institutional changes that would improve the management of transport congestion included:</td>
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<td>• adding overarching and consistent objectives in transport legislation</td>
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<td>• having a single transport budget</td>
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<td>• clarifying responsibility for policy development and coordination</td>
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<td>• improving the information bases in a number of key areas</td>
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<td>• strengthening coordination within government, and between state and local governments.</td>
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Source: VCEC 2007b.
In its response to the final report, the Government supported (or supported in principle) most\(^4\) of the Commission’s 58 options, in the following areas:

- improving the existing road, rail and bus networks
- undertaking an evaluation of existing high occupancy road lanes
- lobbying the Commonwealth Government to reform tax laws to encourage use of public transport
- reviewing the incentives for senior public servants to use motor vehicles
- adaptation of more integrated planning measures
- ensuring the efficient operation of freight (DTF 2007).

A progress report on the actions taken in relation to the implementation of these options is expected to be released soon, including options for which the government indicated deadlines.

**The Victorian Rail Freight Network Review**

The Victorian Government commissioned a review of the Victorian rail freight network in July 2007 to examine a number of issues facing regional freight, including the physical condition of the network, rail costs for grain transportation and access charges, track standards, future demand for rail freight and trends towards intermodal rail and road freight.

The final report *Switchpoint — The template for rail freight to revive and thrive!* was released in December 2007. The report recommended that:

> … the Government provides a fit-for purpose regional rail freight system at reasonable cost, which is capable of efficiently transporting known freight volumes at prices competitive with road, providing a platform for future growth which is economically, socially and environmentally responsible. (DOI 2008d, p. 1)

To achieve this, the report proposed 29 recommendations in the following main areas:

- identified priorities and levels of investment to upgrade Victoria’s rail freight network
- establishment of a Grain Logistics Taskforce to co-ordinate the grain supply chain and facilitate collaboration on grain handling and marketing

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\(^4\) Options not supported by the Victorian Government included:

- Trial high occupancy toll lane on new lanes constructed in Melbourne
- Undertake a feasibility study of road use charging in Melbourne
- DOI to establish an external advisory board to ensure that a broad range of proposals are considered for improving transport efficiency
- Remove the exemption of health, environment and education Ministers have from a requirement to comply with a Planning Scheme.
• commissioning a government entity to develop rail freight business and facilitate collaboration between stakeholders and aggregation of smaller freight tasks to create viable rail freight tasks
• establishment of a Rail Freight Development Fund to facilitate rail freight opportunities via capital contributions to rail freight facilities
• establishment of an ongoing asset management regime to maintain the network at designated speed after capital rehabilitation, including routine and major periodic maintenance on track and bridges
• higher priority for freight trains on the Melbourne metropolitan rail network through improved metropolitan rail system planning (Minister for Transport 2007).

Although the Government has not produced a formal response to the report to date, it has started implementing the recommendations by reducing access charges, introducing a rebate for grain handlers, and providing funding for the upgrade of ‘gold’ lines. The program for the rehabilitation of ‘silver’ lines is currently being developed.

**Keeping Melbourne Moving**

The Government has recently announced the launch of the $112.7 million *Keeping Melbourne Moving* plan, consistent with its decisions on the Commission’s transport congestion inquiry options, which provides measures to ease congestion during peak hours along the most heavily congested routes in the 10 kilometre radius of the central business district (CBD). The plan includes:

• standardisation and stricter enforcement of clearways
• greater priority for trams and buses
• more rapid patrols to clear broken-down vehicles
• more funding for pedestrian and cycling facilities
• providing more information for motorists.

The plan aims to provide relief to congestion until the longer term capacity increasing initiatives of other strategic programmes (such as MOTC) are being implemented. The launch of the congestion plan coincided with the creation of a separate Department of Transport (out of the Department of Infrastructure) to ensure a stronger focus on the delivery of transport improvements.

In summary, through the various strategies outlined above, the Victorian Government has committed substantial resources to meet the transport demands of Victoria’s growing population. A number of road and public transport projects have been delivered recently with a budget of $5.8 billion, including an upgrade to the Monash CityLink West Gate, opening of EastLink, redevelopment of the Southern Cross Station, extended tram, rail and bus services on a number of routes, improvements to regional rail and Fast Rail, and new bike paths (Minister for Roads and Ports and Minister for Public Transport 2008).
### The East West Link Needs Assessment

The most recent proposals with the potential to reshape the development of Victoria’s transport network in the near future are presented in Sir Rod Eddington’s *East West Link Needs Assessment: Investing in Transport* report, which was released in March 2008. Although the study’s particular focus was the assessment of transport options in the east west corridor only, the recommendations have broader implications for Melbourne and provincial areas.

The EWLNA presents two major infrastructure recommendations: a new 17 kilometre ‘metro’ style passenger line rail tunnel linking Melbourne’s fast growing western and south-eastern suburbs, and a new 18 kilometre cross city road corridor to provide an alternative to the West Gate Bridge. The study also contains smaller initiatives to address transport issues around the east west corridor, including: extension of the suburban rail network to Sunbury, new bus services for Doncaster, new cross city cycle links, better priority and access for public transport, increasing rail’s share of freight, improving truck efficiency, more low emission vehicles and accelerating the development of suburban hubs (as in *Melbourne 2030*). These recommendations build on metropolitan transport initiatives that have already been announced by the government and would require the acceleration of some projects. The estimated cost of the proposed investments is $18 billion.

Following a 15-week consultation period, the Government received around 2200 submissions in response to the EWLNA. To further explore local transport priorities in the wider community, the Government is holding transport roundtables and a summit later this year. The Government is expected to release its response as part of a new comprehensive transport plan by the end of 2008.

#### 9.4 Pressing on with improvement

The Victorian community is facing many transport challenges which represent the consequences of a successful, growing economy with an expanding population (box 9.2). The MAV observed that:

> The combined pressures of high and growing demand for public transport services, the detrimental effects of transport generated emissions, high petrol prices and road traffic congestion have positioned transport at the forefront of public policy challenges for governments around Australia. As such, transport can no longer be considered a discrete policy area but must be viewed as a key factor in community and land use planning, in efforts to reduce greenhouse gas (GHG) emissions, and in enabling social inclusion through mobility and access to affordable transport options. (sub. DR88, p. 2)
9.4.1 Transport challenges

In its submission, the DOI/DOT identified decreasing congestion, improving the quality of the public transport network, increasing traffic safety and ensuring access and environmental sustainability among the main priorities in transport planning. It stated that:

Accessibility will become an increasing challenge in the future due to: the rapid increase in greenfield and fringe development; an increase in smaller households; the difficulties of changing travel behaviour in already car-dependent communities; the increasing cost of travel in response to fuel scarcity and a national emissions trading scheme; ensuring transport infrastructure meets the needs of new urban forms; the increase in freight movement and the ageing community. However, combating these challenges is integral to maintaining Victoria’s liveability. (sub. 52, p. 12)

Improving environmental sustainability in the transport sector is also among DOI/DOT’s key priorities as motor vehicle emissions contribute around 17 per cent of Victoria’s total greenhouse gas emissions, and substantially contribute to air and noise pollution. DOI/DOT highlighted the importance of more sustainable transport planning for environmental and economic reasons in its submission and noted:

Reducing the impact of road-based private and freight vehicles is a priority for lowering the environmental impact of our transport systems, and also for maintaining the long-term liveability of Victoria. (sub. 52, p. 9)

These transport related issues affect liveability not only in Melbourne, but also across the whole of Victoria. While many of the transport challenges are common to both metropolitan and provincial areas, good transport links are particularly important in provincial areas to provide access to basic services such as health services, education, and recreational and cultural facilities. The MAV identified the lack of transport options as a critical liveability issue for regional and rural Victoria and stated that:

… there are serious economic and social costs of limited transport options within rural and regional Victoria, which need to be addressed in any assessment of liveability. (sub. DR88, p. 2)

A more detailed discussion of these issues can be found in chapter 7.

Many inquiry participants expressed the view that the Victorian Government should undertake more planning, commit more funds and implement more improvements to address current and anticipated transport challenges. A number of submissions contained concrete recommendations to implement improvements to the transport system.
Melbourne’s strong economic and population growth means that there will be a very substantial increase in demand for travel — by public transport and by private motor vehicles. It also means substantial growth in the volume of freight being moved around Melbourne and to and from the city’s ports and airports.

The nature of Melbourne’s economy is changing. The city’s economic success is increasingly less dependent upon traditional industries such as manufacturing and more dependent upon ‘knowledge’ and ‘business’ services. This shift to a services economy is generating different patterns of travel to ensure good access to skilled workers, to other services, to business clients and to national and international markets.

Networked cities are the cities of the future. In the years ahead, Melbourne will need a flexible, fully connected transport network to reduce road and rail congestion and to support the economic journeys that are critical to a modern economy.

The vibrancy and strength of central Melbourne will continue to be critical to Victoria’s prosperity. Many high income, highly sought after jobs will continue to be located in the CBD and inner urban region (including growing precincts such as Parkville and Docklands). This will place further pressure on peak period transport connections to the central city.

Melbourne’s density is an important factor in its future success. More dense and compact cities generate less demand for travel and save on infrastructure costs — savings that translate into improved competitiveness and stronger economic growth.

Melbourne’s long-term prosperity will require the city to find new ways to succeed and grow in a carbon-constrained world. Higher levels of investment in public transport are vital, as is the development of urban areas that are conducive to walking and cycling. However, the evidence is clear that the number of trips made by car in Melbourne will increase by a substantial amount for the foreseeable future — and the city’s road network must be able to cope with this increasing demand in an efficient and sustainable manner.

Reducing the impact of traffic congestion on the freight task and ensuring that freight moves around Melbourne efficiently are also considerable challenges and ‘vitaly important for the city’s economy and for the quality of life and wellbeing of Melburnians’ (EWLNA 2008, p. 140).


9.4.2 Congestion

Population growth and economic prosperity increase the demand for travel for both business and leisure purposes. Population growth in Melbourne has been faster than expected, and growth in housing was faster in the outer suburbs (DPCD 2007). As a result, there is a consequent challenge for initiatives (outlined
in section 9.3) to provide sufficient additional transport capacity to catch up with rapidly increasing travel demand. Due to rapid population growth and the prevailing travel demand patterns, road congestion and overcrowding on public transport are likely to remain particular difficulties for transportation in the near future.

The car is currently the dominant mode of personal travel in Melbourne, and is responsible for 67 per cent of all trips, 74 per cent of all travel time and 84 per cent of all travel distance (Ironmonger & Norman 2007).

Data suggests that cars will continue to be the main mode of transport in Victoria in the following decades and motor vehicle traffic is expected to continue to increase into the future, despite increasing petrol prices, running costs and environmental concerns. Notwithstanding these changes, the affordability of car usage has improved up to 2007, which is also true relative to public transport usage (CommSec 2007, DOI 2008a).

Even with continued high levels of investment in transport networks, there are questions about whether congestion will be constrained. The EWLNA expressed the view that road use charging to control congestion will be inevitable in the future:

The reality is that unless Melburnians are willing to entertain a major reduction in car travel or endorse an extensive demand management program to force substantial additional mode change (such as the tolling of existing roads, congestion charging or more widespread road pricing), new road infrastructure will be required to meet growing travel demand. (EWLNA 2008, p. 106) … Melburnians must recognise that the issue for the city is not if, but when, congestion charging should be introduced. (EWLNA 2008, p. 104)

The current levels of transport congestion already impose costs on the community, businesses and the economy through delays in travel time. The Commission’s previous inquiry, therefore, highlighted that the introduction of a congestion tax would require a significant enhancement to the capacity of public transport (VCEC 2006).

Consistent with Melbourne 2030 and MOTC, the Government has taken steps to improve the traffic flow at major bottlenecks (for example, road improvements such as the introduction of ramp metering and standardisation of clearways), decrease the number of vehicles driven into the city, increase public transport usage and change travel behaviour (section 9.3). Although many of these programs are underway, they will be implemented at different times, and their effects on congestion are complex. Given the concerns about congestion levels and the significant resources devoted to tackling congestion, it is important that information be made available to the community on congestion trends.

A number of different service level indicators have been developed to measure road congestion, including average network speeds and delays, travel time
reliability, and volume capacity ratios. VicRoads and the Royal Automobile Club of Victoria publish various information on the performance of the road network. In its 2006 congestion report the Commission identified issues which limit the interpretation of this data (VCEC 2006). To be useful, congestion reporting would need to provide consistent and comparable values over time in defined areas.

The MTF emphasised the importance of providing more information on transport projects to the public and stated that:

… there are some good ideas that are happening around there, but nobody knows what are they on the outside … So a lot of it actually then is sharing the information with the community as well, so that everyone knows that yes, we are going to have this happening in the next five years … (Roundtable 3 transcript, p. 5)

The Nillumbik Shire Council stated that:

It is important that accurate data be available on a regular basis to enable effective planning and implementation of new improvements. (sub. DR95, p. 4)

Given the range of initiatives being implemented in order to tackle road and public transport congestion, there may be significant value in initiating ongoing consolidated reporting on congestion trends. This would enable the community to understand the effects of policy and assist informed debate.

9.4.3 Freight issues

The Commission noted in its 2006 report on transport congestion that growth and structural changes in the economy have led to the road network being increasingly used for freight movements. In its submission to that inquiry the City of Melbourne observed that several trends over the past 20 years have led to increased freight activity:

- smaller numbers of much larger production plants, which source their raw materials from further and serve a geographically larger market, have greater transport requirements
- the proliferation of different products servicing the same market need and providing more consumer choice requires significantly greater warehousing and transport facilities. (VCEC 2006, p. 43)

These trends are expected to continue, with research by the Bureau of Transport and Regional Economics suggesting that light commercial vehicles and trucks will be the fastest growing road user category by 2020 (BTRE 2004). The Victorian Freight and Logistics Council (VFLC) argued that ‘prediction of a doubling of the freight task over the ensuing 15 years is evident’ (VFLC 2008, p. 17).

