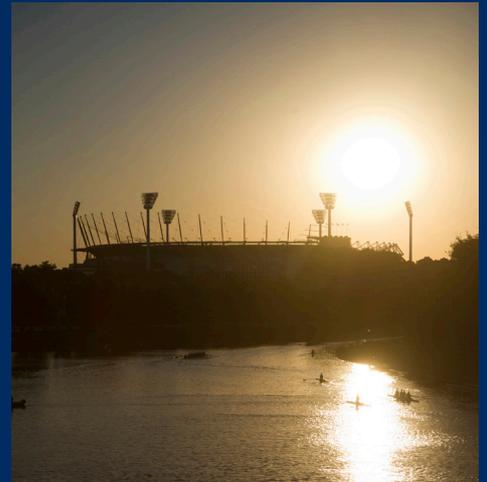


# OUR MELBOURNE OUR FUTURE

A response to Victoria's new  
metropolitan planning strategy



December 2013

Master Builders Association of Victoria  
332 Albert Street, East Melbourne, 3002  
Ph: (03) 9411 4555



**Master  
Builders**

ASSOCIATION



EMERGENCY  
STOPPING  
LANE  
ONLY

# OUR MELBOURNE, OUR FUTURE

Melbourne is a city of evolution and has consistently transformed itself. Over the past 40 years, the city has doubled in size, growing by 1.5 million people to over 4 million (Australian Bureau of Statistics, Historical Population data 2011), yet still retains its status as the world's most liveable city (The Economist Intelligence Unit's *Global Liveability Report 2013*).

This demonstrates that we can continue to grow and retain strong liveability, so long as a coordinated approach to managing growth is maintained across all levels of government. This will ensure new homes can be delivered in affordable ways; that existing communities expected to cater for population growth have a commensurate boost to services and infrastructure; and that new suburbs are provided access to quality transport, education, health, recreation and community safety services, as well as employment opportunities close to home.

Master Builders therefore welcomes the release of *Plan Melbourne*, a vision for our future to 2050 that strives to balance the challenges of population growth with continued economic prosperity and liveability, through an integrated approach to planning and development.

*Plan Melbourne* outlines a vision to accommodate a growth of between 2.05 million and 2.85 million people in Melbourne between now and 2050. However, the latest projections from the Australian Bureau of Statistics released in late November show this population growth has likely been significantly underestimated.

The bureau's projections show that by 2050, Melbourne's population could well be between 7.6 million and 8.4 million people, meaning *Plan Melbourne* has underestimated growth by up to 2.1 million people. Accordingly, the government's strategy must be updated to guarantee sufficient space to accommodate higher growth than previously assumed and ensure future Melburnians have access to the quality infrastructure and services they will need to ensure we have a strong economy and a liveable city.

However, this also presents Melbourne with great opportunities. There is a clear link between economic growth and population growth, as highlighted in a 2011 submission by Saul Eslake published by the Reserve Bank of Australia *Productivity: The Lost Decade*. This





# OUR MELBOURNE, OUR FUTURE

report shows that between 2000/01 and 2009/10, nearly half of the growth in real gross domestic income across Australia was from population growth. Without population growth, our economy is likely to stagnate, our social fabric undermined and opportunities for future generations limited.

As such, Master Builders believes that any blueprint for the future development of Melbourne needs to be focused around the following key priorities:

- Providing an adequate supply of housing for a growing population across Victoria;
- Addressing Melbourne's infrastructure backlog to enshrine our place as one of the world's most liveable communities;
- Reducing red tape and removing politics from the planning system; and
- Establishing a strong implementation framework.

Whilst *Plan Melbourne* seeks to balance these challenges with protection of environment and heritage, of which many put the development and building industry against the protection of neighbourhood character, it is important to note that our industry is what built Melbourne to where it is today.

As the second largest provider of full time jobs in Victoria, our sector prides itself on building the houses Melburnians live in, the offices and workplaces they work in, the schools that have educated generations of children, the hospitals that treat those who are ill and the icons that have enshrined Melbourne's liveability, from landmarks like the Royal Exhibition Buildings in Carlton to Parliament House, the Arts Centre to the world famous Melbourne Cricket Ground. We want to preserve the legacy of our work and our members stand ready to build Melbourne's homes, workplaces, infrastructure and icons of the future.

Radley de Silva  
Chief Executive Officer

# MASTER BUILDERS OVERVIEW

The Master Builders Association of Victoria (“Master Builders”) is the peak body representing employers in Victoria’s building and construction industry. Our membership consists of more than 9500 builders, sub-contractors, manufacturers/suppliers and students. More than 50 per cent of our professional members are small businesses with an annual turnover of \$2 million or less.

Master Builders provides a range of services to members. Many of these would be cost prohibitive if not offered by a not-for-profit group that supports builders, particularly those in small businesses, including:

- Legal advice on matters such as preparing domestic building contracts and resolving building disputes;
- OHS advice, including delivering the Small Business OHS Consultancy Program in partnership with WorkSafe;
- Advice on the interpretation of building legislation and the technical provisions of the National Construction Code;
- Training services including Diploma, Certificate level and short courses designed to meet the needs of the various sectors within the industry;
- ALink, our go to support and advisory centre offering a range of services including placements, Industrial Relations and OHS advice for apprentices, apprenticeship service providers and those seeking a career in the building and construction industry to help reduce the attrition rate of apprentices and to raise the profile of the industry as a provider of rewarding career pathways;
- Our award-winning Virtual Office cloud-based system providing members access to services including e-contracts, e-permits and monitoring of CPD points; and
- Assisting members in preparing applications to become registered builders.

Given our close contact on day-to-day basis with building businesses, from large to small, that deliver the homes, offices, warehouses, factories, workplaces, schools, hospitals, roads, transport and other infrastructure for the metropolitan region, Master Builders is uniquely placed to comment on the issues raised in *Plan Melbourne*.





