

[In Confidence]

Office of the Minister of Housing and Urban Development

Office of the Minister of Transport

Chair, Cabinet

Report on Overseas Travel: Hon Phil Twyford

- 1 I recommend that Cabinet note this report on my travel to Sydney and Melbourne, Australia from 24 February to 1 March to attend the Trans-Tasman Cities Symposium (the Symposium) in Sydney on 25 February 2019 and conduct a range of visits to significant urban development and rail organisations and projects in Sydney and Melbourne.
- 2 In a joint statement on 2 March 2018, the Rt Hon Jacinda Ardern and then Prime Minister of Australia, Hon Malcolm Turnbull, “agreed that Australia and New Zealand, in partnership with relevant organisations, will jointly host a smart and sustainable cities symposium in Australia. This will bring together experts from across the Tasman to investigate initiatives to improve the productivity and liveability of our major cities.”

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- 3 The visit confirmed that Australia is dealing with many of the same growth-related challenges and opportunities that New Zealand is, and is tackling them in similar ways. There are many things we can learn from each other, and the visit resulted in opportunities for further trans-Tasman collaboration and visits (in both directions).
- 4 There are three key things clearly missing in the New Zealand system,
 s 9(2)(g)(i)
 - 4.1 Infrastructure investment – many billions being spent on transport and other projects to support both brownfield and greenfield growth; a reflection of the different-sized economy and the revenue sources available (e.g. stamp duty).
 - 4.2 A capable, competitive and productive development and construction sector, with the scale and capital depth to deliver – for example, in the Ivanhoe (Macquarie Park), New South Wales (NSW) development led by Communities Plus, developers were competing for the chance to finance, deliver and take the risk on a 3000-dwelling mixed public and market housing redevelopment with three-times the projected density of our Unitec ambition.

- 4.3 State governments with an unambiguous and enduring interventionist and facilitative role in strategic urban planning and urban development, and with the resources and institutions to fulfil that role.
- 5 As a result of the above, very similar urban development policies to New Zealand's yield very different results. Melbourne, through *Plan Melbourne*, has a greenfield urban growth strategy very similar to Auckland Council's. It has an Urban Growth boundary, identifies future urban land within that, and progressively releases it through integrated planning processes. The main difference seems to be there is much greater market confidence that the release process will occur in a responsive way, because of the above three factors.
- 6 The lesson to be drawn is that New Zealand needs to build scale and capability, s 9(2)(g)(i)
- 7 While both NSW and Victoria have a long history using urban development authorities in various guises — all stemming from the Whitlam government's land commission reforms, which provided 'land banks' that have been progressively cashed in — they also have a long history of institutional churn. NSW in particular had a very complex institutional environment with multiple public development entities operating in similar, sometime contested spaces, with different reporting lines and different ministerial ownership.
- 8 Urban Development Authorities (UDAs) and land authorities have gone through repeated processes of consolidation and fragmentation, often consolidating and then re-separating (and vice versa) the greenfield planning function from the inner-city redevelopment/brownfield function.
- 9 Likewise, ministerial and departmental 'ownership' of the system is shared across multiple portfolios, with strategic and operational alignment not always seamless or aligned. Victoria in particular is still working its way through its very new set of institutional arrangements.
- 10 They have also learnt important lessons about operating models for UDAs. In particular, through experience they are shy of their UDAs competing directly with and/or crowding out the private sector, and taking on too much unchecked development risk. The institutional churn appears to have its origins in these experiences. All operating models are premised on principles of facilitation, partnership, and financial prudence, and are almost always centred on the use of surplus or underutilised public land. There is almost no direct intervention into private landholdings for development, and very little by way of planning controls that are not otherwise generally available in the system.
- 11 As a consequence, our Government's bold ambition for the Housing and Urban Development Authority, with its broad span of control and regulatory power, tended to generate comment from our hosts, s 9(2)(g)(i)

- 12 Like New Zealand, there is a focus on both affordable housing across the continuum, as well as on the broader task of infrastructure investment and urban development, often for economic development purposes. The emphasis on the latter is perhaps more pronounced than it currently is in New Zealand, with much of the brownfield redevelopment focus driven by and 'owned' by economic or central agencies (e.g. Department of the Premiere) rather than the planning or housing portfolios.
- 13 There is also a much stronger focus on and understanding of the role of urban design and urban performance as means to achieve broad economic, social and environmental objectives. Both NSW and Victoria have active and influential 'Government Architects' which play an urban design advocacy and quality assurance role. The link between transport investment and urban outcomes is also central to growth strategies. While we heard about the community resistance to intensification in existing urban areas, including around transport hubs and in areas of high amenity, it is also clear that they are having a lot of success pursuing intensification.
- 14 There is little or no explicit emphasis placed on 'making room for growth' or competitive land market theory, in contrast to the approach we are pursuing through the Urban Growth Agenda.
- 15 States, because of their revenue sources, have strong incentives to attract growth from other parts of Australia, and to attract migrants to the main centres. We heard about Melbourne 'putting its hand up' for growth where Sydney was struggling to manage its housing supply.
s 9(2)(g)(i)
- 16 However, the emphasis is different at the Federal level, where the focus is on 'population policy', which appears to be trying to distribute growth away from the few main centres to other parts of regional Australia. The City Deals policy is an example of this, with the first ones struck with places like Launceston, Hobart, Darwin and Townsville (as well as Western Sydney). Given the urban dynamics at play, and the levels of growth Sydney, Melbourne and others are experiencing, it is unclear whether this strategy will be successful.
- 17 While there is still a focus on home ownership as a policy goal, with various grants and other measures (like lower stamp duty) to support prospective first home buyers, there is nothing approaching the relative scope of KiwiBuild. By and large, the States rely on the market working well — including as a result of the States' approach to greenfield growth — to deliver affordable first homes.
- 18 When discussing affordable housing, the Australians are almost always referring to affordable, or sub-market *rental* housing, such as for key workers or public housing, and almost never housing for ownership. Community Housing Providers (CHPs) are an essential component of the provision of 'affordable housing' in NSW and Victoria, and examples of inclusionary zoning

policies generally facilitate investment towards CHPs. There is an embryonic focus on 'Build to Rent' and, like New Zealand, on making life better for renters through residential tenancy regulatory reform. Both states are going through extensive public housing redevelopment programmes similar to Housing New Zealand's (HNZ's).