Recent reviews of the Victorian rail freight network (DOI 2008d, VFLC 2008) suggest that the current road and rail freight infrastructure does not have the
physical capacity to meet the increasing freight demand. On the consequences of a road dominated freight task, the VFLC suggested that bridges and regional roads in many provincial areas lack the capacity to meet freight demand by larger vehicles (VFLC 2008, p. 5); furthermore:

Regulators are constantly under pressure to manage community concerns regarding trucks creating a negative amenity and health impact. (VFLC 2008, p. 5)

Rail is seen as a more sustainable and safer transportation mode than road freight; furthermore shifting more freight to rail plays an important role in limiting road congestion and its costs. Increasing oil prices also make the rail freight option more attractive. With reference to the Fischer Report\(^5\), the Mildura Rural City Council noted that one fully laden freight train has the capacity to carry the load of more than 50 B-Doubles (sub. DR102, p. 2). The VFLC concluded that:

Rail will need to take its place alongside road and coastal shipping in managing the task, and the planning and investment to achieve this is vital. Rail demonstrates efficiency in lowering greenhouse gas generated per kilometre tonne of freight moved. (VFLC 2008, p. 17)

However, the current state and capacity of the rail network fundamentally limit its competitiveness. Rail freight operators face high fixed costs irrespective of the seasonal demand. Due to the poor condition of some tracks, the rail network operates at speed and reliability below its potential, which are also substantially lower than those of road trucks. Sufficient rail capacity is often not available to meet freight demand, particularly during agricultural peak-seasons. This was highlighted by the Mildura Rural City Council and the Victorian Rail Freight Network Review (VRFNR):

At the present time, Victoria is physically unable to transport an average harvest in the grain industry so there are dire consequences for our producers and our export economy. (sub. DR102, p. 3)

The consequences of closure of much of the freight only rail network is an additional 100,000 truck trips per annum on the State’s regional roads with much of this concentrated between November and February because of the grain harvest. This will cause significant port congestion as well as increased road damage, increased risk of road accidents and increased greenhouse gas emissions. (DOI 2008d, p. 69)

A number of inquiry participants pointed out that in order to meet the increasing freight task, rail freight capacities need to be significantly enhanced. The MTF argued that:

\(^5\) Refers to DOI 2008d.
... the increasing number of longer, heavier semi-trailers creates conflict and high risk for passenger vehicles using the same roads. ... policy should support shifting long distance freight haulage from road to rail through major expansion in rail freight services and investment. (sub. DR78, p. 2)

The VFLC also suggested that the rail network after ‘sustained neglect for several decades’ needed a ‘massive investment commitment at the national level’ (VFLC 2008, p. 5).

The Victorian Government has acknowledged the importance of increasing rail’s share in freight transport. For example, Growing Victoria Together reports on regional rail services and patronage in Victoria. The ‘30/2010’ initiative, which set a target of carrying 30 per cent of port freight by rail by 2010, reflects the Government’s ambitions. However, the Eddington report found that this target probably can not be met and new initiatives must be launched to increase rail’s share in freight generally (EWLNA 2008, p. 161). The VRFNR as well as the EWLNA proposed a number of recommendations for such initiatives and called for a substantial increase in rail infrastructure investment.

Although the Victorian Government has not produced a formal response to the VRFNR, it already started the implementation of many recommendations and committed more than $1 billion for the improvement of the regional rail network under various projects, including:

- network buyback
- access fee rebates for grain and revised rail access regime
- container freight rebate
- investments for network improvements (DOI 2008e).

The Government stated in its Response to the Melbourne 2030 Audit that a new Victorian Freight Network Strategy (DPCD 2008l) is being developed which will:

- assess the potential for increasing rail freight
- identify land for inter-modal hubs
- identify designated freight corridors
- integrate freight considerations into all levels of transport and land use planning.

The new freight strategy will be based on implementing the Victorian Freight and Logistics Strategy and the Port Environs Plan for the Port of Melbourne.

The Commission considers that publishing a formal response to the VRFNR would assist the identification of priorities for the development of the rail freight network. The new Victorian Freight Network Strategy should draw on the recommendations of the VRFNR, and address how the Government expects to increase the share of port freight to 30 per cent.
9.4.4 Increased use of public transport

Congestion does not only occur on roads, it also affects public transport in the form of overcrowding. Congestion on public transport occurs when the number of people riding a tram, train or bus reaches a level that reduces the comfort and amenity of passengers.

Although it is difficult to attribute a monetary value to this concern, the cost of overcrowding on public transport includes reduced speed and reliability of tram and bus services, and passenger discomfort due to overcrowding (VCEC 2006). DOI/DOT, for example, stated that:

Many peak period trains and trams are at capacity and overcrowding is increasing, leading to more services running late and lower overall punctuality. (sub. 52, p. 7)

Overcrowding may also raise safety issues both on board and on platforms.

The EWLNA shows that the number of overcrowded trains has substantially increased.\(^6\) Another sign of overcrowding is that situations where passengers are physically unable to board trains and trams regularly occur at CBD stations. The study stated that:

... while the surge in train patronage is welcome and should be encouraged, finding ways to meet the demand is proving problematic. This is reflected in declining levels of public satisfaction with the train system. At the same time that Melburnians are returning to the system, growing problems of reliability and overcrowding are having a negative impact on people’s perceptions and feelings about the quality of their travel experience. (EWLNA 2008, p. 77)

The recent rapid growth in public transport patronage is likely to reflect a number of factors, including the higher than expected population growth combined with infrastructure capacity constraints and, in particular, increased petrol prices.

DOI/DOT identified improving the capacity and efficiency of the metropolitan train system as a ‘critical portfolio challenge’ (sub 52, p. 14). While a number of initiatives have already been proposed to increase the capacity and reliability of services (for example in MOTC), DOI/DOT is seeking ways of ‘accelerating public transport improvements and easing congestion and over-crowding, especially on trains’ (sub. 52, p. 14). This includes the recent introduction of new timetables, peak-hour spreading measures, and the procurement of new trains. In addition to these initiatives, Connex is also required to provide annual plans on how it will cope with overcrowding.

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\(^6\) A train is defined as being overcrowded when the number of passengers exceeds 798 on a 528-seat train. Most trains that breached the load limit in the peak period in 2007 carried more than 850 passengers (EWLNA 2008). This load standard is lower than in many other countries, therefore an overloaded train in Melbourne may be classified as having spare capacity in another city (VCEC 2006).
The EWLNA provides further capacity increasing options and at the same time concludes that the main outcomes of these measures are likely to be delivered from 2013. DOI/DOT also noted that ‘the nature of large capacity-building projects means they require long lead times for delivery’ (sub. 52, p. 14). This suggests that overcrowding on peak hour public transport services is likely to change only gradually over a longer time period. In the meantime, the difficulty in responding to increased public transport demand is a significant negative liveability factor.

To meet the increased demand for public transport and to increase the share of public transport usage, many inquiry participants suggested that the supply of public transport services must be increased. The MTF stated that:

… if public transport supply does not match mobility demand, excessive car dependence will continue to strain Melbourne’s economy and liveability.
(sub. DR78, p. 2)

The Victorian Local Governance Association submitted that:

Indeed, the nearly complete lack of public transport in many provincial areas means that provincial Victorians are forced into private vehicles, and with petrol costs being significantly higher than in metropolitan areas, transport inequality is more pronounced in these areas. (sub. 65, p. 7)

The Moreland City Council (sub. DR81, p. 4) and the Nillumbik Shire Council (sub. DR95, p. 4) also emphasise the need for increasing public transport investment to reduce reliance on cars and to address the negative impacts of congestion and overcrowding on liveability.

In Growing Victoria Together and Melbourne 2030, the government stated that it aims to increase public transport usage to 20 per cent of all motorised trips by 2020. It seems that without a very substantial increase in public transport investment, public transport will have difficulty in meeting demands and its modal share of all motorised trips is unlikely to increase appreciably in the foreseeable future. The faster than expected increase in public transport usage has underlined the challenge of assessing the costs and benefits of public transport enhancements and their timing. The benefits of reduced congestion are part of that calculus.

It is particularly important to support the improvement of bus services and other flexible transport options in provincial and fringe areas where the public transport network is less developed. Bus services do not have the same upfront fixed costs as rail-based transport and can be more readily deployed in outer Melbourne and provincial centres. The City of Greater Dandenong noted that:

Greater Dandenong is reasonably well served by trains with both the Cranbourne and Packenham lines running through the city but buses are the only mode of public transport that can cater for the variety of business,
Flexible community transport services also have substantial potential to meet diverse and dynamic transport needs in these areas, and increase the usage of public transport and other sustainable travel options (box 9.3). In its submission to the inquiry, DOI/DOT noted that:

Flexible transport solutions embrace a broad range of approaches and can include a number of modes including taxis, buses, community transport, school buses and share rides. The aim of flexible transport solutions is generally to meet the needs of transport disadvantaged groups and individuals. An example of a flexible transport solution is demand responsive transport which is defined as: ‘A flexible, intermediate transit mode which “fills the gap” between individual taxi type services and scheduled fixed route conventional transit.’ (sub. DR110, p. 3)

**Box 9.3  Flexible shared transport options**

Flexible transport services include a range of transport options which facilitate mobility along flexible routes and/or times in public/shared vehicles. If public transport is not available but sufficient demand for transport services exists ‘subscription’ or ‘telebus’ services can be employed to facilitate mobility.

Existing community transport services can also be improved to provide further services. For example in some areas of the United Kingdom postal minibus services may also transport senior citizens and school buses may carry passengers.

Shared ride taxi services are used in a number of countries to provide alternative forms of public transport in outer suburban and provincial areas, for example in the United Kingdom, Canada and the Netherlands. In New Zealand taxi operators run scheduled route minibus services, and taxis may also transport postal items. The Essential Services Commission suggested that there is scope to increase the involvement of taxis also in the provision of community care services.

The Victorian Government supports provincial and outer metropolitan communities in developing flexible transport options that fit local needs under the Transport Connections Program. The Wangaratta to Mount Beauty program involves a coach taking passengers from the Wangaratta train station to Bright, where a taxi meets the coach to carry the passengers to Mount Beauty.

The Government also provides grant support for programs that encourage changes in travel behaviour under the TravelSmart program, and for small-scale infrastructure projects to improve access to walking, cycling and public transport within local areas under the Local Area Access Program. The TravelSmart Workplace program encourages employers to participate in transportation demand management programs and to develop green transport plans. Green transport plans promote the use of active transport (walking and cycling), public transport and car pooling for commuting. If there is sufficient area-wide demand, minibus services can be offered as an alternative to car pooling.

Options supporting the use of public transport, such as park-and-ride facilities, also have potential to make the use of public transport more attractive. Although park-and-ride facilities can not address accessibility issues and car dependency in the outer areas, they can shift some part of car travel to public transport where capacity permits further demand, for example, underutilised public transport routes. They can contribute to decreasing congestion and parking difficulties in the inner areas.

Inquiry participants noted that there is growing need for more park-and-ride facilities in Melbourne and in many provincial areas. Robert Fels, in particular, noted that parking at train stations all along the Frankston line in Melbourne is quite inadequate and well below needs (sub. DR109).

As part of the MOTC, the Government has allocated $90 million to build 5,000 new parking spaces at railway stations across Victoria. Of this quantity, 1,700 spaces will be completed this year, according to the 2008-09 State Budget. The Parkways program provides $5 million to build new parking facilities along rail corridors in provincial Victoria.

Despite the government declaring that increasing public transport usage is a priority objective, some existing government policies work against this aim. Federal personal income tax laws, fringe benefit and other arrangements provide incentives for many employees to commute by private car to the CBD, contributing to congestion in and around the CBD.

The Commission considers that the government has the opportunity to lead in achieving its strategic goals outlined in Growing Victoria Together and Melbourne 2030, and decreasing congestion by addressing incentives for state government employees to use cars for commuting. The Government should also continue to press the Commonwealth Government to review fringe benefits tax arrangements. The Commission expressed these views in its report on transport congestion (VCEC 2006). The Victorian Government supported this option, and indicated that it would review the novated lease arrangements by the end of 2007, and develop ‘green travel plans’ to promote the use of alternative travel modes (DTF 2007, p. 15).

Reporting on the actions taken on these options and the success of programs to provide incentives to use public transport for commuting would contribute to broader monitoring of transport goals.

It must be noted that private actions may also influence trip decisions and affect congestion. An example of this is when ‘early bird specials’ are offered by private car park operators and the time limits overlap with peak periods. This may encourage more people to drive during peak hours so that they can benefit from the offer. Any subsequent review of the congestion disincentives would need to take account of such issues.
9.4.5 Regulation in the taxi industry

Taxis are an integral part of the public transport system. They represent the closest substitute to private transport as they offer a door-to-door on-demand service. Taxis offer a flexible service and thus have a great potential to meet the increasing demand for more complex trips and reduce the use of private cars. To utilise this potential, a number of alternative flexible travel models, including minibus services, and connecting and substituting buses with taxis have been developed and trialled.

Taxi services can be of particular importance to people with special transport needs, especially to disabled people who are otherwise unable to access mass transport. Taxis are also important to business efficiency, and influence the opinions of visitors.

The Victorian taxi industry is regulated by the State Government through the Victorian Taxi Directorate. The regulation covers economic, consumer protection and safety aspects. The regulatory issues are discussed in supplementary paper C in more detail.

There is widespread belief in the industry that current regulatory arrangements contribute to the escalating purchase price of taxi licences, as a result of which the taxi industry has become more of an investor-driven industry. Professor John Nieuwenhuysen submitted that:

… the licence price financial maintenance expense subtracts resources which would otherwise be available for investment in industry service quality and more reasonable rates for drivers. (sub. 64, p. 1)

There is some evidence that restrictions on the number of licences also leads to taxi fares about 16 per cent higher than they would be otherwise, with the average Victorian taxi incurring lease payments of over $23 000 annually in 2007 (ESC 2008). The Commission estimates that this costs taxi users about $110 million per annum in fares. Regulation has also been linked to deteriorating working conditions for drivers and inadequate customer service, and increasing waiting times.

In accordance with the Council of Australian Governments Competition Principles Agreement, the Victorian Government performed a review of the taxi and hire car industries in 1999. The review recommended the elimination of all quantity restrictions on supply on the Victorian taxi market and provided evidence on the extent of distortions caused by the government’s entry restrictions. The review noted that with open entry to the industry, quality controls, such as driver and vehicle minimum standards, would remain essential (KPMG 1999).
DOI/DOT stated that:

The option of industry deregulation was discounted after examining other systems around the world where wholesale deregulation had been introduced but for the most part had failed. (DOI 2008c)

It its submission to the inquiry, the Victorian Taxi Association expressed a similar view about the potential detrimental effects of deregulation (sub. DR94).

In its recently released draft *Taxi fare review 2007-08*, the ESC suggested that:

… the constrained supply of taxis is resulting in an inability to meet demand, and stymieing the ability of the taxi industry to compete effectively with other modes of passenger transport. It also results in high licence assignment fees, which is a substantial cost burden on taxi operators. (ESC 2008, p. 8)

Empirical evidence from other jurisdictions and research on the taxi industry suggest that imperfections exist in the taxi industry, which necessitate some regulation. At the same time it is inconclusive about what sort of regulation is needed and how any change in regulation should be implemented.

