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Launch of Infrastructure Australia Future Cities Paper

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Introduction

I am pleased to have the opportunity to speak at the release of this important study by Infrastructure Australia on Future Cities.

One aspect of IA's job is to be deliberately provocative when it comes to infrastructure policy issues.

Certainly in this paper IA sets out some views of possible future scenarios for our two largest cities, Sydney and Melbourne, which may not be to everyone's taste.

I am not going to predict which if any of these scenarios is likely to materialise – indeed I think the only thing we can confidently predict is that, like all predictions of the future, they are certain to be wrong in a whole number of ways!

And I make the usual disclaimer – this is not a statement of the Turnbull Government's position, rather it is a piece of thinking issued by an independent organisation which advises the government, and the broader community, on infrastructure issues.

But of course the purpose of the exercise is to highlight the kinds of issues we need to think about as we plan for the future growth of Australia's cities.

In my remarks today I want to highlight three issues which in my view emerge from this *Future Cities* paper.

The first issue is the importance of cities policy as a priority for the Australian Government – as well as for our other levels of government, state and local. The second issue is the importance of transport networks in shaping the growth of our cities and supporting the effective functioning of our cities.

A third issue is co-ordinated planning for our urban and regional areas outside our biggest cities – because if we can do a better job of this, then some of the population distribution projections in this paper may never come to pass.

Importance of Cities Policy

Let me start then by making the point that cities policy is a priority for the Turnbull Government. When the Prime Minister announced his first Ministry in September 2015, he had this to say about why he was appointing, for the first time under a federal Coalition government, a Minister for Cities:

Liveable, vibrant cities are absolutely critical to our prosperity. Historically the Federal Government has had a limited engagement with cities and yet that is where most Australians live, it is where the bulk of our economic growth can be found... We have to ensure for our prosperity, for our future, for our competitiveness, that every level of Government works together, constructively and creatively to ensure that our cities progress.¹

The importance of our cities is a theme that Infrastructure Australia has also been highlighting for some time. For example, in the Infrastructure Audit, released in 2015, IA noted that Australia's capital cities contributed \$854 billion to the economy in 2011 – a very substantial proportion of our GDP.²

¹ <https://www.malcolmturnbull.com.au/media/Ministry>

² Australian Infrastructure Audit, Executive Summary, p 2, <http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian-Infrastructure-Audit-Executive-Summary.pdf>

Recent work by the Grattan Institute found that 80 per cent of the dollar value of all goods and services in Australia is produced on just 0.2 per cent of our land mass – and nearly all this share is produced in our cities.³

And of course some 89 per cent of Australians live in our cities – making us one of the world’s most urbanised nations.

This work by Infrastructure Australia and others reaffirms the rationale for the policy agenda the Turnbull Government has been pursuing for Australia’s cities.

To advance that agenda, we have been using ‘city deals’ as a critical policy tool. These are typically tripartite agreements between the federal government, the relevant state government and local governments. In a city deal all three levels of government commit to a set of shared objectives - and a range of actions to be taken by all three levels of government towards meeting those objectives.

In the 2016 election campaign we committed to city deals for Launceston, Townsville and Western Sydney; to those we have subsequently added Darwin, Hobart and Geelong. Launceston and Townsville city deals have been signed and we are well advanced on Western Sydney.

This week I visited Hobart and Geelong and in March I expect to be in Darwin. We are also exploring other possibilities for our pipeline of future city deals.

As well as developing city deals, another important strand of work has been establishing the National Cities Performance Framework. This is designed to show how our cities are performing against priorities such as jobs and skills, infrastructure and investment, liveability and sustainability, innovation and digital opportunities, governance, planning and regulation as well as housing.

³ J-F Kelly and P Donergan, ‘Mapping Australia’s economy – Cities as engines of prosperity’, Grattan Institute, 2014, p. 1.