- 19 A final observation is the Crown's relationship with its Treaty partner, and what that means for the way we undertake urban development, results in a different system to Australia's. Given this, there are only so many lessons we can learn and apply, or we need to approach the Australian experience cautiously.
- 20 My programme of meetings while in Sydney and Melbourne is attached as Annex 1.

Proactive release

- 21 This paper will be proactively released subject to redaction as appropriate under the [Official Information Act 1982](#).

Recommendation

I recommend that Cabinet note this report.

Authorised for lodgement

Hon Phil Twyford

Minister of Housing and Urban Development

Minister of Transport

Annex 1: List of meetings undertaken in Sydney and Melbourne

Date	Meeting	Description
25 February 2019	Trans-Tasman Cities Symposium	<p>In a joint statement on 2 March 2018, Prime Minister Rt Hon Ardern and then Prime Minister of Australia, Hon Malcolm Turnbull “agreed that Australia and New Zealand, in partnership with relevant organisations, will jointly host a smart and sustainable cities symposium in Australia. This will bring together experts from across the Tasman to investigate initiatives to improve the productivity and liveability of our major cities.”</p> <p>The symposium was a valuable opportunity for the Australasian sector to connect its thinking, share experience and discuss the social and economic challenges and opportunities for our major cities.</p> <p>Leading New Zealand and Australian housing and urban sector representatives offered their perspectives and experiences on issues affecting the way we shape our cities.</p> <p>The Symposium covered:</p> <ul style="list-style-type: none"> • strategic planning, urban density and integrated land use and transport planning • approaches to infrastructure funding and financing, including the use of value capture • the role of technology in changing models of urban form and function • integrating high quality urban design into city building and infrastructure • approaches to improving housing affordability • fostering economic growth in cities • the role of government in the growth of Australian and New Zealand cities.

Date	Meeting	Purpose
25 February	Visit Western Sydney Airport Site	The Symposium was held in Western Sydney where the federal government has recently agreed a City Deal with the state and city governments to lift the performance of Western Sydney. The site visit was to view developments being undertaken under the agreement. The City Deal is a major innovation in terms of facilitating increased cohesion between Federal, State and Local Plans to create a city hub, lift employment, improve liveability, enable housing and improve transport networks.
26 February	Greater Sydney Commission Presentation	The presentation was on the Metropolis of 3 Cities concept.
26 February	Barangaroo Delivery Authority meeting and site visit	Learnt about the Barangaroo site; an ambitious urban renewal project transforming a disused container terminal on the edge of Sydney's CBD into a 22-hectare waterfront precinct.
26 February	Visit to Communities Plus Housing Project	The New South Wales State Government mixed housing model will provide affordable social housing for a largely indigenous population in a traditionally deprived inner-city suburb. The site is in close proximity to rapid transit and would demonstrate the potential of a large Community Housing Provider-driven build-to-rent programme in an urban setting.
26 February	Meeting with Dr Michelle Zeibots, University of Technology Sydney	Discussed transport planning and mode shift to public transport.

Date	Meeting	Purpose
27 February	Meeting with Executive Director of Program Strategy Urban Growth, NSW Development Corporation	Discussed NSW's experience in driving urban renewal and residential development through an urban development authority.
27 February	Meeting with Secretary of NSW Transport	Heard about Australian experience of constructing significant urban and national rail infrastructure, with lessons in how to invest in a rail sector that contributes to an efficient and sustainable transport system.
27 February	Light Rail Meeting	Heard about Australian experience of constructing significant urban and national rail infrastructure, with lessons in how to invest in a rail sector that contributes to an efficient and sustainable transport system.
27 February	Tour of Randwick Stabling Yard	Heard about Australian experience of constructing significant urban and national rail infrastructure, with lessons in how to invest in a rail sector that contributes to an efficient and sustainable transport system.
28 February	Meeting with Chief Executive, Victorian Planning Authority	Discussed Victoria's experience in driving urban renewal and residential development.
28 February	Meeting with Acting Chief Executive, Development Victoria	Discussed Victoria's experience in driving urban renewal and residential development through an urban development authority.

Date	Meeting	Purpose
28 February	Meeting with Victorian Minister for Housing and Planning	Discussed Victoria's experience in driving urban renewal and residential development.
28 February	Meeting with Minister for Suburban Development, Victoria State Government	Learnt about Victoria's State tenancy reforms and other measures to make life better for renters.
28 February	Meeting with Victorian Minister for Roads and Road Safety	Learnt about Victoria's integrated approach to mode shift and long term planning.
1 March	Transport Roundtable	Discussed the urban development work undertaken around light rail infrastructure in major metros, and opportunities for value capture from these developments.
1 March	Meeting with Secretary, Victorian State Government Department of Environment, Land, Water and Planning	Discussed Victoria's approach to planning and design.