The Competition Principles Agreement commits governments to ongoing reviews of legislation at least every ten years. Commonwealth and State governments recommitted to the principles of this agreement at the February 2006 meeting of the Council of Australian Governments. Consequently a further Victorian review of competition in this sector should occur under the Agreement. To utilise the flexibility offered by taxis and to promote the government’s objective to reduce private car travel, the review would also need to investigate how taxis can be best integrated with other modes of public transport and investigate alternative flexible travel arrangements, particularly in provincial areas.

Moreover, a broader review of taxi regulation could consider options to improve the incentives for innovation in the sector. This seems particularly timely, bearing in mind recent concerns about driver safety, quality of services and the fact that there has been no comprehensive review since the 1999 National Competition Policy review.

Fundamental reform of this sector would be complex and challenging, particularly given substantial interests in the existing arrangements. Pro-competitive reform has eluded many governments in the past. Consequently, a review of this sector would benefit from being public, independent from the key stakeholders (while being informed by their knowledge and views), and having a strong community-wide focus, particularly on the needs of country and disadvantaged travellers and drivers. The review will need to have the capacity to undertake a careful examination of the costs and benefits of any reforms, and of the associated transitional issues.
The next review of restrictions on competition in the taxi and hire car industry should, the Commission believes, be broadened to include:

- all forms of small commercial passenger vehicles services
- barriers to the development of new allocation networks
- barriers to greater regional competition and service innovation in both metropolitan and provincial Victoria.

### 9.5 Summing up

The efficiency of the transport network is one of the most important determinants of liveability and competitiveness. In an environment of continuing strong population growth, a number of transport challenges are likely to persist, including road congestion and ensuring the availability of public transport services. With respect to current transport initiatives, the Commission noted that:

- the Victorian Government has identified a number of policy objectives that shape the operation of the transport system. The main transport policy priorities include the challenge of congestion, improving the quality of the public transport network, increasing traffic safety, and ensuring access and environmental sustainability
- challenges generated by rapid population growth, economic development, high fuel prices and environmental changes are expected to put further pressures on the transport system.

The Government is developing a new, long term transport and freight strategy for Victoria, which will incorporate the findings of the most recent studies and reviews. The new strategy is expected to be released later in 2008. Given the importance of transport issues to both individuals and businesses, the provision of information about transport developments in a coherent and clear manner will help the assessment of their impacts on liveability.

The Commission recommends that to facilitate the assessment of liveability impacts, the Growing Victoria Together framework be used to expand reporting on the outcomes of key measures to reduce congestion, including those to increase public transport usage, and on congestion itself. The relevant agencies would need to investigate the best way to provide annual data on these issues for the proposed liveability report (recommendation 9.1).

Considering the Government’s large number of transport initiatives, it is important to clearly identify the hierarchy of objectives, and regularly assess the implementation of initiatives against the relevant objectives (finding 9.1).
The Commission finds that without a very substantial increase in public transport investment, including rolling stock and support facilities, public transport will have difficulty in meeting demand and its modal share is unlikely to increase appreciably in the foreseeable future (finding 9.2).

The Commission finds that reporting on:

- the actions taken on VCEC’s options to remove incentives to use cars for commuting, and
- the success of programs to provide incentives to use public transport for commuting such as park-and-ride

would contribute to the progressive achievement of transport objectives (finding 9.3).

The Commission finds that increasing the capacity and competitiveness of rail freight will help meet the increasing regional and metropolitan freight task in Victoria amid rising congestion, high oil prices and environmental concerns. To meet this objective, it is essential that the Government continues its commitment to the improvement of the rail freight network (finding 9.4).

The Government has stated that it is developing a new Victorian Freight Network Strategy, which is expected to be released by the end of 2008.

The Commission finds that flexible transport modes, including taxis, can play an important role in meeting the increasing complexity of transport needs. To facilitate the effective operation of these services, the Commission considers that the next review of the taxi industry should consider options for improving service quality and promoting innovation in the industry (finding 9.5).

The Commission recommends that the next review of restrictions on competition in the taxi and hire car industry (which should occur according to the Competition Principles Agreement), cover metropolitan and provincial Victoria and include:

- options for improving service quality and promoting innovation
- all forms of small commercial passenger vehicles services
- barriers to the development of new allocation networks
- barriers to greater regional competition and service innovation

(recommendation 9.2).
10 Environmental quality

10.1 Introduction

The quality of the natural environment is an important component of the ongoing liveability of any city or region. Many participants noted the importance of the environment in any definition of liveability, with the non-government body Environment Victoria noting ‘environmental health and sustainability is the backbone of a liveable society’ (sub. 19, p. 1).

Along with environmental quality, there is an increasing community, business and government focus on the issue of sustainability. The terms of reference for the inquiry note that:

As governments strive to improve liveability, there is a growing recognition of the need to focus on the importance of sustainable development. The concept of ‘sustainable development’ is an evolving, debatable term, with a growing number of definitions, which can involve the balancing of economic, social and environmental policy objectives.

The Victorian Competition and Efficiency Commission (the Commission) was specifically directed to ensure that sustainability issues were taken into account in identifying opportunities for enhancing Victoria’s liveability.

The Brundtland Commission defined environmental sustainability as ‘development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs’ (cited in sub. 43, p. iii). Threats to the environment occur when environmental resources are not adequately preserved for future generations.

Ecologically sustainable development can be defined as ‘development that improves the total quality of life, both now and in the future, in a way that maintains the ecological processes on which life depends’ (sub. 43, p. iii). That is, ecologically sustainable development is development that preserves natural resources for future generations.

Most measures of liveability recognise environmental quality and services in some way. The natural environment is usually included through a measure of the city or region’s climate, but can also be incorporated through measuring parkland, water and air quality. In addition to the main measures of liveability, a number of more targeted measures include environmental factors. The Travel and Tourism Competitiveness Report, produced by the World Economic Forum, ranks countries on the state of their natural resources (WEF 2007b).

Environmental regulation can both aid and impede Victoria’s competitiveness and liveability. For example, providing clean natural resources, such as clean
water, can benefit the production process. Environmental quality may also contribute to an increase in the productivity of the workforce, through the improved health of residents. On the other hand, environmental regulations designed to protect the quality of the natural environment might unnecessarily impede competitiveness if the strict environmental standards and regulatory burdens on businesses are excessive (VCEC 2005). The Victorian Government has recently requested the Commission to conduct an inquiry into environmental regulation in Victoria.

Reflecting the importance of the environment to liveability and competitiveness, this chapter examines:

- major environmental policies that govern Victoria’s natural environment and the roles of the different government agencies in Victoria that are involved in managing the natural environment (section 10.2)
- challenges and opportunities in enhancing environmental quality and sustainability in the context of liveability and competitiveness (section 10.3).

10.2 Current state of play in Victoria

There is a number of significant environmental challenges facing Victoria. Climate change represents a major challenge to environmental quality, and to Victoria’s liveability and competitiveness. The Council of Australian Governments stated that:

Climate change represents one of the greatest economic and environmental challenges of our age. The projections for Australia of the impacts of climate change are serious: a drying climate in our traditional agricultural area; a greater frequency of floods; drought and storms; and, the impacts of higher temperatures on community health. (COAG 2008a)

The continuing problem of Victoria’s drought and the long and short term water supply are also affecting Victoria’s liveability through impacts on crops, parks and sports grounds, and the increased risk of bushfires. The importance of parks to Victoria’s liveability is discussed in chapter 6. The Municipal Association of Victoria noted:

…the impact of severe water restrictions will affect councils’ ability to maintain public open space and residents’ ability to cultivate private gardens. The MAV believes that open space — in Melbourne and regional centres — is a competitive strength of Victoria and needs to be preserved to improve liveability. (sub. 22, p. 19)

The Commission notes that the Victorian Government developed a long term water plan, Our Water, Our Future, which was released in 2004. In 2007, the Government also released a statement outlining its response to the current
drought. These initiatives have not been examined in this inquiry, although a number of issues which impact on the implementation and evaluation of environmental policies are considered.

Population growth is having a major impact on the environment. Victoria’s population is growing rapidly, especially in Melbourne, resulting in extra pressure on land, water and other resources. The Commissioner for Environmental Sustainability noted that ‘the rate and the way that we use the three fundamental resources; energy, water and materials, is putting pressure on natural systems’ (sub. 43, p. i).

In response to the environmental challenges facing Victoria, the Government has implemented a range of initiatives. Government policies are designed to ensure that all environmental costs and benefits are brought into decision making including spillover effects (chapter 3).

Policies for the environment are governed by three overarching policy frameworks, but there are also around 40 different pieces of state legislation and a large number of other regulations that support these overarching policies. Direct responsibility is shared between the federal government, the state government through a number of key state government agencies, and 79 local governments. A number of other government agencies also make contributions to environmental quality and all are charged with a responsibility for ensuring environmentally sustainable practices.

10.2.1 Major environmental policies

Protection of Victoria’s environment is directed by three major policies:

- *Our Environment, Our Future*
- *Growing Victoria Together*
- *Melbourne 2030.*

In addition, Victoria is a party to the National Strategy for Ecologically Sustainable Development which is a coordinated approach that encourages long term benefits of policy over short term gains.

Victoria’s major environmental strategic plan *Our Environment, Our Future*, launched in 2005, is a sustainability action statement that lists 150 initiatives and commits $200 million to new investment projects. The policy highlights five areas for action:

- responding to climate change
- maintaining and restoring our natural assets
- using resources more efficiently
- reducing everyday environmental impacts
- government leadership (DSE 2006b).
Environment Victoria considers that while *Our Environment, Our Future* was … a step forward for the government in many areas, it is important to realise its limitations, and that action in a number of areas such as climate change must now be far more reaching and effective than what this [policy] indicates (sub. 19, pp. 2–3).

The policy sits alongside other major policy initiatives, *A Fairer Victoria* and *Victoria: Leading the Way* (figure 10.1). It is supported by a large number of subordinate policy initiatives which support the five areas highlighted in *Our Environment, Our Future*.

**Figure 10.1** Relationship between government policies affecting the environment

*Source: Department of Sustainability and Environment.*

*Growing Victoria Together* includes a healthy environment as one of its core objectives. The specified goals to achieve this objective are:

- protecting the environment for future generations
- efficient use of natural resources.

The goals have been sub-divided into measurable indicators, although some of these indicators are still under development. The progress report released in 2008
showed some progress in addressing air and water quality, greenhouse gas emissions and the amount of waste generated (Government of Victoria 2008e).

Melbourne 2030, a strategic plan prepared to manage growth and change across metropolitan Melbourne and its surrounding region, includes nine ‘directions’, one of which is ‘a greener city’. This is underpinned by a number of specific policies that are incorporated into the planning framework to ensure the sustainability of developments under Melbourne 2030.

### 10.2.2 Roles and responsibilities of different Victorian government agencies

The Department of Sustainability and Environment (DSE) and the Environment Protection Authority (EPA) are the two major bodies with responsibility for developing and implementing environmental policies. The Minister for Environment and the Minister for Water has responsibility for 67 major committees and statutory authorities, including metropolitan and provincial water authorities (DSE 2007a).

DSE has responsibility under a number of Acts for the sustainable management of Victoria’s natural environment. The key responsibilities of DSE are:

- management of Victoria’s water systems
- management of public land including forests, coastal areas, alpine resorts, Crown land reserves and parks
- nature and biodiversity conservation
- climate change and greenhouse policy
- management of forest fires, including bush fires
- the promotion of sustainable resource use and management practices among industries and the general community (DSE 2007a).

The EPA is a regulatory body established under the Environment Protection Act 1970 (Vic.). The Environment Protection Act creates a legislative framework for the protection of the environment in Victoria and covers air, water and land quality and noise pollution. The environment protection objectives of the Act are achieved through the development and enforcement of state environment protection policies and waste management policies, and also through the enforcement of the offence provision in the Act (for example, it is an offence to pollute any waters or to litter). The Act incorporates the national environment protection principles developed by the National Environment Protection Council (an intergovernmental body concerned with developing unified principles for the protection of the environment).
The Act was amended in 2006 to increase the enforcement options of the EPA and strengthen collaboration between state and local governments to reduce waste generation.

There is a number of other state agencies with environmental responsibilities:

- **Sustainability Victoria** was established in 2005 under the *Sustainability Victoria Act 2005* (Vic.). The objective of Sustainability Victoria is to encourage and support government, business and community to promote environmental sustainability primarily through the sustainable use of resources.

- **The Commissioner for Environmental Sustainability** was established in 2003 as an independent commission that advocates, audits and reports on environmental sustainability.

- **Parks Victoria** is responsible for the management and conservation of Victoria’s national and other significant parks and recreational management of Port Phillip Bay, Western Port and the Yarra and Maribyrnong rivers. The total area managed by Parks Victoria is 3.96 million hectares.

- **The Victorian Environmental Assessment Council** was established under the *Victorian Environmental Assessment Council Act 2001* (Vic.) to conduct investigations and make recommendations to the Minister for Environment and Climate Change relating to the protection and ecologically sustainable management of the environment and natural resources of public land.

- **Trust for Nature** was established under the *Victorian Conservation Trust Act 1972* (Vic.) with objectives to encourage and assist in the preservation of ecologically significant areas and in the conservation of wildlife and native plants. These objectives are achieved by entering into conservation covenants (binding agreements between land-owners and the trust to permanently protect the nature heritage of a property) and through land acquisition.

- **The Metropolitan Waste Management Group** is a legally constituted body responsible for coordinating municipal waste management activities between local governments, state government agencies, business and the community in metropolitan Melbourne.

These environmental agencies all report to the Minister for the Environment.

Other state government departments have wider roles in areas other than environmental responsibilities but have the capacity to influence environmental outcomes through their activities. For example, the Department of Primary Industries also has responsibility for some areas of land quality through the regulation of mineral resources, extractive industries, petroleum and geothermal industries.
The Department of Planning and Community Development (DPCD) and the Department of Infrastructure/now Department of Transport have indirect roles in ensuring environmental quality through their responsibility for the built environment. DPCD can influence environmental quality through land use planning and environmental assessment. DPCD manages the environmental effects statement process which applies to projects with potentially significant environmental effects. The Minister for Planning decides whether an environmental effects statement is required. The Department of Infrastructure/now Department of Transport can affect environmental quality through its planning and management of the transport system. These are discussed in more detail in chapters 8 and 9.