# CONTENTS

Summary of Recommendations	1
1. Providing an adequate supply of housing for a growing population	4
1.1 Offering a variety of housing density	4
1.2 Encouraging housing diversity, providing opportunities for all homebuyers moving through each stage of their lifecycle	6
1.3 Putting housing affordability at the heart of government policy making	8
2. Addressing Melbourne’s infrastructure backlog to enshrine our place as the world’s most liveable city	11
2.1 Ensuring Melburnians have access to quality jobs, wherever they live	11
2.2 Establishing an independent Victorian infrastructure body	11
2.3 Providing multi-modal transport options to boost productivity, so people spend less time commuting and have greater transport choices	12
2.4 Offer a pipeline of infrastructure works guaranteed to provide certainty to the companies who deliver these city-shaping projects	13
3. Reducing red tape and removing politics from the planning system	15
3.1 Streamline the overly complex, inconsistent planning system, which sees rules changed across municipal boundaries	15
3.2 Provide greater opportunities for code assessed and ‘as of right’ developments, as well as looking at possibilities to introduce private planning certification	16
3.3 Encourage councils to make sensible, timely planning decisions and more consistent building regulations	17
4. Establishing a strong implementation framework	18
4.1 Growth targets need to be guaranteed through residential zoning reforms	18
4.2 The take up of high sustainability homes should be encouraged through consumer awareness rather than government mandating	20
4.3 Clarify the concept of value capture as a means of funding infrastructure or other projects	21

# SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1	Master Builders supports the 'State of Cities' concept outlined in <i>Plan Melbourne</i> .
RECOMMENDATION 2	Master Builders calls for <i>Plan Melbourne</i> to encourage greater medium-high density housing in existing suburbs and the creation of new suburbs on the urban fringe to accommodate rapid population growth with quality infrastructure.
RECOMMENDATION 3	Master Builders calls for <i>Plan Melbourne</i> to ensure there is sufficient capacity for the provision of an additional 1,478,000 homes and that council changes to residential zones be audited to ensure this collective goal can be attained in both established and growth areas.
RECOMMENDATION 4	Master Builders calls for a range of diverse housing options to be actively pursued within <i>Plan Melbourne</i> to accommodate the rapidly changing demographics in our communities.
RECOMMENDATION 5	Master Builders supports the Outer Suburban/Interface Services and Development Committee's call for the Victorian Government to initiate an independent review into the comparative costs of construction in greenfield and infill developments to support <i>Plan Melbourne</i> goals.
RECOMMENDATION 6	Master Builders supports the development of a framework to identify and utilise surplus government land for future development to reduce housing affordability burdens.
RECOMMENDATION 7	Master Builders supports the initiative in <i>Plan Melbourne</i> to facilitate the remediation of contaminated land to help address housing affordability and infrastructure costs.
RECOMMENDATION 8	Master Builders calls for housing affordability to remain at the heart of government policy making, including through <i>Plan Melbourne</i> .
RECOMMENDATION 9	Master Builders calls for the State Government to institute a campaign educating the public about first home buyer incentives, to encourage more people to buy their first new home and support jobs and investment in Victoria's homebuilding industry.
RECOMMENDATION 10	Master Builders supports the '20 minute city' concept.
RECOMMENDATION 11	Master Builders recommends the East Werribee Employment Precinct be used as a model for the development of new central activities districts across Melbourne.

# SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 12	Master Builders calls for tax incentives to encourage businesses to move into central activity districts and for the Victorian Government to take the lead by identifying opportunities to relocate some Government department offices.
RECOMMENDATION 13	Master Builders calls for the creation of an independent infrastructure advisory body to advise on Victoria's long term infrastructure needs.
RECOMMENDATION 14	Master Builders calls for initiatives to boost public transport and road infrastructure to reduce congestion and offer commuters greater choice in their travel options.
RECOMMENDATION 15	Master Builders supports the commitment in <i>Plan Melbourne</i> to maximise the value of our existing assets.
RECOMMENDATION 16	Master Builders supports key infrastructure projects outlined in <i>Plan Melbourne</i> .
RECOMMENDATION 17	Master Builders calls for the public release of further long term infrastructure priorities, funding sources and specific delivery timeframes.
RECOMMENDATION 18	Master Builders calls for greater harmonisation in the planning system, particularly between municipal councils, to ensure density targets can be met.
RECOMMENDATION 19	Master Builders supports extending VicSmart to multi-unit developments and urges expansion to cover further building activities.
RECOMMENDATION 20	Master Builders calls for the introduction of a privatised planning certification system, greater code assessed and 'as-of-right' processes, to include 'granny flats'.
RECOMMENDATION 21	Master Builders calls for the reintroduction of reward payments, similar to the National Competition Payments system, to ensure planning matters are handled by local councils in an effective and timely manner.
RECOMMENDATION 22	Master Builders supports the growth targets by region outlined in <i>Plan Melbourne</i> and the proposal for the Metropolitan Planning Authority to provide annual reports on the progress of implementation.

# SUMMARY OF RECOMMENDATIONS

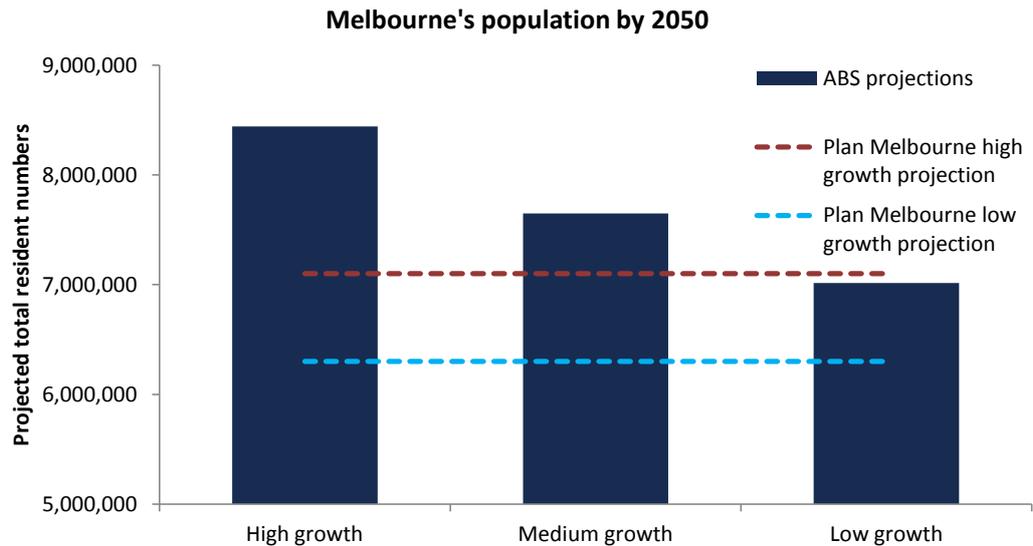
RECOMMENDATION 23	Master Builders calls for the Metropolitan Planning Authority and Department of Transport, Planning and Local Infrastructure to ensure growth targets can be met through residential zone reforms, in particular examining the impacts of the new Neighbourhood Residential Zone in relation to building heights, minimum lot sizes and growth restrictions.
RECOMMENDATION 24	<p>Master Builders calls for changes to the new Neighbourhood Residential Zone to incorporate:</p> <ul style="list-style-type: none"> <li>a. A limitation on the number and timing of Schedule 5 amendments to no more than six monthly;</li> <li>b. The introduction of transitional provisions for each amendment so that designers and assessors are not required to comply with changes to planning schemes and Schedule 5 after an application for a building permit has been lodged, but before work commences; and</li> <li>c. Training and education to ensure the industry is aware of these changes.</li> </ul>
RECOMMENDATION 25	Master Builders calls for energy efficient housing to be encouraged through consumer awareness campaigns, rather than through government mandating.
RECOMMENDATION 26	Master Builders calls for clarity around the concept of value capture in funding infrastructure projects and accompanying industry consultation.