Importance of Transport Networks

Let me turn to a major theme in the *Future Cities* paper: the role of transport networks in shaping cities. For example, the paper argues that public transport is crucial to improving accessibility in Australia's largest cities.⁴

This point has been made by many others. Influential US cities theorist Edward Glaeser writes that “Transport technologies have always determined the urban form.”⁵

A similar point was made in a 2012 report to the Victorian Government entitled *Long Run Economic and Land Use Impacts of Major Infrastructure Projects* which analysed the impact of several major projects in Melbourne including the Western Ring Road and CityLoop. It concluded:

The message from this report is clear; major transport investments are a powerful and, perhaps, the pre-eminent policy lever for determining metropolitan structure.⁶

Transport decisions do not just affect the shape of our cities – they also have a powerful impact on whether our cities function effectively. If people can get to and from work more quickly, if tradespeople and delivery drivers can get more trips done in a day, if it is easier to get the kids to sport on a weekend – that has efficiency, productivity and lifestyle benefits.

Again, this is a fundamental premise of the Turnbull Government's approach to urban transport infrastructure and to cities policy.

⁴ Future Cities, Infrastructure Australia, February 2018

⁵ E. Glaeser 2011, 'Triumph of the City : how our greatest invention makes us richer, smarter, greener, healthier and happier', published by The Penguin Press, New York, p. 12

⁶ *Long Run Economic and Land Use Impacts of Major Infrastructure Projects*, <http://www.sgsep.com.au/assets/Long-run-econ-and-LU-impacts-of-major-infrastructure-projects-SGS-2012-iores.pdf>.

Indeed, we have made a conscious decision to bring together cities policy and urban infrastructure into the one portfolio. This recognises that one of the single most powerful policy levers the Commonwealth can bring to bear to influence the shape and functioning of our cities is the way we allocate our funding for major transport infrastructure.

The Western Sydney City Deal, for example, is structured around the centrepiece of Western Sydney airport as a catalyst for economic growth and activity in the region.

Over many months the Commonwealth and New South Wales Governments, and eight local councils, have worked together closely to develop the elements of the City Deal. We are now well placed to be able to sign the deal and announce its key elements within coming months.

I want to pay tribute to the work of Angus Taylor, my predecessor in the cities portfolio in his time as Assistant Minister to the Prime Minister. He has worked assiduously - in Western Sydney and in other parts of Australia - and this has been vital to the progress that has been made.

At the same time we have used this time to move through a number of milestones on the airport itself - including resolving the ownership structure, committing a \$5.3 billion equity investment, setting up the company which will build and own the airport, appointing the board and getting well down the track on procurement activities.

Our city-shaping aspirations are a key motivation for the Turnbull Government's agenda for urban transport infrastructure – an agenda designed to respond to the kinds of changes which the *Future Cities* paper highlights.

For example, we are seeing a noticeable increase in the density of our housing stock in our biggest cities. Across Australia the proportion of townhouses and

semi-detached dwellings rose from 10 to 13 per cent between 2011 and 2016.⁷ In Sydney, the overall supply of higher density housing grew by just over a third, in the five years between the Census in 2011 and 2016.⁸

Growing density has significant implications for transport planning. As our cities get more dense, heavy rail starts to have clear advantages over other transport modes because of its capacity to move large numbers of people quickly and reliably. A train line can move 50,000 people an hour. Compare this with a freeway lane which can move 2500 people an hour.⁹

We are also seeing a growing appetite by Australians to use public transport.

In Perth, urban heavy rail patronage rose 102 per cent between 2001–02 and 2015–16. In Melbourne, it rose nearly 80 per cent in this period, in Adelaide 40 per cent, and in Sydney over 20 per cent.¹⁰

Another recent example is the strong patronage on Gold Coast Light Rail since it opened in 2014. Already it used by an average of 665,000 passengers a month.¹¹

There is a strong feedback loop between the growing appetite for rail and the increasing urban density which I mentioned earlier. Much of the new, higher density residential development is occurring close to rail corridors.