The Office of Climate Change in the Department of Premier and Cabinet is responsible for whole of government policy and strategy with respect to climate change, focussing on longer term issues and the economic, environmental and social impacts of climate change. The Climate Change Team in the Department of Treasury and Finance provides economic and policy advice to the Treasurer and the Minister for Finance on key issues affecting the environment and natural resources.

**Complexity of Victorian government arrangements**

The institutional arrangements are characterised by a proliferation of policies and institutions. This may be viewed in the context of the increasing importance placed on the environment by society and policymakers because of its importance to ensuring the liveability of Victoria. The institutional arrangements may also reflect the complexity of ecosystems and the building up of knowledge about the effectiveness of different policies. As noted in chapter 5, environmental quality is a key factor affecting the competitiveness of a location. However, coverage, consistency, accountability and community engagement may be made more difficult by a number of different agencies with overlapping and interrelated responsibilities.

As responsibility for environmental regulation cuts across multiple government agencies, it is important that collaborative approaches are developed to ensure that environmental policies, including regulations, are achieving the intended outcome in the most cost effective manner and that the community is able to readily access information from the most appropriate authority. Environmental regulation needs to be designed with a full assessment of costs and benefits. Additionally non-environmental regulation (such as transport and planning regulations) should be fully informed of any unintended environmental consequences (such as increases in airborne pollutants).

A lack of clear accountability and objectives, and poor collaboration/coordination between agencies could lead to confusion and may impose unnecessary costs on business and the community in negotiating with multiple
agencies. For example, businesses may face differing (and sometimes competing) requests from different agencies to comply with environmental regulation. The Commission’s inquiry into reform of the metropolitan water sector found a number of instances where structural arrangements or unclear allocation of responsibilities may discourage an integrated approach to water management (VCEC 2008a, p. 111). A report prepared for the Minerals Council of Australia found the number of state government agencies involved in water policy and regulation has resulted in inconsistent policies between regulatory agencies (URS 2006). Previously, a report by PPK Environment & Infrastructure found there was confusion about the role of the EPA and the management responsibilities of DSE (PPK 2001). The City of Ballarat noted that planning referral responses and consultation can be prolonged due to the number of agencies involved. (sub. DR82, p. 2)

Alternatively it could be argued that the division of responsibilities between different environmental agencies may lead to improved performance and accountability. If agencies have clearly defined roles, responsibilities and objectives, agencies may develop expertise in their own policy areas. Policy development and its administration may then be addressed more efficiently.

Environmental sustainability is an important component of liveability, and public understanding and support are integral. The increasing importance of the environment to the community can be illustrated by the behavioural support to achieve environmental outcomes, for example anti-littering programs. A diversity of government institutions without clear understanding of overlapping functions could prejudice community support of government policies and programs and the effectiveness of sustainability initiatives on liveability.

Complex institutional arrangements are not unique to environmental management. In past reports the Commission has identified best practice principles for institutional arrangements in the area of transport planning and management (VCEC 2006). Although these principles were developed for transport planning and management, they can be adapted to apply to environmental management. Principles proposed for institutional arrangements were:

1. High level strategic goals should be clearly defined
2. Objectives for individual agencies should be clearly defined
3. Roles and responsibilities for each agency should be allocated appropriately
4. Transparency: options for managing the environment should be made transparent
5. The institutional and organisational framework should recognise interdependence and require a coordinated approach to policy making and regulation
6. Effective stakeholder consultation is needed
7. the scope for market decisions should be maximised
8. capacity to implement is required: coordination ensures decisions are made in a timely manner (VCEC 2006).

In light of these principles, there is a question as to whether the present environment institutional arrangements are the most appropriate and provide the best level of environmental administration for ensuring sustainability and liveability. It is noted that the Commission’s current inquiry into environmental regulation will examine the institutional arrangements.

**10.2.3 Role of local governments**

Local governments, as a first level of government closest to the community, are able to influence environmental quality directly and indirectly through the implementation of state legislation and local policies covering such matters as waste management, urban planning, managing native vegetation and through leadership and interaction with the community. Local governments are required by statute ‘to achieve the best outcomes for the local community having regard to the long term and environmental effects of decisions (Local Government Act 1989 (Vic.), 3C(1)). Local governments are specifically responsible for the delivery of domestic waste management services including kerbside recycling and collection, litter abatement and management, the management of transfer stations and landfills, and generally for providing leadership in environmental sustainability for their communities.

Local governments are also able to influence environmental quality through their prime responsibility for planning schemes. The built environment can contribute to environmental quality through decisions on how land is used and developed. They can also influence environmental outcomes through their role in maintaining and managing municipal roads, parks and gardens and the improvement of amenity within a broader context of local leadership on environmental matters.

Local governments are also in a prime position to influence community behaviour and achieve environmental outcomes through interaction with local residents. Reflecting this, many local governments have initiated community awareness programs and other environmental initiatives to try and influence environmental outcomes. These range from educational campaigns, rebates and subsidies for environmentally friendly purchases such as compost bins and water efficient showerheads, and waste and recycling schemes.

In responding to community expectations regarding the environment, many local governments have chosen to participate in programs and initiatives which advance environmental sustainability. One such program is the Cities for Climate Protection Campaign, an initiative of the International Council for Local
Environmental Initiatives, in which participating local governments commit to observe five milestones which promote awareness of how local governments can mitigate climate change whilst improving community quality of life. Other initiatives include the Association of Bayside Municipalities, an association of 10 local governments that act collectively to improve the overall management of the coastal environment in Port Phillip Bay.

It is possible that local governments could play an even stronger role in the state government initiatives on environmental sustainability if they had access to better resources and information, an issue raised elsewhere in this report. Also, in previous reports the Commission has found that local governments have insufficient information and resources to effectively administer some state regulations (VCEC 2005, 2007a). A number of councils commented on resourcing difficulties with environmental concerns. The Strathbogie Shire Council stated:

… council does not have the discretionary resources to have dedicated staff to develop strategic plans, let alone the funding to implement initiatives in accordance with those plans. (sub. DR77, p. 1)

It is important that local governments be given appropriate support and resourcing to implement environmental initiatives.

10.2.4 Commonwealth environmental requirements

Protection of the environment in Victoria is not only the responsibility of the state and local governments. The Commonwealth Government’s Environment Protection and Biodiversity Conservation Act 1999 (Cwth.) defines the following matters of national environmental significance for which the Commonwealth Minister for the Environment has a decision making responsibility:

- World Heritage properties
- National Heritage places
- Ramsar wetlands
- listed threatened species and communities
- listed migratory species
- nuclear actions
- the Commonwealth marine area.

The Commonwealth Minister also makes decisions about the environmental effects of proposals on, or affecting, Commonwealth land.

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1 Ramsar wetlands are a list of wetlands of importance listed in the international treaty agreement ‘The Convention on Wetlands of International Importance, especially as Waterfowl Habitat’.
Assessment processes under the Environment Protection and Biodiversity Conservation Act are based on an environmental impact assessment model. They range from fairly basic assessments to a comprehensive environmental impact assessment process, which is similar to the Environment Effects Statement (EES) and, like an EES, would be used only for projects whose environmental impact is likely to be substantial.

The Commonwealth Government has signed bilateral agreements with Tasmania, Queensland, Western Australia and the Northern Territory to allow accreditation for assessment of the proposal under state processes. However, accreditation is limited to assessment processes and the Commonwealth Minister retains final decision making power for any proposal which is a matter of national environmental significance.

The Environment Protection and Biodiversity Conservation Act allows decisions to be subject to judicial review.

### 10.2.5 Climate change and the principle of subsidiarity

The subsidiarity principle suggests governance functions should be assigned to the level of government that is best placed to deliver functions in pursuit of joint policy goals (chapter 3). That is, the decisions should be made as close as is practicable to the people affected by them. In environmental management, many policy outcomes are of national (or international) importance. Therefore, while some strategies and policies are most effective when developed and directed by state or local governments, other policies may require a more centralised approach.

One policy area which may be seen as best suited to a ‘top down’ approach is climate change with leadership from the Commonwealth Government and a shared commitment from all levels of government with implementation informed by local knowledge. Climate change is a major challenge to Victoria’s liveability in the long-term and the importance of this can be reflected in the number of policies at the Commonwealth, state and local governments level as well as a number of international agreements. The Commissioner for Environmental Sustainability argued:

> As a component of environmental sustainability, the current and pressing issue of climate change, and our ability to build resilience for both mitigation and adaptation, is of high priority and should be recognised in the report as a central policy issue in maintaining and improving Victoria’s liveability. (sub. 43, p. iii)

The non-government body Environment Victoria noted:

> Climate Change is undoubtedly one of the greatest challenges facing the global population. It follows then that unmitigated climate change will have significant impact upon the liveability and economic potential of Victoria. However, the
Victorian government can have a considerable impact upon Victoria’s response to this challenge, and react in order to ensure the ongoing success of the state. (sub. 19, p. 8)

The Commonwealth Government is in the process of establishing a national emissions trading scheme (NETS) starting in 2010. A green paper, which canvasses issues and sets out the preferred approaches of the scheme, was released for public consultation in July 2008. The Commonwealth Government will set an emissions trading cap and issue permits up to this cap each year. Firms can either obtain permits for their greenhouse emissions or reduce emissions.

The Victorian Government treats the NETS as one part of a broader suite of measures aimed at reducing greenhouse gas emissions and is in the process of developing a White Paper on Climate Change to be released in 2009 which will be informed by consultation through a Green Paper to be released in late 2008. The White Paper will contain concrete measures to aid Victoria in adapting to the challenges of climate change (Government of Victoria 2008a). The Summit Paper released following the Victorian Climate Change Summit recognises that the role of addressing climate change is shared between the three tiers of government and needs shared goals and a clear division of responsibilities (Government of Victoria 2008a).

The Climate Change Summit Paper proposes ten strategic directions for action:

1. Positioning Victorian industry to capitalise on the new jobs, new technologies and new markets that will flow from the transition to the low carbon economy.
2. Supporting the NETS with complementary measures that smooth the transition for the Victorian economy.
3. Pursuing cost effective emissions reductions in sectors of the Victorian economy not covered by the NETS.
4. Ensuring the continued security, efficiency and affordability of Victoria’s energy supplies by encouraging low-emission and renewable energy options.
5. Assisting households to adjust to the rising costs of electricity, fuel and other commodities.
6. Increasing our knowledge about climate change impacts and adaptive needs and possibilities.
7. Increasing the climate change resilience of the state’s regions and communities.
8. Assisting our natural assets and ecosystems to deal with the pressures and challenges that climate change will bring.
9. Supporting Victorian individuals and communities to get active on climate change.
10. Ensuring Victoria continues to play an active role in global efforts to address climate change (Government of Victoria 2008a).

The climate change summit paper and the development of policy initiatives to complement the NETS should avoid duplication of policies and therefore increase the efficiency of climate change policy.

The Commission notes the importance of ensuring clearly defined goals and policy responsibilities between Commonwealth, state and local governments in addressing climate change impacts on liveability. In doing so, it is also important to assess the relative cost effectiveness of the various policy options. Communication between all levels of government would usefully extend to exchanges on cost benefit analysis of the impacts of various policies on liveability. This will promote consistency in assumptions and information on costs and benefits, and expose overlaps or gaps. However communication will only be of benefit if it fosters cooperative policies. As the Kingston City Council argued:

Ensuring communication between all levels of government is significant however can only be of benefit if it reduces duplication of effort and maintains consistency of policy. (sub. DR84, p. 3)

10.3 Environmental effects and regulatory impact statements

A challenge in designing effective and efficient policy is ensuring that all costs, including environmental, are included when policy that affects liveability is being designed. Since the natural environment is a key component of Victoria’s liveability, all policies should be sensitive to unintended environmental consequences.

There are two formal mechanisms to bring environmental considerations into the policy making process. The first is the EES, which is required for projects that potentially have significant environmental impacts. The second is the regulatory impact statement (RIS) process for all sunsetting and new statutory rules. A RIS is only required if there is an appreciable economic or social impact (Government of Victoria 2007c). If the need for a RIS is established, environmental considerations must also be taken into account.

Environmental concerns need to be brought more fully into the policy making process to ensure that the natural environment, and therefore Victoria’s liveability, are sustained into the future. The EES and the RIS processes are two main ways environmental concerns are brought into policy making. However the RIS process does not include environmental burden as a trigger for requiring a RIS.
10.3.1 Environmental effects statements

An EES may be required for projects with potentially significant environmental effects. The objective of the EES is:

To provide for the transparent, integrated and timely assessment of the environmental effects of projects capable of having a significant effect on the environment. (DSE 2006a, p. 3)

While the Environment Effects Act and the EES guidelines broadly outline the EES process, the Minister for Planning has considerable discretion as to whether a project requires an EES. If the Minister for Planning determines the project does not require an EES, the Minister can grant approval for the project to proceed. In some cases approval may be conditional on meeting certain requirements (such as location and design). If an EES is required the Minister for Planning also sets the scoping requirements and level of investigation required.

The Minister for Planning considers the completed EES as well as any public submissions and makes an assessment whether the environmental impact of the project is acceptable, not acceptable, or would need major modifications or further investigation before an acceptable outcome is achieved. The views of the Minister for Planning must be considered by decision makers in deciding whether to approve public works, but they are not binding.

The Commissioner for Environmental Sustainability has criticised the assessment procedure of the EES as environmental impacts are often assessed independently of their potential long term and flow-on effects, particularly the way in which they may impact on environmental sustainability and social equity, both integral aspects of liveability (sub. 43).

10.3.2 Regulatory impact statements

The RIS process contributes to ensuring that regulations do not detract from Victoria's liveability. A RIS describes the policy problem, options to address this problem and the costs and benefits of these options. The purpose is to ensure the most efficient forms of regulation are adopted and to facilitate public consultation on the document (Government of Victoria 2007c). In practice, a RIS is required for a proposed statutory rule that imposes ‘an appreciable economic or social burden’ (Government of Victoria 2007c, p. 4-16). What constitutes an appreciable economic or social burden is not defined. Some guidelines are given in the Victorian Guide to Regulation:

In considering whether a proposed rule imposes an appreciable cost or burden on a sector of the public, consideration must be given as to:

- whether the proposed statutory rule has the requisite impact on a ‘sector of the public’. The rule must have an impact on the whole community or on
groups of people, although the question of how many people constitute a ‘sector’ of the public is a matter of judgement; and

- whether the proposed rule imposes ‘an appreciable cost or burden’ on that sector of the public. (Government of Victoria 2007c, p. 4-17)

The *Subordinate Legislation Act 1994* (Vic.) requires that preparation of a RIS involve consultation with ‘any sector of the public on which an appreciable economic or social burden may be imposed by a proposed statutory rule’ (Government of Victoria 2007c, p. 4-25). A review of the Act found that the specification of an economic and social burden has resulted in environmental groups sometimes not being included in RIS consultation. The Scrutiny of Acts and Regulations Committee (SARC) report into the Subordinate Legislation Act gave the example of the Forests (Miscellaneous) Regulations 2000 where environmental groups were not consulted despite the regulations having an appreciable environmental impact (SARC 2002).