# PRIORITY 1

## Providing an adequate supply of housing for a growing population

### 1.1 Offering a variety of housing density

Revised projections released by the Australian Bureau of Statistics (ABS) in November 2013 now estimate that Melbourne's population could be between 7.6 million and 8.4 million people by the year 2050. This is significantly higher than Plan Melbourne's projections of between 6.3 million and 7.1 million, as shown below.



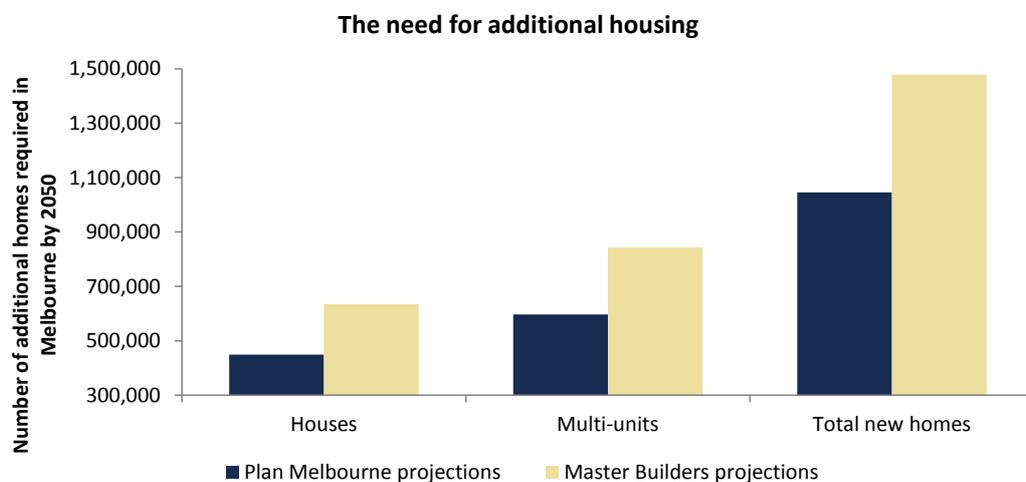
Source: ABS 3220.0, Plan Melbourne pp. 5 and 26

The changes in population projections will have significant impacts on the housing stock and infrastructure required to serve a much larger population than previously expected. Failing to cater for this rise will only lead to dramatic escalations of the prices of homes and costs of rent, chaotic congestion on roads and public transport, increased pressures on schools and hospitals and an overall reduction in liveability.

While *Plan Melbourne* seeks to ensure adequate supply for the provision of an additional 1,046,000 homes between now and 2050, Master Builders estimates an additional 1,478,000 homes will be required just to meet a population of 7.6 million people in accordance with the ABS' medium growth projections. The next iteration of the metropolitan planning strategy must foster this growth of both homes, through the adequate provision of relevant residential zones, and the infrastructure required to service them.

# PRIORITY 1

## Providing an adequate supply of housing for a growing population



Source: *Plan Melbourne p. 54, Master Builders*

Accordingly, Master Builders estimates that, based on average long term housing densities of 2.3 persons per dwelling (compared to between 2.5 and 2.6 today) and the ABS' latest population projections, *Plan Melbourne* has underestimated additional housing requirements by at least 432,000 dwellings. Assuming the government's desire to have 57 per cent of future homes built as either apartments, townhouses or units, this means sufficient land supply is required for an additional 246,000 multi-unit homes and 186,000 detached houses.

To meet this expected growth, it will become vital that appropriate growth takes place in regional Victoria. As such, Master Builders supports the concept of a 'State of Cities' outlined in the strategy document to ensure that vibrant communities continue to thrive across the state.

It is vital that greater density of housing in both established communities and growth corridors is incorporated as part of the 'State of Cities' approach. This includes a mix of housing types including single dwellings and multi-units that offer home buyers and renters greater choice.

Population density has been found to correlate with greater public transport use and can provide a framework for better integration of infrastructure, including public transport services and employment opportunities in activity centres, potentially reducing our community's urban footprint and cost of living pressures.

In Sydney for example, 30 per cent of people live in densities of 44 persons per hectare or more, compared to only 12 per cent in Melbourne. Concentration of population at higher density works to directly increase public transport share, particularly when combined with the large number of dense employment centres like Bondi Junction, North Sydney, Parramatta and Chatswood, which have seen the number of public transport journeys range between 34 to 53 per cent, compared to no higher than 15 per cent in other Australian cities including Melbourne, where the central business district remains the major employment centre and hub of economic activity (*Comparing the residential densities of Australian cities, Charting Transport 2011*).

## PRIORITY 1

### Providing an adequate supply of housing for a growing population

With ABS forecasts showing Melbourne set to overtake Sydney in size by 2053, it is critical that a variety of housing density options be pursued in both new and existing communities.

RECOMMENDATION 1: Master Builders supports the 'State of Cities' concept outlined in Plan Melbourne.

RECOMMENDATION 2: Master Builders calls for Plan Melbourne to encourage greater medium-high density housing in existing suburbs and the creation of new suburbs on the urban fringe to accommodate rapid population growth with quality infrastructure.

RECOMMENDATION 3: Master Builders calls for Plan Melbourne to ensure there is sufficient capacity for the provision of an additional 1,478,000 homes and that council changes to residential zones be audited to ensure this collective goal can be attained in both established and growth areas.

#### 1.2 Encouraging housing diversity, providing opportunities for all homebuyers moving through each state of their lifecycle

In addition to providing greater density, it is crucial that more diverse housing options be offered to meet the different needs of Melbourne homebuyers.