In Sydney, around 46 per cent of new dwelling growth between 2001 and 2016 occurred within one kilometre of a train station.¹²

⁷ ABS Basic Community Profile 2016 and 2011 for Australia (based on Census of Population and Housing data)

⁸ 'The big reveal: What the 2016 Census tells us about housing' – (NSW) Department of Planning and Environment. See <http://www.planning.nsw.gov.au/News/2017/What-the-2016-Census-tells-us-about-housing>

⁹ <http://www.sydneytrains.info/about/environment/>

¹⁰ https://bitre.gov.au/publications/2017/train_005.aspx

¹¹ GoldLinq 2017, 'Media release: Happy third birthday for Gold Coast Light Rail', <http://www.goldling.com.au/news-and-media/happy-third-birthday-for-gold-coast-light-rail>

¹² SGS Phase 1 Report: Impact of Rail on Housing Supply

For these reasons, the Turnbull Government has a strong pipeline of investment in urban rail. This includes \$490 million for the Forrestfield Airport Link in Perth, \$42.8 million for Flinders Link in Adelaide, \$1.7 billion for Sydney Metro City and Southwest, \$78.3 million for Parramatta Light Rail and \$67.1 million for Capital Metro in Canberra.

We have committed \$792 million to progress urban rail projects in Western Australia, including extensions to the Thornlie and Yanchep lines, subject to positive business cases being provided to Infrastructure Australia.

We are also investing in planning for the future. We are working with state governments to develop urban rail plans for Australia's five largest cities (including their surrounding regional areas.)

We are funding planning and business case work on major urban rail projects at various stages of early development. This includes a Joint Scoping Study with the NSW Government on the rail needs of Western Sydney and Western Sydney Airport and investing \$30 million in a business case for a rail link between the Melbourne CBD and Tullamarine Airport, working with the Victorian Government.

In the 2017 budget we made a major commitment to long term investment in urban passenger rail: the Turnbull Government will invest \$10 billion over a ten year period for the National Rail Program. This Program will fund investments in major passenger rail projects in our big cities and investments to improve passenger rail connections between our big cities and their surrounding regional areas.

Urban and Regional Areas Outside our Big Cities

Let me turn to the third observation about cities policy which I wanted to make in response to the *Future Cities* paper.

There is a lot of talk in this paper about our four biggest cities and the growth we might expect in them.

Some might think from this that cities policy is all about those big cities.

But that is emphatically not the Turnbull Government's view. We think it is vital to plan for our smaller cities and for our regions. We are very conscious that by stimulating growth and economic activity outside of our biggest cities, we can give Australians more choices of where to live.

This is evident from the fact that so far we have signed or commenced negotiations on city deals for Launceston, Townsville, Darwin, Hobart and Geelong.

A key theme is coordinated policies to renew regional cities, stimulate industry and employment opportunities and improve liveability.

In Launceston, for example, a centrepiece of the city deal is the relocation of the University of Tasmania campus towards the centre of the city, with the intention of making the area much more vibrant and active.

In addition to our cities work, my Ministerial Colleague John McVeigh leads a vigorous regional development agenda. The \$220 million Regional Jobs and Investment Package is helping to diversify regional economies, support long term growth, deliver sustainable employment and enable new markets and sectors. It will also assist with decentralisation helping to spread population pressures and reducing congestion.

Another aspect of our agenda is building better connectivity between our cities and their surrounding regional areas – which are increasingly part of one single integrated economic region. South East Queensland is a good example – and arguably it extends well into northern New South Wales.

If you can access the jobs market in a big city, but live in a surrounding regional area, that can be an attractive option for many people.

For this reason we have committed \$20 million to support business case development on proposals for faster rail connections between our major capital cities and surrounding regional areas.

And last year we committed \$1.45 billion for regional rail projects in Victoria, including upgrades to lines running from Melbourne into regional areas.

Conclusion

Let me conclude then by congratulating Infrastructure Australia on this important paper. Like all scenario planning exercises, what it projects will not necessarily come true. But the themes in the report certainly underline the importance of the agenda the Turnbull Government is pursuing for our cities, for our regions, and for the transport infrastructure which is so important to the effective functioning of our cities and regions.