The SARC review recommended (amongst other recommendations) that consideration be given to broadening the threshold test and consultation test to include environmental burden (SARC 2002). The Government of Victoria did not support the recommendations noting that the *Environmental Effects Act 1978* (Vic.) provided for an EES to be prepared in certain circumstances (SARC 2003).

The EES is not a substitute for the RIS process as they are used for different purposes. The EES applies to projects and public works which are likely to impose a significant environmental impact and does not apply to statutory rules that may impose an appreciable environmental burden. The RIS process applies only to statutory rules that impose an economic or social burden. Any proposed statutory rule that imposes a significant environmental burden but not an appreciable economic or social burden would not necessarily be subjected to the RIS process, nor is there any requirement for groups impacted by environmental consequences of regulations to be consulted.

The Commission considers that there is a case for reconsidering the SARC review recommendation that the Subordinate Legislation Act be amended to include appreciable environmental burden as part of the threshold test for preparation of a RIS and consultation requirements.

### 10.4 Reporting environmental outcomes

Measuring and reporting outcomes is essential to assess whether policy objectives are being met and liveability enhanced. Frequent evaluation of regulation is an important part of ensuring regulations are achieving their intended outcomes.

DSE reports on their contribution to environmental outcomes in their annual report. The annual report specifies nine environmental outcomes and each
outcome is broken down into five sub-outcomes. DSE provides details on strategies taken to achieve these sub-outcomes but does not detail progress made towards achieving the outcomes.

The EPA reports on environmental outcomes, such as air and water quality, on its website and in its annual report. Hourly air quality reports are available on the EPA website for Melbourne, Geelong and the Latrobe Valley and air quality bulletins are issued twice a day. The annual report provides statistics on enforcement actions taken by the EPA as well as reporting on the quantity and quality of outputs which are drawn from the strategic framework Our Environment, Our Future.

Sustainability Victoria has clearly defined outcomes, such as reducing greenhouse gas emissions and energy usage, which are based on Victoria’s environmental policy framework. The progress of Sustainability Victoria towards achieving these targets is outlined in their annual report.

All agencies report on their own environmental performance and the steps they are taking to improve their impact on the environment. There is also a number of environmental goals and indicators included in the Growing Victoria Together progress reports.

Reporting against environmental outcomes is fragmented, with a number of agencies having responsibility for different areas of the environment (section 13.2.2). The Commissioner for Environmental Sustainability was established in part to report on Victoria’s natural environment through the State of the Environment report. The purpose of that report is to:

• provide access to information on current environmental outcomes and trends in Victoria
• identify driving forces and pressures influencing environmental outcomes
• identify the likely implications of environmental trends
• evaluate the effectiveness of current management responses to environmental issues
• assist in policy development
• raise public awareness
• make recommendations on specific actions and future directions to advance Victoria’s progress towards environmental sustainability (CES 2005).

While the framework of the report includes an evaluation of the effectiveness of current management responses to environment issues, the first report is still in preparation so the extent to which it will report environmental outcomes against specific policy objectives is unclear. In any event, as the State of the Environment report is due to be released only every five years (with one at the end of 2008),
government agencies should also be reporting environmental outcomes against specified policy objectives on a more regular basis.

The Commissioner for Environmental Sustainability noted:

A number of organisations have developed sets of indicators for tracking sustainable development. For example, the UK Department of Environment, Food and Rural Affairs (DEFRA) monitors progress via the use of 17 headline indicators that measure environmental, social and economic values of importance to that community. (sub. 43, p. iv)

The United Kingdom House Standing Committee on Environment and Heritage in the Inquiry Report into Sustainable Cities recommended State of the Environment reporting could be used to report on urban sustainability indicators and be used to measure progress under an Australian Sustainability Charter.

The Commission considers that as knowledge and implications of environmental challenges grows, so should reporting. Following the release of the State of the Environment report and the White Paper on Climate Change, reporting on environmental outcomes could be expanded to allow regular assessment of progress of policies in achieving outcomes.

**10.5 Summing up**

The quality of the natural environment is a major contributor to Victoria’s liveability. Challenges such as climate change will impact on the future liveability and competitiveness of Victoria. The Victorian Government’s commitment to the importance of the natural environment is evidenced by the number of environmental agencies and policies, and effective governance arrangements are needed to ensure effective decision making.

The Commission notes that the present institutional arrangements of the environment portfolio are complex and have been built up over time. The current inquiry into environmental regulation being undertaken by the Commission is required to report on opportunities for improving environmental regulation including through improvements in institutional arrangements (finding 10.1).

The forthcoming policy statement on climate change is designed to review all Victorian Government climate change policies to ensure they tackle the issue in the most effective manner and policies between the three tiers of government are complementary.

The Commission notes the need for ensuring clearly defined goals, and policy responsibilities and communication among Commonwealth, state and local governments in addressing climate change which impacts on liveability. Communication among all levels of government would usefully
extend to consideration of common assumptions underpinning cost/benefit impacts of various policies on liveability (finding 10.2).

The Commission considers that there is a case for reconsidering the SARC review recommendation that the Subordinate Legislation Act be amended to include appreciable environmental burden as part of the threshold test for preparation of a Regulatory Impact Statement and consultation requirements (recommendation 10.1).

Measuring and reporting environmental outcomes is an essential way of ensuring whether environmental policy is enhancing liveability.

The Commission considers that as both knowledge and the implications of environmental challenges grow, so should reporting. Following the release of the State of the Environment report and the White Paper on Climate Change, reporting on environmental outcomes could be expanded in the proposed liveability report to allow assessment of progress of policies in achieving outcomes (finding 10.3).
11  Liveability and ICT

11.1  Introduction

Information and communications technology (ICT) has had a major impact on society and the Victorian economy and will continue to influence the liveability and competitiveness of the State into the future to an even greater extent. ICT has changed the way we live, conduct business and operate as a society. The Organisation for Economic Cooperation and Development (OECD) noted that:

The Internet is transforming our economies and societies. It provides an open, decentralised platform for communication, collaboration, innovation, productivity improvement and economic growth. (OECD 2008a, p. 4)

It is therefore impossible to examine Victoria’s liveability without acknowledging the role and impact of ICT. It is in many ways an enabling technology for the 21st century, in much the same way that the development of motor vehicles and aircraft revolutionised freight, personal travel and urban form in the 20th century.

The Victorian Government has set out an ICT industry plan which notes that Victoria, despite accounting for only one quarter of Australia’s population:

… accounts for one-third of the Australian ICT industry which in turn represents 1 to 1.5 per cent of the global market. With revenue in excess of $20 billion, and strong levels of R&D, the Victorian ICT industry continues to be an important contributor to the economic performance and wealth of the State. (MMV, 2007, p. 9)

ICT will impact on Victorians in further ways that we cannot imagine at this stage — just as it may have been very difficult to imagine the current impact of ICT as little as twenty years ago.

11.2  ICT, liveability and competitiveness

ICT impacts on many aspects of liveability and competitiveness. The OECD notes that:

The capacity of economies and societies to seize opportunities and meet challenges in a wide range of areas — the environment, education, health, demographic change and, more generally, the delivery of commercial and government services — already involves the use of ICTs, seamlessly interconnected by the IP [Internet Protocol] -based networks of the Internet. (OECD 2008a, p. 4)

Multimedia Victoria (MMV) noted the role of broadband telecommunications in facilitating connections and interaction between people:
… where broadband is emerging as the key enabler, [it] is becoming increasingly important for socialising, entertainment, service delivery and device/compliance management. (sub. 61, p. 3)

11.2.1 Business competitiveness and ICT

In terms of impacts on business and competitiveness ICT can be both a direct input to production processes but can also be a tool which facilitates interaction between businesses, government and customers. This interaction can lead to improved research and development, new production processes, more responsive services and new opportunities and markets.

The Victorian Government has already recognised the role of ICT in improving industry competitiveness. The Department of Infrastructure/now Department of Transport in a position paper on broadband noted:

Widespread access to broadband will help Victoria’s businesses and industries improve productivity, attract investment, reduce operating costs, deliver better workforce training, become more innovative and create new jobs. (DOI 2005, p. 2)

The Victorian Government’s ICT plan notes that:

ICT now plays a critical role in the success of most industry sectors and is relied on to improve performance and deliver a competitive edge (MMV 2007, p. 25)

Access to ICT can facilitate research and innovation and in particular permit interaction between businesses and academic research organisations. The OECD notes that:

The Internet and ICTs enable and support creativity and innovation, encourage entrepreneurial activity, and stimulate the restructuring of industries and institutions. … As a major repository of information, the Internet also facilitates co-ordination and co-operation among researchers and entrepreneurs, linking the creativity of individuals and allowing organisations to collaborate, pool distributed computing power and exploit new ways of disseminating information … (OECD 2008a, pp 17—18)

An example of this form of interaction can be seen in Victoria where the Centre for Information Technology Research (CITR, box 11.1) based at Swinburne University of Technology has close relationships with the business sector. CITR:

… conducts research in close collaboration with industry and research partners nationally and internationally, delivering scientifically advanced and industrially relevant outcomes. (CITR nd, p. 3)
Investment in ICT has resulted in significant productivity improvements for businesses. A paper summarising the evidence on ICT use and productivity improvements prepared by the Commonwealth Department of Communications, Information Technology and the Arts concludes that:

… over the last 20 years ICT has emerged as the main technological driver of productivity growth in Australia. … other important contributors to productivity growth were micro-economic reform, a more educated workforce and non-ICT related technological innovations. (DCITA 2007, p. 9)

The Productivity Commission also noted that:

The effects of increased ICT use on Australia’s output and productivity growth have also been large by international standards. … According to OECD estimates, ICT contributed just over 0.6 of a percentage point to annual GDP growth in Australia. (PC 2004, p. 10)

ICT is also important for facilitating the concept of ‘one Victoria’ (addressed in more detail in other chapters). It can reduce the costs associated with location and distance and is at least as important as transport links in terms of linking businesses and the community. Indeed, it can reduce the dependence on transport between provincial areas and Melbourne. ICT can provide the key to an interdependent Victoria — one Victoria with mutually supporting economic and social relationships across provincial and metropolitan areas.

The ability to access services and to work from remote locations and interact with the wider community means that the growth of ICT can impact on many aspects of liveability — including the choices of people and businesses about where to locate and live. ICT access is therefore particularly relevant to Victorians living and working in provincial areas (chapter 7). MMV noted that:
For employees, tele-working and tele-conferencing will free them from the confines of the office and the daily commute, allowing for more flexible working arrangements to better accommodate individual lifestyle preferences and other commitments. (sub. 61, p. 9)

ICT increases opportunities, especially for those in provincial Victoria, to participate in remote education and employment.

There are also the globalising effects of advances in ICT to consider. Freidman notes that developments in information technology and the internet in particular, have made the world ‘flatter’: a person’s actual physical location has become less relevant in terms of accessing jobs, services and communities. In a virtual environment, people do not need to be physically close to each other to communicate, cooperate or perform transactions. These developments revolutionised work flow management in the service industries: work can be performed with the boss being at one location and his employees being somewhere else (Friedman 2005).

The facilitating role of ICT highlights the importance of liveable places. Florida notes that although the internet is a key element of infrastructure along with airports and highways, life in the virtual world is based on the facilities of the physical world. The internet increases the competition of cities to attract talented people because people do not have to live and work at the same place, and are more free to choose where they want to live. ICT has reduced the dependence of businesses on traditional locations for business growth. Therefore the importance of characteristics other than being able to offer jobs is increasing for cities. Florida argues that:

Members of the Creative Class are not looking for a life delivered through a modem. They want one that is heart-throbbing real. (Florida 2003, p. 166)

11.2.2 Liveability and ICT

ICT impacts on the liveability of individuals and communities. ICT can change the way we interact with each other (as individuals, with businesses and service providers, and with government) — it is changing the nature of relationships. For example, many people now pay bills, conduct their banking and shop from home using the internet. Other examples include the speed and efficiency advantages of using electronic funds transfer and email to reduce reliance on cash and traditional postal services. ICT is also being used in providing health services, especially to those living in provincial Victoria. For example innovative technology is being used to provide mammography services to women in provincial areas to reduce inconvenience and to speed up the diagnostic process.
The internet is also a mechanism through which people can access a range of government and non-government services. The Department of Planning and Community Development notes that:

Household internet access can help provide more efficient access to services by enabling all people equally to:

- access government services (including health and welfare) more efficiently and effectively; and
- access services provided by community organisations and the private sector more efficiently. (sub. DR104, p. 2)

There are potentially many innovative uses of ICT to enhance community interaction. Box 11.2 provides a recent example demonstrating the scope for interconnectedness and integration of metropolitan and provincial Victorians.

**Box 11.2  Technology saves church**

Many small rural churches have been facing closure due to declining congregations and a shortage of priests. New technology has enabled larger metropolitan churches to transmit their services to smaller rural towns:

‘New 3G technology and a communal ambition enabled the Glen Waverley Uniting church to transmit its 11am family service onto a large screen in Beeac in an experiment that has sparked the interests and hopes of many country churches.


The OECD has stressed the role that ICT can play in facilitating the delivery of government services and programs:

Policies to address challenges such as making government services more accessible, improving health care, providing access to quality education and better managing the environment can exploit the functionalities of networked ICTs. (OECD 2008a, p. 7)

In the context of improving service delivery, one of CITR’s three major research themes is service orientated computing which:

… focuses on a new emerging paradigm for distributed computing and e-business processing, which is poised to dramatically reshape the future landscape of the ICT industry and beyond. … As such, it enables seamless communications and interactions among businesses and individuals, promises quick adaptation to changing business environments, and offers new business opportunities. (CITR nd, p. 2)

In addition, the Commission notes the broad range of ICT research, initiatives and activities being undertaken by communities, community groups and local governments designed to strengthen communities, for example:
• The Doing IT Better project (VCOSS) works directly with community organisations to build their capacity and use of ICT and ICT systems (sub. DR92).
• VCOSS’s Training and Development Clearinghouse is a training and development database and brokerage service that makes extensive use of ICT (email distribution lists and websites) to build collaborative relationships between the community sector and training, support and service providers (sub. DR92).
• The Bendigo Community Telco® provides a ‘one stop shop’ for businesses and consumers in the Bendigo region. By pooling resources and acting as a collective through a locally-owned entity, it seeks to provide the community with a greater level of involvement and say into what telecommunication and value-added services are available — to ultimately better meet the needs of the community (sub. DR103, Bendigo Community Telco®, 2008).
• The Northern Grampians Shire Council’s No Space Like Home pilot project seeks to keep former residents in touch with St Arnaud (a town in the shire) through an interactive website. The website will include local news about St Arnaud as well as community and personal news, a chat function, job opportunities and real estate information (sub. DR88).