Based on 2011 Census data, the ABS has predicted that the average household size in Australia will reduce from 2.6 people per household to 2.4-2.5 people per household in 2031 and that single person households will increase from 24.3 per cent in 2006 to 30.2 per cent in 2026.

In Melbourne, the proportion of couple households without children increased from 34.1 to 36.7 per cent between 2006 and 2011 and Victoria is expected to have an older population age profile in 2051 than in 2011. At June 2010, the median age of the Australian population was 36.9 years, up from 36.5 years in 2005. The proportion of the total population under 15 years of age also declined from 19.7 per cent to 18.9 per cent between 2005 and 2010.

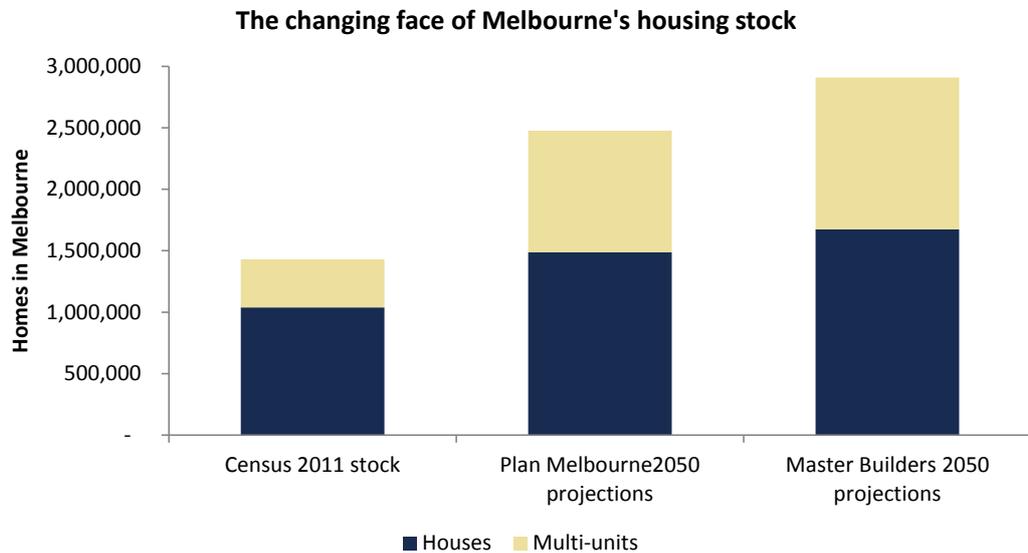
As the demographics of our community continue to change, so too must our housing options so that Melburnians can upsize, downsize and move homes throughout their lives without leaving their own community. Without these options, we will only encourage social and economic isolation as older people have to move away in order to downsize, those under housing stress will be forced to relocate away from family, friends and schools and opportunities will be limited for first home buyers to enter the market. These combined elements would invariably detract from the liveability of our city.

Plan Melbourne seeks to significantly alter the face of Melbourne's homes, moving the focus away from the traditional detached house towards the development of apartments, townhouses and units. The 2011 Census showed that 73 per cent of Melbourne's 1.43 million occupied dwellings were houses and the strategy aims to shift this by providing 57 per cent of new homes as multi-units between now and 2050.

Providing increased density will help ensure Melburnians have diverse housing options within their own communities. However, this vision can only be truly achieved if multi-unit

# PRIORITY 1

## Providing an adequate supply of housing for a growing population



Source: 2011 Census, Plan Melbourne p. 54, Master Builders

developments, such as apartments and townhouses, can be delivered in an efficient, cost-effective means.

Recent reports by The Grattan Institute (*The Housing We'd Choose*, 2011) and the National Housing Supply Council (*National Dwelling Costs Study Report*, 2010) discussed the comparative factors between greenfield dwellings and infill dwellings, finding that it was much less expensive to construct greenfield dwellings than infill dwellings in all of Australia's major cities.

As a result, the State Parliament's bipartisan Outer Suburban/Interface Services and Development Committee's *Inquiry into Liveability Options in Outer Suburban Melbourne*, released in December 2012, recommended that the Victorian Government initiate an independent review into the comparative costs of construction in greenfield and infill development with the aim of identifying a range of measures for reducing the costs of infill construction, which Master Builders supports.

If we are to accommodate more people in our city, we must ensure the changing face of our housing stock can be delivered in an efficient, affordable way or else we condemn our children to lives where owning their own home, and fulfilling the great Australian dream, may be forever denied.

**RECOMMENDATION 4:** Master Builders calls for a range of diverse housing options to be actively pursued within Plan Melbourne to accommodate the rapidly changing demographics in our communities.

**RECOMMENDATION 5:** Master Builders supports the Outer Suburban/Interface Services and Development Committee's call for the Victorian Government to initiate an independent review into the comparative costs of construction in greenfield and infill developments to support *Plan Melbourne* goals.

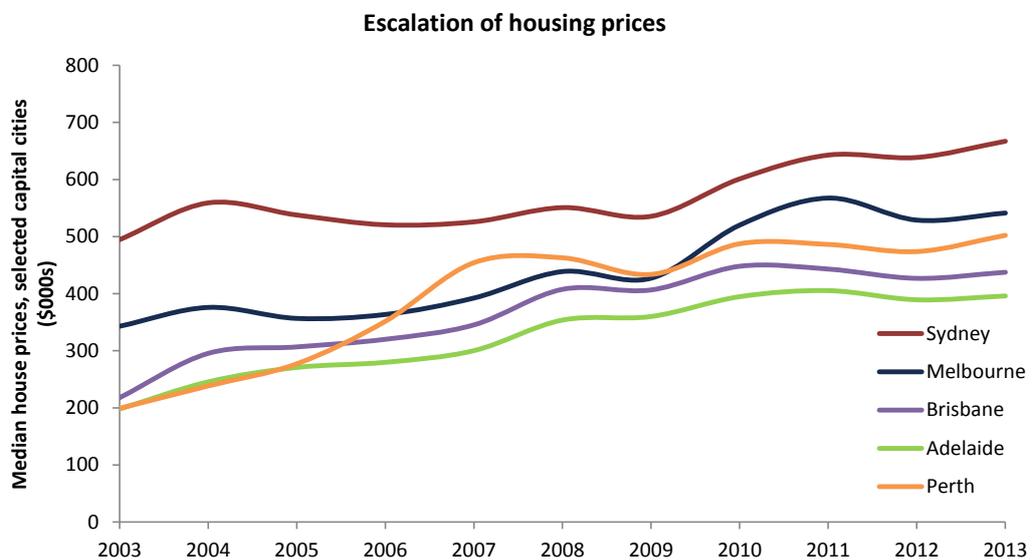
# PRIORITY 1

## Providing an adequate supply of housing for a growing population

### 1.3 Putting housing affordability at the heart of government policy making

In November 2010, Master Builders launched our major housing affordability campaign *Is Anybody Listening?*, calling for political action to support Victorians trying to get their feet into the doors of home ownership. Since then, we have continued to voice our concerns for ensuring all Victorians have the opportunity to fulfil the great Australian dream of home ownership.

The latest data from the Real Estate Institute of Australia shows that median metropolitan house prices in Melbourne have grown from \$343,000 in 2003 to \$541,000 in 2013 – a 58 per cent increase. This presents a major challenge for first home buyers trying to enter the housing market.



Source: Real Estate Institute of Australia

Increased housing stress is supported in a recent report by Australians For Affordable Housing (*Housing Costs Through The Roof*, 2011), which indicates that over 180,000 Victorian households are in housing stress, with 21 per cent of first home buyers in Melbourne experiencing housing stress compared to 15 per cent in Sydney.

In the face of difficult economic times, first home buyers have represented a diminishing share of the overall home buying market and for the last three years, they have represented less than one in five home purchasing transactions. This has fallen to significant lows in 2013-14, with first home buyers representing record lows of just 12.2 per cent of dwellings financed in September 2013 and just 14.7 per cent the previous month, perhaps fuelled by recent speculation regarding possible property bubbles and stories of a surge of real estate sales activity. A reduction in home ownership rates in younger people has the potential to pose long-term economic consequences for our state, as home investment helps people to build up assets that can be used right through to retirement. More must be done to educate first home buyers of the government grants and subsidies that exist to help them build personal equity through the property ladder, which would also flow on to support jobs in the homebuilding industry.

# PRIORITY 1

## Providing an adequate supply of housing for a growing population



Source: ABS 5609.0

Too often, the simplest answer for infrastructure development in new or emerging communities is to add more requirements for developers to fund, but ultimately this creates higher costs for new homes, making it less attractive to homebuyers and less competitive for our industry.

Master Builders supports initiatives in *Plan Melbourne* to develop a framework to identify and utilise surplus government land for future development and urban renewal. Land supply remains a key issue, with the Department of Transport, Planning and Local Infrastructure’s most recent *Victorian Residential Land Bulletin* showing that lots in subdivision plans for the March 2013 quarter continued to fall, down 14 per cent on the previous quarter and that ABS dwelling approvals for metropolitan Melbourne fell to 7,629, 20 per cent down on the previous quarter.

We also support initiative 2.2.5 in *Plan Melbourne* to facilitate the remediation of contaminated land, which we have previously called for action on to address the affordability of both new homes and better infrastructure.

**RECOMMENDATION 6:** Master Builders supports the development of a framework to identify and utilise surplus government land for future development to reduce housing affordability burdens.

**RECOMMENDATION 7:** Master Builders supports the initiative in *Plan Melbourne* to facilitate the remediation of contaminated land to help address housing affordability and infrastructure costs.

## PRIORITY 1

### Providing an adequate supply of housing for a growing population

RECOMMENDATION 8: Master Builders calls for housing affordability to remain at the heart of government policy making, including through Plan Melbourne.

RECOMMENDATION 9: Master Builders calls for the State Government to institute a campaign educating the public about first home buyer incentives, to encourage more people to buy their first new home and support jobs and investment in Victoria's home building industry.

## PRIORITY 2

### Addressing Melbourne’s infrastructure backlog to enshrine our place as the world’s most liveable city

#### 2.1 Ensuring Melburnians have access to quality jobs, wherever they live

Jobs in Melbourne are heavily concentrated in Melbourne’s central business district and inner city. As such, Master Builders supports the ‘20 minute city’ concept outlined in *Plan Melbourne* and the development of new central activities districts to ease this pressure.

The Victorian Government’s announcement of the East Werribee Employment Precinct earlier this year and the aim to encourage white collar job developments in the precinct was welcomed by Master Builders as a strong model that should be implemented across the city.

It is critical that companies be encouraged to locate or relocate to new and existing activity districts, using mechanisms such as tax incentives. The Victorian Government should also take the lead on this by identifying opportunities to relocate government departments, following on from the successful relocation of the Traffic Accident Commission to Geelong, the State Revenue Office to Ballarat and the Rural Finance Corporation to Bendigo, in addition to the recent announcement by the Premier to move WorkSafe to Geelong. This provides great opportunities to support the building industry in regional Victoria through the construction of new or upgraded offices and helps stimulate the creation of employment clusters away from inner Melbourne, with the government leading the way.

RECOMMENDATION 10: Master Builders supports the ‘20 minute city’ concept.

RECOMMENDATION 11: Master Builders recommends the East Werribee Employment Precinct be used as a model for the development of new central activities districts across Melbourne.

RECOMMENDATION 12: Master Builders calls for tax incentives to encourage businesses to move into central activity districts and for the Victorian Government to take the lead by identifying opportunities to relocate some Government department offices.

#### 2.2 Establishing an independent Victorian infrastructure advisory body

While *Plan Melbourne* establishes a new Metropolitan Planning Authority, Master Builders believes an independent infrastructure advisory body also needs to be created to investigate the long term infrastructure needs to support our growing population and identify innovative funding, procurement and delivery options for major projects in partnership with industry.

A 2013 report by the Melbourne Institute *Vision Versus Prudence: Government Debt Financing of Investment* notes that the establishment of an independent and transparent infrastructure body to undertake cost-benefit assessments of investment projects, combined with public release and scrutiny, would support a higher level of debt finance, as infrastructure would be selected more rigorously and transparently. Based on the experience of similar bodies in New South Wales and Queensland, we believe this would also help to ensure Victoria receives a fair share of national funding and provide a much needed interface between the government and private sector that could widen funding opportunities for major projects.

## PRIORITY 2

### Addressing Melbourne's infrastructure backlog to enshrine our place as the world's most liveable city

There are a number of key projects that an independent body could investigate as a matter of priority for the city, including:

- Continuing work on reducing the number of level crossings across the metropolitan area (Initiative 3.2.3), including the use of innovative funding models to open up development opportunities;
- Widening the Tullamarine Freeway to boost access to and from Melbourne Airport;
- Delivering future high capacity heavy or light rail options, including Melbourne's Metro Rail Capacity Project;
- Creating additional free 'park and ride' facilities around key public transport nodes; and
- Establishing a clear framework for consideration of unsolicited private sector proposals for investment (Initiative 7.4.3).