Access to ICT is critical to the success of these community strengthening programs. In this context, many schools and other community facilities with broadband access could provide a platform to help deliver these programs (and at the same time better utilise existing community infrastructure). Chapters 6 and 7 provide additional discussion on the advantages of sharing of infrastructure.

11.3 ICT: Enhancing liveability and competitiveness

ICT is a very dynamic sector which has seen rapid growth in the past and will continue to grow and to change people’s lives. The rate of change engendered by ICT depends on innovation both in the development of ICT and in the application of new technologies. The latter depends very much on effective communication and understanding of the technologies and their possible application by both those developing the technologies and those who can benefit whether businesses, governments, consumers or individuals. The identification of applications of new technologies is a particularly challenging part of the innovation process which can greatly benefit both liveability and competitiveness.

11.3.1 Business access and use of ICT

ICT is a key enabler for all businesses. ICT can help open up new markets and increase flexibility in terms of how businesses operate and can help reduce transactions costs, both in terms of businesses dealing with each other and with their suppliers and customers.
In a competitive environment, businesses have a strong incentive to ensure they have access to appropriate technology which enhances their competitive position in the market. All businesses need to assess the expected benefits of new technology, against the costs of acquiring the technology and its ongoing operating costs. Businesses need also to be constantly alert to the innovative identification of applications which could deliver a competitive advantage.

Business associations and organisations can play an important role in keeping their members up to date with new developments and the advantages they may provide to businesses.

Overall, businesses have a strong incentive to assess their ICT needs and to investigate and evaluate products suited to their needs, as well as exploring alternative uses for new technologies. Businesses are subject to market disciplines — those that make good decisions will enjoy competitive advantages over their competitors and perform well. On the other hand, firms that ignore the opportunities that ICT has to offer will suffer competitive disadvantages and will perform poorly in the market place.

The adequacy of ICT infrastructure may be outside the control of individual firms. The Bass Coast Shire Council notes that:

In 2005, Bass Coast Shire's average download speed was 78% of best practice. By 2006, this had dropped to 7% (sic). As a result, the capacity for existing businesses to operate effectively and competitively has been drastically reduced. Likewise, the capacity of the Shire to attract knowledge workers is significantly impaired. (sub. DR90, p. 17)

The speed and quality of broadband infrastructure is outside the control of local governments and businesses and in some areas, especially in provincial Victoria, infrastructure quality may adversely impact on industry performance and competitiveness. The quality of ICT infrastructure is critical to connectedness throughout Victoria and to the ability of Victoria to harness its skills and assets across the state.

11.3.2 Community access and use of ICT

Victorians access the internet from a wide range of locations, including their home, workplace, schools, public libraries and community centres and, increasingly, through newer technologies. Community Indicators Victoria analysis found that approximately 79 per cent of respondents had some form of internet access but that fewer provincial Victorians have access to broadband and are more likely to rely on dial-up internet connections (chapter 7).
The Department of Planning and Community Development states that approximately 85 per cent of Victorians have internet access, and their proportion has been increasing quite rapidly in recent years. However, they also note:

Despite this growth, there are groups that have significantly lower rates of internet access than the general population. For example:

- only 61% of people receiving a disability pension in Victoria and 51% of Victorian seniors (aged 65 plus) have accessed the internet in the past twelve months; and
- only 69.9% of unemployed Victorians have accessed the internet in the last twelve months.

Similarly, while 63% of Victorian households have internet access, only 42.7% of households on less than $50,000 per annum have internet access.

(sub. DR104, pp. 1—2)

Individuals face different incentives and opportunities to take advantage of ICT compared with businesses. Individuals may not have the same financial incentive to recognise and take advantage of ICT opportunities compared with businesses where future profitability and survival may be at stake.

Many individuals have limited appreciation of the potential applications of new and emerging technologies to the enhancement of their liveability. While business associations and organisations may publicise ICT innovations and possible applications to their members, individuals generally rely on less credible channels of information, such as word of mouth from family and friends and advertising, for knowledge of the benefits of new and emerging technologies.

Individuals generally have a more difficult challenge than businesses in interpreting complex technical information. Consumer organisations, such as the Australian Consumers’ Association, provide relevant information to help inform decision making for a limited audience.

In order to reduce these inequities, the Victorian Government’s Connecting Communities framework and programs (2001, 2004) set out strategies and initiatives to provide access points for people to use the internet, provide training to develop skills, and encourage providers and communities to develop ‘more relevant and useful content’ (DPCD 2008d).

The Commission notes the pioneering role of local governments through public libraries in providing public access to the internet when the technology was relatively new. For many unable to afford internet access in their own homes, libraries have become critical centres of affordable ICT access and information.

As a next step the state and local governments could consider expanding access to WIFI internet access in public libraries and other community centres. The Commission notes that the Victorian Government’s 2008-09 budget provides for
seeding funds of $3 million for local libraries to provide, among other things, secure wireless internet access (Government of Victoria 2008d).

### 11.3.3 Roles for government

All levels of government have a role in ensuring that ICT services contribute to enhancing liveability and business competitiveness. At the broadest level, governments set the policy and regulatory environment within which innovation, development and use of ICT occurs. The OECD has highlighted the importance of setting an appropriate policy environment for maximising ICT’s contribution to liveability:

> Clearly, the Internet economy is already an important and growing part of our economies and societies, but to reach its full potential in meeting economic and social objectives, a policy environment in which the Internet’s role as a catalyst can be maximised is essential. (OECD 2008a, p. 12)

Government’s role in facilitating the use of ICT to enhance liveability is very broad, covering a range of policy areas. The OECD notes that:

> The government’s role in maximising the economic benefits of broadband is multiple. Governments not only help to create the macroeconomic framework conditions for a favourable innovation and investment climate, but they also play an important role as regulators, standards makers, infrastructure providers, customers, and in research. (OECD 2008b, p. 50)

In the Australian context, all levels of government tend to be involved in the provision and adoption of ICT. MMV points to the need for cooperation amongst governments in noting that:

> State Governments have limited capacity in regulating access to broadband, as this responsibility lies principally with the Commonwealth. (sub. 61, p. 9)

Effective dialogue and discussion among the various levels of government is necessary to ensure the best regulatory environment for the effective development, availability and exploitation of ICT to achieve and maintain leading edge competitiveness and liveability.

The Commonwealth Government has a key role in the provision of ICT infrastructure and regulation of the sector. The Department of Infrastructure/now Department of Transport in a position paper on broadband noted:

> The Commonwealth Government is responsible for telecommunications within Australia. It sets the national regulatory framework, [and] has substantial budget resources … The Commonwealth Government is responsible for ensuring telecommunications services are accessible on a reasonably equal basis and meeting community and business needs. (DOI 2005, p. 5)
MMV notes that one of the roles of state governments is to ‘advocate to the Commonwealth for better broadband services’ (sub. 61, p. 10).

**Government use of ICT and education**

Governments use ICT in undertaking their functions and when interacting with the community, and have a critical role facilitating the uptake and use of the technology.

Governments provide a range of services to both businesses and the community and the considered application of ICT developments can facilitate and possibly revolutionise the delivery of such services. The innovative use of ICT by government agencies can enhance both liveability and competitiveness through more convenient, lower cost and efficient interaction with the community and businesses. MMV observed that:

> Government also has an important role in educating citizens about the benefits of broadband to help drive uptake of the technology. By adopting broadband in its own operations and service delivery, governments can demonstrate that the technology can be used in a number of ways to innovate existing business practices. (sub. 61, p. 10)

Government use of ICT can also have a strong educative effect through modelling in government services the possibilities and positive outcomes of using ICT to enhance service provision.

The Commission as part of its survey of Victorian regulators collects data on the extent to which regulators provide the convenience of online services, for example, permitting change of address or renewal of licences to be done online (VCEC 2008). The Commission noted that:

> Most regulators provide online information for regulated businesses, while significantly fewer reported providing online information for complainants. The share of major regulators offering online transactions (such as renewals and change of address) is higher than that of the other regulators, but still amounts to less than half of the number of major regulators. (VCEC 2008b, p. 38)

The Victorian Government’s transport ticketing project ‘myki’, has been the subject of considerable debate about delays and cost overruns. Whatever the merits of the criticism of this project, it provides an example of the challenges and risks facing governments and businesses in undertaking complex technological projects for the purpose of improving services, particularly in the innovative application of new technologies to pursue local objectives.

The Victorian Government is currently exploring e-government opportunities to facilitate dealing with government. The initiative is intended to offer Victorian businesses and communities:
... an easier and more convenient way of dealing with Government. Service Victoria is the working title for this whole-of-government concept. The initiative includes innovative strategies to integrate the network of government services and information for Victorians using channels of their choice. (DIIRD nd, p. 1)

The initiative is focused on better ways of dealing with regulation and more effective, joined-up service delivery.

With their substantial roles in service delivery and regulation, governments at all levels are well placed to lead by example when it comes to utilising ICT in innovative ways to improve service delivery and hence enhance liveability.

**Industry assistance measures**

Governments can facilitate the innovative use of ICT through direct provision of infrastructure on a ‘demonstration project’ basis. For example, MMV highlighted a particular project where:

> Through its role in planning regulations and facilitating access to State infrastructure, the Victorian Government has also been able to develop projects that trial a new commercial model for NG [new generation] broadband deployment. The Government’s Aurora FTTH [fibre to the home] project is located in the outer north of metropolitan Melbourne and will deliver a fully converged high speed broadband service to 8,000 homes. (sub. 61, p. 10)

MMV has also suggested that governments can use their own purchasing power to encourage better provision and use of ICT. MMV noted:

> Typically, State Governments are able to use their purchasing power to drive the provision of broadband in otherwise non commercial areas of the market. Indeed, at least some of the improvements in Victoria’s broadband coverage can be attributed to State Government activity, particularly in procurement and utilisation of broadband to improve government service delivery. (sub. 61, p. 9)

Through its procurement actions and services the Victorian Government could facilitate the expansion of broadband and ICT to meet the needs of those living in provincial Victoria — and further consolidate the development of ‘one Victoria’. For example VicTrack, police stations and schools have broadband connections for their own use which could potentially be used to facilitate broader community access. Opportunities in this regard include:

- ensuring broadband and mobile connectivity on the fast train network
- video conference facilities for, and through, local governments.

(See also discussion of applications for shared community infrastructure in chapters 6 and 7.)
11.4 Summing up

ICT infrastructure is critical to the ability of Victoria to harness its skills and assets across the state, enhancing liveability and ensuring adequate connectedness. Broadband access can be a key enabler in realising the potential of ‘one Victoria’. In the context of ‘one Victoria’, the Commission notes that:

- ICT has reduced the dependence of businesses on traditional locations for business growth
- access to ICT is critical to the success of many community strengthening programs. In this context, it is likely that many schools and other community facilities with broadband access could provide a cost effective platform to help deliver these programs (and at the same time better utilise existing community infrastructure) (finding 11.1).

The Commission notes that the rate of change engendered by ICT depends on innovation both in the development of ICT and in the application of new technologies. The identification of applications of new technologies is a particularly challenging part of the innovation process which can greatly benefit both liveability and competitiveness (finding 11.2).

The Commission recognises the pioneering role of libraries in providing internet access to communities and notes the usefulness of the provision of funding to extend WIFI access to meet communities’ emerging ICT needs (finding 11.3).

Governments, at all levels, are well placed to lead by example when it comes to utilising ICT in innovative and cost effective ways to improve service delivery and regulation and hence enhance liveability. Governments should seek to adopt new technologies and identify applications in their own services that can be of value to businesses and the broader community (finding 11.4).

Government use of ICT can also have a strong educative effect through modelling in government services the possibilities and positive outcomes of using ICT to enhance service provision (finding 11.5).
12 Future liveability in ‘one Victoria’

12.1 Introduction

The potential scope of this inquiry is very broad and in focusing the inquiry the Victorian Competition and Efficiency Commission (the Commission) has been guided by the terms of reference and input from participants. The Commission appreciates the efforts of inquiry participants and acknowledges the quality of submissions and the range of issues covered. The Commission has not been able to address all issues raised by participants. All submissions to the inquiry are publicly available. Appendix A provides details of the submissions and the consultations undertaken by the Commission.

The terms of reference require the Commission to explore, examine and report on a number of aspects of liveability and to identify opportunities to enhance Victoria’s liveability, a concept that pervades most areas of public policy. This report is more about providing insights on the nature of liveability and its enhancement, and its connections with competitiveness, than addressing particular problems, the more common focus of inquiries.

Most measures of liveability suggest that Victoria performs well by international standards. But there are challenges and opportunities to be managed in order to maintain and enhance Victoria’s liveability, such as increasing environmental concerns, advancing technology, the impacts of globalisation, and a growing population.

This chapter draws together the observations, findings and recommendations of the Commission in the context of a number of overarching themes.

12.2 Overarching themes

In developing its analytical framework for examining the issues raised during the inquiry the Commission found it useful to develop a number of themes to link many elements of the report (chapter 3). These themes are:

- good information on liveability to inform decision making (chapter 4)
- effective linking of government efforts to improve liveability, including the importance of subsidiarity in decision making (chapter 3)
- best practice regulation which takes into account possible liveability impacts (chapter 3)
- managing growth in the context of Victoria as a whole — the interdependencies of ‘one Victoria’.
12.2.1 Improving information

The availability of information can improve liveability outcomes for:

- individuals — through more informed decision making which helps individuals make better choices and understand the nature of government policies that affect liveability
- businesses — through improved understanding of the business environment and government policies, thus providing greater predictability. Information can improve the competitiveness of businesses in Victoria, including confidence in a labour force attracted by the liveability of the whole state (chapter 5)
- governments — through improved policy development processes, engagement of communities and accountability for outcomes (chapter 4).

There are many measures of liveability and a lot of information is available on some aspects of liveability, but this information is not always readily accessible to individuals, businesses and governments. The Commission found that composite measures of liveability, such as the one published by the Economist Intelligence Unit, although widely known and often quoted, are of limited use for informing specific policy decisions; nor do they cater to the varying perspectives on liveability held by diverse individuals and businesses.

Composite measures of liveability can be helpful to public marketing, but are of limited value in informing decisions and policy making processes. A number of existing sources of information, with some further development, can provide more relevant liveability information to Victorians and their governments. The Growing Victoria Together (GVT) framework has many elements of a liveability report card and the Commission has identified a number of possible areas where it could be expanded including: transport (for example, congestion), stronger communities (for example, housing affordability), regulation and environmental measures (chapters 9, 6 and 10 respectively). In addition, the Community Indicators Victoria project and Invest Victoria are also valuable information sources which can inform decisions affecting liveability (chapter 4).

The Commission therefore proposes that the government develop a liveability data base using GVT as a framework, to provide additional liveability information to inform the decisions and actions of individuals, businesses and government. This data could be presented to the Victorian people in the form of an annual liveability statement (chapter 4).

12.2.2 Decision making and subsidiarity

Policies and decisions of all levels of government affect the liveability of Victoria and hence all levels of government have a role in enhancing Victoria’s liveability.
Decisions need to be taken as close as practicable to those affected by them to optimise their beneficial impact (subsidiarity) (chapter 3). In Australia’s federal system of democratic government, the challenge is to ensure that decisions are taken by the appropriate level of government and that there is adequate coordination among different levels of government. It is the view of the Commission that the strengths of local governments in Victoria offer a possible comparative advantage for the relative liveability of Victoria compared to other Australian jurisdictions.

The Commission highlighted the important leadership role of local governments in enhancing liveability, especially in provincial areas. Local governments in provincial areas in particular face high expectations from residents and the need to provide and maintain extensive infrastructure and services. But they also face significant resource constraints.

Issues of vertical fiscal balance amongst levels of government are important for local governments in Victoria as well as for the Victorian Government. The extent of community and business demands on local government expenditure are not reflected in revenue raising capacity. The Commission has also noted that statutory limitations on cost recovery by local governments can unnecessarily diminish their limited revenue raising capacity (chapter 8).

Subsidiarity suggests functions be undertaken where practicable by the decision maker closest to those affected, and the Commission is cognisant of the need to manage the legitimate tensions between local interests and those of the city or state as a whole. In provincial areas the Commission has noted the positive role played by the Regional Management Forums in helping to coordinate and at times reconcile the interests of local governments and the Victorian Government.

In terms of the issues facing Victorians, the Commission has identified three possible options for managing local and city-wide interests: overarching Melbourne/Regional Planning Authorities; further improving current arrangements; and establishment of facilitative authorities for Melbourne and provincial regions (chapter 8). The latter two options offer opportunities to balance the legitimate tensions between the interests of local communities and the interests of the wider community.

12.2.3 Best practice regulation

In some cases, enhancing liveability will require a regulatory response. In addition to being implemented by the appropriate level of government (subsidiarity), governments should adhere to the principles of best practice regulation ensuring that government intervention in community and business activities is limited to appropriate and necessary circumstances (chapter 3).
Individuals, businesses and governments all have a stake in good regulation. One such example is taxi regulation, where there is a case for a broad review against these best practice principles (chapter 9 and supplementary paper C). Another is the possible extension of the trigger for assessment of regulatory burdens through regulatory impact statements to make clear that regulations imposing environmental burdens should be included (chapter 10).

Predictability and clarity of roles is also an important regulatory consideration. Where there are multiple agencies administering a range of legislative and regulatory instruments (as exists in the environmental field), coordination and evaluation is particularly important (chapter 10).

**12.2.4 Managing growth in ‘one Victoria’**

A theme — both a challenge and an opportunity — pervading the report is the need to manage growth within the context of ‘one Victoria’. Growth is both an outcome of the liveability of Victoria and a challenge in the sense that growth places pressures on services and infrastructure, and can detract from Victoria’s liveability if not managed well, for example affecting housing affordability and congestion.

Victoria is fortunate that its relatively compact size means that distances between major centres and provincial areas are not great and so there is scope for considerable interaction and interconnection among parts of the state. Infrastructure — roads, rail, and information and communication technology (ICT) — is an important element in maximising the interconnectedness and interdependencies of the state and in governing ‘one Victoria’.

Provincial areas have an important role to play in helping Victoria manage future population growth. Well distributed population growth, encouraged by effective urban planning, transport and ICT infrastructure, can enhance the growth of productivity and liveability. In many respects provincial Victoria is the ‘liveable alternative’ to Melbourne and many people and businesses are choosing to locate in provincial areas. The calculus of investing in provincial Victoria needs to take account of the relief of costs of Melbourne’s growth. The liveability of Victorians in provincial and metropolitan areas can be enhanced by more effective planning and policy development for ‘one Victoria’.

Managing growth and building the interconnections between provincial Victoria and Melbourne will remain an ongoing challenge and opportunity in enhancing Victoria’s liveability.
12.3 Victoria’s liveability through the 21st Century

Maintaining and enhancing Victoria’s liveability is an ongoing task for governments and all Victorians requiring the overcoming of threats and the seizing of opportunities. The themes discussed above — information, governance, regulation and ‘one Victoria’ — will continue to be applicable over coming decades. The Commission draws attention to some potential challenges for the future.

**ICT**

ICT is very much the enabling technology for the 21st century (chapter 11). It has already changed the way that many people live their lives and the way businesses operate. ICT is central to the continued enhancement of liveability and competitiveness and is critical to the effective connectivity of ‘one Victoria’.

The technology used to deliver ICT services and innovation in the application of ICT will continue to develop — in ways that have not even been imagined at present. The challenge is to ensure that these advances are recognised and harnessed through appropriate innovative applications to further enhance Victoria’s liveability and competitiveness.

**Environment**

The quality of the natural environment is an important component of the ongoing liveability of any city or region — and Victorians are concerned not only with the quality of the environment today but also into the future (chapter 10). Linked to the concern for future environmental quality, there is an increasing community, business and government focus on the issue of sustainability, ensuring that we meet the needs of the present without compromising our ability to meet future needs.

**Strong communities**

The strength and cohesiveness of communities plays a key role underpinning Victoria’s liveability. Understanding the nature of strong communities and how they can be strengthened is central to enhancing Victoria’s liveability.

Building community strength and enhanced liveability depend greatly on the sustained efforts of the members of communities, community organisations, businesses and all levels of government. The challenge is to ensure that efforts to build community strength remain relevant, and are targeted to where they can be most effective. This reinforces the importance of providing opportunities for people and communities to engage with decision-making processes and for decisions to be taken as close as practicable to those affected — and also of improving information to inform those decisions. These efforts require a strong sense of leadership amongst key community stakeholders.
Transport
The efficiency of the transport network is one of the most important determinants of liveability and competitiveness (chapter 9). Population and economic growth in Victoria and higher fuel prices are likely to continue to exert pressure on the State’s transport system — affecting the movement of people and freight throughout Victoria, posing major public policy challenges in metropolitan and provincial areas. Effective public and freight transport across Victoria is a pressing challenge in ensuring the connectivity that is necessary to optimise liveability.

Planning
Planning issues, both in metropolitan Melbourne and provincial areas will be central to ensuring the continued liveability of the State and promoting sustainable resource use (chapter 8).

Bearing in mind the legitimate planning tensions between local and wider interests, the Commission has identified a number of mechanisms through which a more strategic approach to land use planning in Victoria could be implemented to enhance Victoria’s liveability.

Unexpected challenges
Unexpected challenges may also arise in the future which could impact on Victoria’s liveability and competitiveness. The Government will want to be able to respond quickly and effectively to such challenges to ensure that Victoria’s liveability is not compromised. Improved data on liveability — through an expanded GVT — will not only assist in the monitoring of existing programs supporting liveability, but will also help alert governments, businesses and the community to liveability developments that may require a policy response.

12.4 A state of liveability
Victoria is already a very liveable state, but liveability is not a static concept, once achieved and then secured. Changes — in demographics, social, economic and environmental circumstances, and in technology — provide new challenges and opportunities. These challenges arise from the desire for continuing improvements in services and infrastructure. At the same time, cities with which we compete — other cities and regions around Australia and the world — are also trying to improve their liveability. All governments seek not only to improve the quality of life of its citizens but to improve competitiveness recognising the link to liveability and growth.
The Commission believes that the overarching themes — information, governance, regulation and ‘one Victoria’ — can be used to assess and enhance Victoria’s liveability for the long term.

The Commission identified a number of overarching themes which are common to many of the issues examined by the Commission during the inquiry:

- enhancing information provision to better inform decision making by governments, individuals and businesses
- effective integration of government efforts to improve liveability — including the importance of subsidiarity in decision making
- the importance of best practice regulation
- managing growth in the context of Victoria as a whole — the interdependencies of ‘one Victoria’

(finding 12.1).
Appendix A: Consultation

A.1 Introduction

In keeping with its charter to conduct public inquiries, the Victorian Competition and Efficiency Commission (the Commission) advertised the inquiry into enhancing Victoria’s liveability in the major metropolitan and regional newspapers in October 2007. Following the Treasurer’s announcement of the terms of reference on 12 October 2007, the Commission published an issues paper in October 2007, which outlined:

- the scope of the inquiry
- how to make a submission
- the Commission’s consultation processes
- the inquiry timetable.

The issues paper invited inquiry participants to make submissions. The Commission received 65 submissions before the release of the draft report (section A.2).

The Commission held six round table meetings in February and March 2008 with a range of participants from business, community and government organisations, which included targeted consultations in the provincial cities of Shepparton and Traralgon (section A.3).

The Commission appointed several consultants and contractors to assist with aspects of the inquiry:

- Allen Consulting Group undertook a series of focus groups with the purpose of understanding what attracted skilled individuals to relocate to Victoria.
- Urbis Pty Ltd prepared a discussion on sustainable urban concepts by exploring a number of Australian and international case studies.
- The McCaughey Centre prepared a report using Community Indicators Victoria to examine differences in liveability between provincial and non-provincial Victoria.

A.2 Submissions

The Commission received 113 submissions (table A.1). The submissions are included in the attached CD-ROM and are also available from the Commission’s website.
## Table A.1 Submissions received

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<td>Ron Brons</td>
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<td>Norm Cameron</td>
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<td>Parks Victoria</td>
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<td>Ron Brons</td>
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<td>Carolyn Whitzman</td>
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<td>Trevor Budge</td>
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<td>SGS Economics and Planning Pty Ltd</td>
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<td>Institute of Public Works Engineering Australia — Victorian Division Limited</td>
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Table A.1  **Submissions received (continued)**

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<td>Anna Piatkowska</td>
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<td>Commissioner for Environmental Sustainability Victoria</td>
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<td>Victorian Equal Opportunity &amp; Human Rights Commission</td>
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<td>Victoria Police</td>
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</tr>
<tr>
<td>Metropolitan Transport Forum</td>
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<tr>
<td>Cement, Concrete and Aggregates Australia</td>
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</tr>
<tr>
<td>Department of Planning and Community Development</td>
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</tr>
<tr>
<td>Department of Infrastructure</td>
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<tr>
<td>St Vincent de Paul Society Victoria</td>
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<tr>
<td>Participant</td>
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<tr>
<td>VicUrban</td>
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<td>RACV</td>
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<tr>
<td>Department of Sustainability and Environment</td>
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<tr>
<td>Department of Human Services</td>
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<td>Metropolitan Transport Forum</td>
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<tr>
<td>Multimedia Victoria</td>
<td>61</td>
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<td>The McCaughey Centre</td>
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<td>Australand Holdings Ltd</td>
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<td>John Nieuwenhuysen</td>
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</tr>
<tr>
<td>Victorian Local Governance Association</td>
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</tr>
<tr>
<td>Peter Brohier</td>
<td>DR66</td>
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<tr>
<td>Peter Brohier</td>
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<tr>
<td>Peter Brohier</td>
<td>DR68</td>
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<tr>
<td>Ron Brons</td>
<td>DR69</td>
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<td>Ron Brons</td>
<td>DR71</td>
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<tr>
<td>Brian Buckley</td>
<td>DR72</td>
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<tr>
<td>Ron Brons</td>
<td>DR73</td>
</tr>
<tr>
<td>Wellington Shire Council</td>
<td>DR74</td>
</tr>
<tr>
<td>John McPherson</td>
<td>DR75</td>
</tr>
<tr>
<td>Ron Brons</td>
<td>DR76</td>
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<tr>
<td>Strathbogie Shire Council</td>
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<td>Metropolitan Transport Forum</td>
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<td>Eastern Transport Coalition</td>
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<td>Ron Brons</td>
<td>DR80</td>
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<tr>
<td>Moreland City Council</td>
<td>DR81</td>
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<tr>
<td>City of Ballarat</td>
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<tr>
<td>Ron Brons</td>
<td>DR83</td>
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<tr>
<td>Kingston City Council</td>
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Table A.1  **Submissions received (continued)**

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<td>Parks Victoria</td>
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<tr>
<td>Law Institute Victoria</td>
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<td>Department of Justice</td>
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<tr>
<td>Bass Coast Shire Council</td>
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<tr>
<td>Dr Mather Mason</td>
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<td>Victorian Council of Social Service</td>
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<tr>
<td>Gippsland Local Government Network</td>
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<td>Victorian Taxi Association</td>
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<td>Nillumbik Shire Council</td>
<td>DR95</td>
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<tr>
<td>Land Owners Rights Association Inc</td>
<td>DR96</td>
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<tr>
<td>Warrnambool City Council</td>
<td>DR97</td>
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<tr>
<td>Property Council of Australia</td>
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<td>City of Greater Dandenong</td>
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<tr>
<td>City of Greater Bendigo</td>
<td>DR103</td>
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<tr>
<td>Department of Planning and Community Development</td>
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<td>City of Stonnington</td>
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<td>Office of the Victorian Government Architect</td>
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<tr>
<td>Committee for Melbourne</td>
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<td>Robert M Fels</td>
<td>DR109</td>
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<tr>
<td>Department of Transport</td>
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<td>Public Transport Users Association</td>
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<td>David O’Brien</td>
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<tr>
<td>Garry Moorfield</td>
<td>DR113</td>
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</table>
A.3 Round tables

The Commission held six round tables with a range of business, government and community organisations in February and March 2008 to discuss topics relating to enhancing Victoria’s liveability. Table A.2 lists the participants at the defining and measuring liveability round table.