**RECOMMENDATION 13:** Master Builders calls for the creation of an independent infrastructure advisory body to advise on Victoria's long term infrastructure needs.

#### 2.3 Providing multi-modal transport options to boost productivity, so people spend less time commuting and have greater transport choices

The majority of travel by Melburnians occurs by motor vehicle and VicRoads' data showed that over the 10 years to 2010/11, the number of vehicle kilometres travelled in Melbourne grew 16 per cent – from 23.5 billion to 27.3 billion kilometres.

The costs to Melbourne's economy will climb to \$6.1 billion by 2020, up from \$3.0 billion in 2007 (Bureau of Transport and Regional Economics, 2007) due to congestion delays and higher costs for operating vehicles, as well as air pollution and noise impacts.

At the same time, Census data shows that public transport usage is growing three times faster than Melbourne's population. More than 280,000 people utilised Melbourne's trams, trains, buses and taxis to work on Census day in 2011, compared with 209,918 in 2006.

*Plan Melbourne* needs to examine how public transport infrastructure can be improved and consider for example, employing Brisbane's model of dedicated busways and bus tunnels that deliver similar benefits more cost-effectively than expensive new rail lines.

Master Builders also supports the commitment in *Plan Melbourne* to make better use of existing assets, which could be maximised through initiatives such as introducing freeway management systems like those on the M1 corridor, better utilising emergency lanes and ensuring shared road use priorities are established to provide preference to certain transport modes such as trams, trucks or cyclists on certain roads. This would offer Melburnians greater choice in the mode of transport they decide to use and spend less 'lost time' commuting.

## PRIORITY 2

### Addressing Melbourne’s infrastructure backlog to enshrine our place as the world’s most liveable city

RECOMMENDATION 14: Master Builders calls for initiatives to boost public transport and road infrastructure to reduce congestion and offer commuters greater choice in their travel options.

RECOMMENDATION 15: Master Builders supports the commitment in Plan Melbourne to maximise the value of our existing assets.

#### 2.4 Offer a pipeline of infrastructure works guaranteed to provide certainty to the companies who deliver these city-shaping projects

Master Builders welcomes the four pillars of transport committed to by the Victorian Government:

- The East West Link;
- The Regional Rail Link;
- The Port of Hastings; and
- The Metro Rail Capacity Project.

However, page 8 of *Plan Melbourne* indicates that work on the Metro Rail Capacity Project will not commence until any time between 2017 and 2025. Infrastructure Australia has described the project as a top priority, with strong strategic and economic merit. Master Builders believes construction of this project needs to be a high priority, as we cannot afford to wait up to 12 more years for construction to begin.

Likewise, the strategy states that the East West Link connection through to the M80 Ring Road in the western suburbs may not be completed until up to 2050. We do not believe Melburnians can afford to wait that long on such an important project.

Other initiatives outlined for future action in the strategy which Master Builders support include:

- A third airport for Melbourne in the south east, which according to the population map on page 26 of the strategy, could serve up to 28 per cent of Melbourne’s population and a further 300,000 residents in the state’s east;
- The expansion of the Capital City Zone and urban renewal opportunities at Fishermans Bend, Arden-Macaulay and E-Gate;
- The short term priority urban renewal sites identified for investigation between the following transport corridors: North Richmond and Victoria Park train stations; East Richmond-Cremorne precinct; Monash Rail Corridor; Sunshine Transport Corridor and Tottenham Corridor.

We also want to see moves to help rejuvenate inner-city areas, such as in the Federation Square East precinct and ensuring icons such as Flinders Street Station are restored to their former glory.

## PRIORITY 2

### Addressing Melbourne's infrastructure backlog to enshrine our place as the world's most liveable city

However, it is vital that short, medium and long term infrastructure priorities, funding sources and their timeframes for delivery are identified and publicly released to allow our industry to be best placed to build these city-shaping projects efficiently. Providing a proper, planned, coordinated infrastructure pipeline such as Infrastructure NSW's 5 year plans as part of the annual State Budget, as opposed to 25 year windows helps provide industry with the certainty to plan their resources and support jobs while also helping to drive competition and reduce bid costs to ensure government receives value for money in its infrastructure programme.

RECOMMENDATION 16: Master Builders supports key infrastructure projects outlined in Plan Melbourne.

RECOMMENDATION 17: Master Builders calls for the public release of further long term infrastructure priorities, funding sources and more specific delivery timeframes.

## PRIORITY 3

### Reducing red tape and removing politics from the planning system

#### 3.1 Streamline the overly complex, inconsistent planning system, which sees rules changed across municipal boundaries

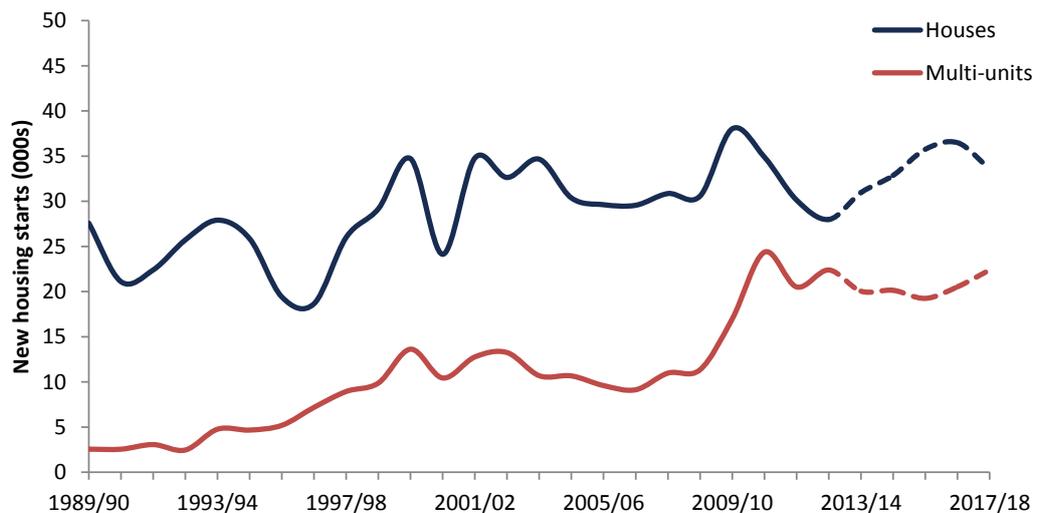
Victoria's overly complex planning system continues to act as a regulatory barrier, as inconsistencies and delays across municipal boundaries present a constant source of frustration for Victoria's building industry.