Table A.2 Defining and measuring liveability round table participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Representing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigel Flannigan</td>
<td>Associate Director</td>
<td>SGS Economics &amp; Planning Pty Ltd</td>
</tr>
<tr>
<td>Lisa Gropp</td>
<td>Principal Adviser, Research</td>
<td>Productivity Commission</td>
</tr>
<tr>
<td>Nicholas Gruen</td>
<td>Chief Executive Officer</td>
<td>Lateral Economics</td>
</tr>
<tr>
<td>Austin Ley</td>
<td>Manager, Melbourne City Research</td>
<td>City of Melbourne</td>
</tr>
<tr>
<td>Alison McClelland</td>
<td>Executive Director, Strategic Policy and Research Unit</td>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td>Stacey Ong</td>
<td>Senior Adviser, Economic Policy Branch</td>
<td>Department of Premier and Cabinet</td>
</tr>
<tr>
<td>Andrew Rimington</td>
<td>Employment, Education and Training – Senior Policy Adviser</td>
<td>Victorian Employers’ Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>Greg Robinson</td>
<td>Director Consulting</td>
<td>ICC-Mercer</td>
</tr>
<tr>
<td>Adrian Tomyn</td>
<td>Researcher</td>
<td>Australian Centre on Quality of Life, Deakin University</td>
</tr>
<tr>
<td>John Wiseman</td>
<td>Director</td>
<td>McCaughey Centre</td>
</tr>
<tr>
<td>Sharn Enzinger</td>
<td>Assistant Director, Economic Policy Branch</td>
<td>Department of Premier and Cabinet</td>
</tr>
<tr>
<td>Tabitha Frith</td>
<td>Senior Adviser, Policy and Strategy Projects</td>
<td>Department of Premier and Cabinet</td>
</tr>
<tr>
<td>Lucy Gunn</td>
<td>Researcher</td>
<td>McCaughey Centre</td>
</tr>
<tr>
<td>Jane Hayman</td>
<td>Consultant – Cross Cultural Training</td>
<td>ICC-Mercer</td>
</tr>
<tr>
<td>Jodie Wickham</td>
<td>Senior Policy Adviser</td>
<td>Victorian Employers’ Chamber of Commerce and Industry</td>
</tr>
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</table>
Table A.3 lists the participants at the liveability in provincial Victoria round table held in Shepparton.

### Table A.3  **Liveability in provincial Victoria round table participants (Shepparton)**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Representing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marg Allan</td>
<td>Manager, Strategy</td>
<td>City of Greater Bendigo</td>
</tr>
<tr>
<td>Gavin Cator</td>
<td>Chief Executive Officer</td>
<td>Moira Shire Council</td>
</tr>
<tr>
<td>Emma Fitzclarence</td>
<td>Policy Adviser</td>
<td>Municipal Association of Victoria</td>
</tr>
<tr>
<td>Peter Harriott</td>
<td>Director of Infrastructure and Development</td>
<td>Greater Shepparton City Council</td>
</tr>
<tr>
<td>Sondrae Johnson</td>
<td>Councillor</td>
<td>Greater Shepparton City Council</td>
</tr>
<tr>
<td>Anthony Kennedy</td>
<td>Senior Policy Officer</td>
<td>Regional Development Victoria</td>
</tr>
<tr>
<td>John McLinden</td>
<td>Chief Executive Officer</td>
<td>Loddon Shire Council</td>
</tr>
<tr>
<td>Andrew Millen</td>
<td>Chief Executive Officer</td>
<td>Sunraysia Mallee Economic Development Board</td>
</tr>
<tr>
<td>Roberto Paino</td>
<td>Chair</td>
<td>Regional Cities Victoria</td>
</tr>
<tr>
<td>Fabian Reid</td>
<td>Executive Officer</td>
<td>Bendigo Chamber of Commerce and Industries</td>
</tr>
<tr>
<td>Doug Sharp</td>
<td>Chief Executive Officer</td>
<td>Rural City of Wangaratta</td>
</tr>
<tr>
<td>Angela Verde</td>
<td>Community Engagement Manager, Hume</td>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td>Owen Harvey-Beavis</td>
<td>Manager, Economic Data and Research Unit</td>
<td>Municipal Association of Victoria</td>
</tr>
<tr>
<td>Oliver Moles</td>
<td>Manager Planning and Development, Hume</td>
<td>Department of Planning and Community Development</td>
</tr>
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Table A.4 lists the participants at the transport and planning round table.

### Table A.4  **Transport and planning round table participants**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Representing</th>
</tr>
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<tbody>
<tr>
<td>Matt Faubel</td>
<td>General Manager, Government</td>
<td>VicUrban</td>
</tr>
<tr>
<td>Skye Holcombe</td>
<td>Policy Advisor, Transport policy</td>
<td>Municipal Association of Victoria</td>
</tr>
<tr>
<td>Mark Knudsen</td>
<td>Director, Infrastructure Coordination</td>
<td>Growth Areas Authority</td>
</tr>
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</table>
Table A.4  **Transport and planning round table participants**  
(continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Laura Mahoney</td>
<td>Policy Officer</td>
<td>OCGI</td>
</tr>
<tr>
<td>Victoria McKenzie-McHarg</td>
<td>Climate Change and Sustainable Transport Campaigner</td>
<td>Environment Victoria</td>
</tr>
<tr>
<td>David Papps</td>
<td>Director</td>
<td>Urban Planning and Regional Planning, OCGI</td>
</tr>
<tr>
<td>Cr Janet Rice</td>
<td>Chair</td>
<td>Metropolitan Transport Forum (City of Maribyrnong)</td>
</tr>
<tr>
<td>Praveen Thakur</td>
<td>Associate Director</td>
<td>SGS Economics and Planning Pty Ltd</td>
</tr>
<tr>
<td>Stuart Worn</td>
<td>Executive Officer</td>
<td>Planning Institute of Australia – Victorian Division</td>
</tr>
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Table A.5 lists the participants at the sustainability and environmental quality round table.

Table A.5  **Sustainability and environmental quality round table participants**

<table>
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<tr>
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</tr>
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<tbody>
<tr>
<td>Terry Ahearn</td>
<td>Director</td>
<td>EPA</td>
</tr>
<tr>
<td>Cheryl Batagol</td>
<td>Chair</td>
<td>Melbourne Water</td>
</tr>
<tr>
<td>David Buntine</td>
<td>CEO</td>
<td>Port Philip Westernport Catchment Authority</td>
</tr>
<tr>
<td>Kimberley Dripps</td>
<td>Executive Director</td>
<td>DSE</td>
</tr>
<tr>
<td>Sanjeev Sabhlok</td>
<td>Senior Manager</td>
<td>DTF</td>
</tr>
<tr>
<td>Mike Hill</td>
<td>Board member</td>
<td>Sustainability Victoria</td>
</tr>
<tr>
<td>Phil Hughes</td>
<td>Principal Consultant</td>
<td>Halcrow Pacific</td>
</tr>
<tr>
<td>Victoria McKenzie-McHarg</td>
<td>Climate Change and Sustainable Transport Campaigner</td>
<td>Environment Victoria</td>
</tr>
<tr>
<td>Dr Ian McPhail</td>
<td>Commissioner</td>
<td>Commissioner for Environmental Sustainability</td>
</tr>
<tr>
<td>Mike Waller</td>
<td>Director and Partner</td>
<td>Heuris Partners</td>
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</table>
Table A.6 lists the participants at the liveability in provincial Victoria round table held in Traralgon.

**Table A.6  Liveability in provincial Victoria round table participants (Traralgon)**

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<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Annabel Barbara</td>
<td>Executive Officer</td>
<td>Gippsland Regional Development Strategy</td>
</tr>
<tr>
<td>Paul Buckley</td>
<td>Chief Executive Officer</td>
<td>Latrobe City Council</td>
</tr>
<tr>
<td>Cr Beth Davidson</td>
<td>President</td>
<td>Victorian Local Governance Association</td>
</tr>
<tr>
<td>Steve Dickson</td>
<td>Director, Community and Development</td>
<td>Wellington Shire Council</td>
</tr>
<tr>
<td>Jeff Hill</td>
<td>Acting Executive Manager, Economic Development</td>
<td>Latrobe City Council</td>
</tr>
<tr>
<td>Kath McEntee</td>
<td>Community Engagement Manager</td>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td>Maree McPherson</td>
<td>Executive Officer</td>
<td>Gippsland Area Consultative Committee</td>
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<tr>
<td>Richard Perry</td>
<td>Director, Community &amp; Economic Development Services</td>
<td>Bass Coast Shire Council</td>
</tr>
<tr>
<td>Harvey Pynt</td>
<td>President</td>
<td>Traralgon Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>Tim Wills</td>
<td>Regional Manager</td>
<td>Regional Development Victoria</td>
</tr>
<tr>
<td>Denise Bourke</td>
<td>Work Experience Placement</td>
<td>Department of Planning and Community Development</td>
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Table A.7 lists the participants at the strong communities round table.

### Table A.7  **Strong communities round table participants**

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<tr>
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<tbody>
<tr>
<td>David Cousins</td>
<td>Executive Director</td>
<td>Consumer Affairs Victoria</td>
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<tr>
<td>Darren Disney</td>
<td>Director</td>
<td>Housing Industry Association</td>
</tr>
<tr>
<td></td>
<td>Government &amp; Media Relations (Vic)</td>
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</tr>
<tr>
<td>Damian Ferrie</td>
<td>Executive Director</td>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td></td>
<td>Community Programs</td>
<td></td>
</tr>
<tr>
<td>Alison Holloway</td>
<td>Associate Director</td>
<td>SGS Economics and Planning Pty Ltd</td>
</tr>
<tr>
<td>Kath Hulse</td>
<td>Director</td>
<td>Swinburne-Monash AHURI Research Centre</td>
</tr>
<tr>
<td>David Imber</td>
<td>Policy and Public Affairs Manager</td>
<td>VCOSS</td>
</tr>
<tr>
<td>Gary Jamiesion</td>
<td>Assistant Commissioner</td>
<td>Victoria Police</td>
</tr>
<tr>
<td>Harald Klein</td>
<td>Director</td>
<td>Department of Human Services</td>
</tr>
<tr>
<td></td>
<td>Neighbour Renewal</td>
<td></td>
</tr>
<tr>
<td>Kerry O’Neill</td>
<td>Director of Community and Development</td>
<td>VicUrban</td>
</tr>
<tr>
<td>Jean Parson</td>
<td>Senior Project Manager</td>
<td>Growth Areas Authority</td>
</tr>
<tr>
<td>Brian Pound</td>
<td>Executive Officer</td>
<td>Community Housing Federation of Victoria</td>
</tr>
<tr>
<td>Helen Szoek</td>
<td>Chief Executive Officer</td>
<td>Victorian Equal Opportunity and Human Rights Commission</td>
</tr>
<tr>
<td>David Griffin</td>
<td>Manager</td>
<td>Victoria Police</td>
</tr>
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<td></td>
<td>Corporate Planning</td>
<td></td>
</tr>
<tr>
<td>Pauline Hayes</td>
<td>Multi Purpose Taxi Program</td>
<td>Victorian Taxi Directorate</td>
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<tr>
<td>Fleur Watters</td>
<td>Multi Purpose Taxi Program</td>
<td>Victorian Taxi Directorate</td>
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</table>

### A.4  **Stakeholder consultations**

The terms of reference required the Commission to consult with key interest groups and affected parties (including the business and community sectors) and to draw on the knowledge and expertise of relevant Victorian Government departments and agencies. Stakeholder consultations (table A.8) may include organisations that also attended one of the round tables listed in section A.3, and provincial meetings in Shepparton and Traralgon.
<table>
<thead>
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<th>Organisation (or individual)</th>
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<tr>
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<td>Arts Victoria</td>
</tr>
<tr>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>Bendigo business representatives</td>
</tr>
<tr>
<td>Centre for Information Technology Research, Swinburne University of Technology</td>
</tr>
<tr>
<td>City of Greater Bendigo</td>
</tr>
<tr>
<td>City of Greater Shepparton</td>
</tr>
<tr>
<td>City of Melbourne</td>
</tr>
<tr>
<td>Consumer Affairs Victoria</td>
</tr>
<tr>
<td>Delfin Lend Lease</td>
</tr>
<tr>
<td>Department of Infrastructure/Department of Transport</td>
</tr>
<tr>
<td>Department of Planning and Community Development</td>
</tr>
<tr>
<td>Department of Treasury and Finance</td>
</tr>
<tr>
<td>EPA Victoria</td>
</tr>
<tr>
<td>Professor Bill Russell, Governance and Management of Urban Transport, The University of Melbourne</td>
</tr>
<tr>
<td>Graincorp</td>
</tr>
<tr>
<td>Institute of Social Research, Swinburne University of Technology</td>
</tr>
<tr>
<td>Dr Josef Konvitz, OECD</td>
</tr>
<tr>
<td>Melbourne Airport Authority</td>
</tr>
<tr>
<td>Mildura Tourism</td>
</tr>
<tr>
<td>Professor Rob Moodie</td>
</tr>
<tr>
<td>Municipal Association of Victoria</td>
</tr>
<tr>
<td>Office of the Victorian Government Architect</td>
</tr>
<tr>
<td>Rail Freight Alliance</td>
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<tr>
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<tr>
<td>ANZ Bank</td>
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<tr>
<td>Australand Holdings</td>
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<tr>
<td>Australian Industry Group</td>
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<tr>
<td>Bendigo community representatives</td>
</tr>
<tr>
<td>Dr Bob Birrell, Centre for Population and Urban Research, Monash University</td>
</tr>
<tr>
<td>City of Greater Shepparton</td>
</tr>
<tr>
<td>Commissioner for Environmental Sustainability</td>
</tr>
<tr>
<td>Peter Crisp MP, Member for Mildura</td>
</tr>
<tr>
<td>Department of Human Services</td>
</tr>
<tr>
<td>Department of Innovation, Industry and Regional Development</td>
</tr>
<tr>
<td>Department of Sustainability and Environment</td>
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<tr>
<td>Eddington Study Team</td>
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<td>ExxonMobil</td>
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<tr>
<td>Growth Areas Authority</td>
</tr>
<tr>
<td>Invest Victoria</td>
</tr>
<tr>
<td>Bernard Salt, partner KPMG</td>
</tr>
<tr>
<td>Mildura Rural City Council</td>
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<td>Mildura Transport Cluster</td>
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<tr>
<td>Multimedia Victoria</td>
</tr>
<tr>
<td>Murrayville Line (farming representatives)</td>
</tr>
<tr>
<td>Parks Victoria</td>
</tr>
<tr>
<td>SGS Economics</td>
</tr>
<tr>
<td>Organisation (or individual)</td>
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<tr>
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<td>Warrnambool business representatives</td>
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