The State Parliament Outer Suburban/Interface Services and Development Committee's *Inquiry into Liveability Options in Outer Suburban Melbourne* (2012) supports this, noting that "delays during planning can significantly increase the cost of housing which has a significant impact on the liveability of outer suburban residents".

This is also confirmed by the Grattan Institute (*The Housing We'd Choose*, 2011), which agrees that planning regulations are either a "critical" or "important" disincentive for medium and high density home construction.

Victoria's housing landscape has rapidly altered in recent years, with multi-unit dwellings becoming increasingly common in construction starts from around 2500 per year in the early 1990s to almost 22,400 in 2012/13.

**Victoria's housing stock is changing**



Source: ABS 8750.0/8752.0, Master Builders

By 2010/11, more than four in ten dwellings constructed in Victoria were multi-units, compared to one in ten in the early 1990s.

Master Builders believes these barriers need to be adequately addressed to help meet the outline of density referred to on page 54 of *Plan Melbourne*, which sets out the breakdown of detached housing, compared with other types.

## PRIORITY 3

### Reducing red tape and removing politics from the planning system

This will help to reduce planning costs, encourage greater consistency and ensure more timely decision making to add certainty to the system and stimulate new investment opportunities that generate jobs in our economy.

**RECOMMENDATION 18:** Master Builders calls for greater harmonisation in the planning system, particularly between municipal councils, to ensure density targets can be met.

#### 3.2 Provide greater opportunities for code assessed and 'as of right' developments, as well as looking at possibilities to introduce private planning certification

Master Builders supports extending the VicSmart system, as outlined in Initiative 2.4.1 of the strategy to multi-unit developments and an associated 'good planning guide' to direct industry on future multi-unit developments, which should be developed with industry involvement, and welcome the expansion into defined industrial and employment precincts per Initiative 1.3.

However, VicSmart needs to be expanded to cover greater building activity and we urge the Victorian Government to consider the introduction of a privatised planning certification system with greater opportunities for code assessed or 'as-of-right' processes that would reduce the number of building activities requiring permits and address issues plaguing the planning system.

Victoria's planning laws were changed in 1994 to allow private building surveyors, as well as council surveyors, to issue building permits, carry out statutory inspections and approve occupancy certificates for residential and commercial building projects. This has improved the timeliness and service provided to the building industry and its clients. Other jurisdictions such as South Australia, New South Wales and Queensland have all set a precedent for private certification.

Encouraging more efficient land use through multiple occupancy development in key areas, or infill development, has been identified as a key strategy to address the issue of limited availability of housing stock in established suburbs. One of the most effective ways to achieve infill development is to create responsible 'as-of-right development zones around principal activity centres and major public transport networks, with priority given to the construction of dual occupancy, low-rise town houses, apartments and other forms of medium density housing.

At a minimum, 'as-of-right' provisions for smaller residential dwellings (or 'granny flats') to be built behind existing zones similar to NSW and WA planning rules need to be considered to assist in meeting demand by older Victorians and younger people facing affordability issues.

Removing red tape in the planning system is critical to reducing the cost of housing and encouraging efficient land use, all stated directions of the 'Housing Choice and Affordability' objective of *Plan Melbourne*.

## PRIORITY 3

### Reducing red tape and removing politics from the planning system

RECOMMENDATION 19: Master Builders supports extending VicSmart to multi-unit developments and urges expansion to cover further building activities.

RECOMMENDATION 20: Master Builders calls for the introduction of a privatised planning certification system, greater code assessed and 'as-of-right' processes, including 'granny flats'.

#### 3.3 Encourage councils to make sensible, timely planning decisions and more consistent building regulations

The Victorian Competition and Efficiency Commission report *Local Government for a Better Victoria: An Inquiry into Streamlining Local Government Regulation* (2010) identified land-use planning and building as two main areas that most dissatisfy businesses when it comes to dealing with local councils. It found that total costs to business of complying with land-use planning and building regulations are between \$500 million and \$875 million per year (of which around \$180 million is due to unexpected delays in land-use planning decisions).

Data from the Department of Transport, Planning and Local Infrastructure's *Planning Permit Activity in Victoria Annual Report 2012/13* supports this, finding that only 66 per cent of the total 51,710 planning permit applications received were decided within the 60 day statutory time frame.

Master Builders therefore recommends the introduction of a system for rewarding or penalising councils to ensure that planning permits are handled in an effective, timely manner, similar to the National Competition Payments system.

Council of Australian Government's (COAG) Reform Council Chairman John Brumby recently stated that reward payments could facilitate reform at a faster rate than would otherwise occur, with Victoria leading competition reform between 2000 and 2005, leading to a reduction in prices of goods and services, stimulating innovation, contributing to strong growth in household incomes and a productivity surge.

The COAG Reform Council's recent *Lessons for Federal Reform* paper (2013) also notes that reward payments have been effective in encouraging reform and that even relatively small reward payments have been effective in encouraging reform.

Master Builders believes this system that works to encourage innovation and sound public policy decisions amongst the States could also work if Victoria introduced a similar mechanism with local councils, without necessarily needing to provide additional total funding.

RECOMMENDATION 21: Master Builders calls for the reintroduction of reward payments, similar to the National Competition Payments system, to ensure planning matters are handled by local councils in an effective and timely manner.

## PRIORITY 4 Establishing a strong implementation framework

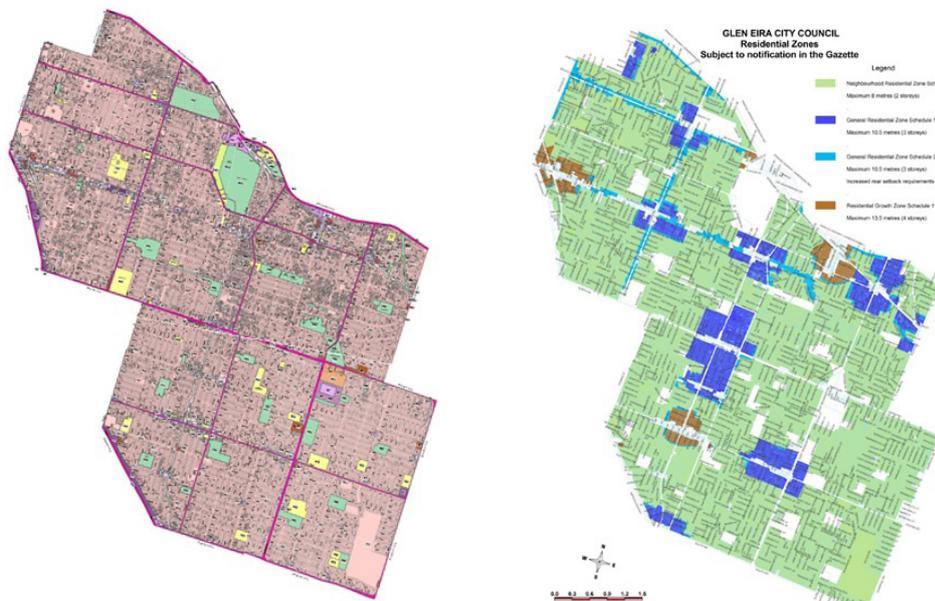
### 4.1 Growth targets need to be guaranteed through residential zoning reforms

Master Builders supports establishing growth targets by region as outlined in Plan Melbourne and the proposal for the new Metropolitan Planning Authority to provide reports annually on the progress of implementing the strategy.

It is vital, however, that the new authority and the Department of Transport, Planning and Local Infrastructure provide the oversight to ensure these targets are met, particularly if municipal reviews of residential zones fail to cater for anticipated growth. This is particularly important now that new population projections show at least 432,000 additional homes may be needed compared to the Plan Melbourne objectives.

Housing affordability, social connectivity and our city's productivity will be hurt if Melburnians cannot access quality, diverse housing stock in their own communities. It is essential for the government to ensure residential rezoning currently underway ensures an adequate supply of new homes can be delivered.

Since the introduction of new planning zone reforms, the City of Glen Eira has already zoned about 80 per cent of residential land to restrict growth in housing under the Neighbourhood Residential Zone, protecting neighbourhood character, whereas around 80 per cent was in medium Residential 2 growth zones in the old system, as depicted below:



Glen Eira: January 2013

Glen Eira: October 2013

Source: Clause 1: Planning

Boroondara is also seeking approval to restrict growth in about 80 per cent of residential land.

## PRIORITY 4

### Establishing a strong implementation framework

These changes have also seen a lowering of the maximum building height from 9.0 metres to 8.0 metres. An 8.0 metre maximum building height for inner city building will be a problem for double storey extensions with a pitched roof, promoting flat roof house design and restricting the amenity and visual style of the architecture.

The zone also has a minimum lot size for a subdivision for units of 500 metres<sup>2</sup>. If you have a current Planning Permit for units with lot sizes less than 500 metres<sup>2</sup> you will not be able to subdivide on the completion of the build. This will likely see unit developments cease in any Neighbourhood Residential Zones.

It is important that all councils share responsibility for accommodating these growth targets, or we will continue to see almost all new housing built in the outer suburbs or urban fringe, which is particularly concerning given most jobs in the city are located within 15 kilometres of the central business district.

At a recent meeting of the Building Regulations Advisory Committee on 20 November 2013, it was noted that regulatory amendment to siting provisions (Part 4 & Schedule 5) is required as a result of several councils adopting the new Neighbourhood Residential Zone into their planning schemes, not currently recognised in Part 4. It was advised that Schedule 5 is likely to be amended regularly to allow councils to adopt the new zones, which will confuse designers and complicate assessment.

It is recommended that the Department of Transport, Planning and Local Infrastructure limit the number and timing of Schedule 5 amendments to no more than six monthly and that transitional provisions are essential for each amendment so that designers and assessors are not required to comply with changes to planning schemes and Schedule 5 after an application for a building permit has been lodged, but before work commences.

Training and education is also necessary for the industry to be made aware of these changes.

**RECOMMENDATION 22:** Master Builders supports the growth targets by region outlined in Plan Melbourne and the proposal for the Metropolitan Planning Authority to provide annual reports on the progress of implementation.

**RECOMMENDATION 23:** Master Builders calls for the Metropolitan Planning Authority and Department of Transport, Planning and Local Infrastructure to ensure growth targets can be met through residential zone reforms, in particular examining the impacts of the new Neighbourhood Residential Zone in relation to building heights, minimum lot sizes and growth restrictions.

## PRIORITY 4

### Establishing a strong implementation framework

RECOMMENDATION 24: Master Builders calls for changes to the new Neighbourhood Residential Zone to incorporate:

- a. A limitation on the number and timing of Schedule 5 amendments to no more than six monthly;
- b. The introduction of transitional provisions for each amendment so that designers and assessors are not required to comply with changes to planning schemes and Schedule 5 after an application for a building permit has been lodged, but before work commences; and
- c. Training and education to ensure the industry is aware of these changes

#### 4.2 The take up of high sustainability homes should be encouraged through consumer awareness rather than government mandating

Master Builders is concerned about greater local council involvement in developing and monitoring energy efficiency regulations.

We collect data from the reports we receive from Green Living Builders regarding houses that they are building to greater than the minimum star rating standard.

Over the past twelve months, we found that 18 per cent of the projects completed were 7 Star or above, which equates to approximately 867 homes.

Henley Property Group's *Zero Carbon House* study (2011) highlighted concerns about sustainability planning that shows housing sustainability targets and energy efficiency measures will fail if not utilised by the occupant, such as if every power point is switched on all day, every day.

Therefore, Master Builders believes the take up of energy efficient housing should be encouraged rather than mandated through greater consumer awareness programs, rather than using government mandating. This allows consumers to make the sustainability choices that suit them and their budgets, while also benefiting housing affordability.

Furthermore, in the commercial sector Green Star projects have changed the face of large buildings and already comprise a large part of this market. This is occurring without government intervention and should continue, with the market providing the driving force rather than government intervention through regulation.

RECOMMENDATION 25: Master Builders calls for energy efficient housing to be encouraged through consumer awareness campaigns, rather than through government mandating.

## PRIORITY 4

### Establishing a strong implementation framework

#### 4.3 Clarify the concept of value capture as a means of funding infrastructure or other projects

Master Builders seeks clarity around the concept of value capture as a means of funding infrastructure projects, as outlined on page 149 of the strategy. Any moves to further consider such funding arrangements should be made with full and proper industry consultation.

**RECOMMENDATION 26:** Master Builders calls for clarity around the concept of value capture in funding infrastructure projects and accompanying industry consultation.