

# FUTURE MELBOURNE

## Future Melbourne Forum 2: Sustaining Melbourne's Prosperity

Date: Wednesday 20th Jun 2007

Time: 6:00pm - 7:30pm

Venue: Bio 21 Theatre, 30 Flemington Rd Parkville

### MODERATOR'S WELCOME ADDRESS AND PREFACE: Dr Gael Jennings

Gael Jennings Hello and welcome to everybody on this typical Melbourne evening, although not that typical really because it's wet. So it's great of you to come when it's such a cold night. Before we start with the rest of the proceedings I'd like to respectfully acknowledge that we're meeting on the traditional land of the Kulin nation; nowadays, in European language, known as Melbourne. Melbourne is one of the great multicultural cities of the world and a significant meeting place for the great Kulin nation. Melbourne has always been an important meeting place and a location for events of social, cultural, sporting and educational significance.

Now tonight is the second in a series of five public forums on the future of Melbourne. Can you give me an indication of who was here last week? Hands up. Oh, so I have to go part way through the preamble for those of you who weren't but I can build for the rest, you can help your neighbour. So what this is all about is that, as you probably know, the City of Melbourne has a 10-year plan for the city and every 10 years it gets renewed. The current plan is called *City Plan 2010* and it takes into account the activities and the life of Melbourne up till 2010—it's a strategic plan for the City of Melbourne and it's going to be replaced by *Future Melbourne* which will take us up to 2020.

Now last week's forum was the start of a series of public conversations which is to engage all sectors of the community in a sort of an open-ended, truly consultative process whereby you get your say in *Future Melbourne*, taking us up to 2020. And the way in which it's done is, the sort of the planks of it to start the conversations going are the forums: last week was *Melbourne's Cultural Identity*, our values, what we value; and then building on that is *Sustaining Melbourne's Prosperity* tonight; next week is *Environmental Shocks*; the week after that will be *Change and Social Inclusion*; and after that *Building our City for the Future*. But they're just the major planks. These are times when we're going to be talking for most of the time; we'll have a few, five minutes from each of our sort of specialists but then you'll be having your say and they'll be talking with you about things.

But building on that there's this website and so it's an interactive process whereby these forums are recorded, you can hear what's on there, you can then put your own say in, you

can build on whatever other people are bringing up or you can just put your own thoughts in first off through the interactive website, you can send mail in by normal mail, you can do a questionnaire that's online. And as it gains momentum and as more and more people get involved through the forums and through the online e-Village, you'll find that the *Future Melbourne* team is drawing together some major sorts of themes and they'll become major talking points and they'll gain momentum as we go forward into kind of scenarios that are coming out of the issues and options that are being put forward by all of you. And then we'll go through some kind of negotiation of alternative options for the future and that will come into a sort of an agreed plan which will go to the Melbourne City Council at the end of next year.

So that's the, sort of the process of it all but you don't have to be—you know, you can be as involved as you like. You can just come along and say nothing or you can, you know, get a whole agenda going, get a whole lot of people, recruit a whole lot of people, you can just go online—you can do whatever you like. It's completely up to you.

This is always going to be the website where you will find what's been said today. It's a completely transparent process, you can backtrack and find what's happened or ideas that might have dropped of and so on. So it really is your conversation to be leading you to something that's gong to go before the Melbourne City Council for the future of Melbourne.

So tonight we're talking about *Sustaining Melbourne's Prosperity* and I should tell you that these proceedings are going to be recorded. And some of the issues that we're going to talk about tonight are energy costs, of course, which are very likely to increase and so how this is going to impact on the prosperity that we've already got and the businesses that we've already got; manufacturing; new technologies and growth industries; social cohesion and liveability; global positioning for Melbourne. So we're looking at what our strengths are, what our new strengths might be, how we continue and dodge all the challenges that are in front of us and build on our strengths and think of new strengths.

And we have with us—well we actually have with us three but we're going to have four eminent Melburnians who've all got a passion for Melbourne and have contributed to it in their areas of expertise and otherwise. They'll each be speaking for five minutes and then we can talk to them about things. First tonight is Professor John Freebairn who's Professor of Economics at The University of Melbourne. He did a PhD at the University of California, Davis and then worked with the New South Wales Department of Agriculture before becoming an academic at ANU, La Trobe and Monash universities and he had a period as the Research Director of the Business Council of Australia and then joined Melbourne University in 1996. John's research interests are in applied economic policy analysis and his current interests in particular are in taxation reform options, unemployment, so not too much to do there, but water markets, there's a lot to do there. So please join me in welcoming John Freebairn.

**PANELLIST PRESENTATION: Speaker 1 - Professor John Freebairn Professor of Economics, University of Melbourne**

John Freebairn Thank you Gael, ladies and gentlemen. What I wanted to do in my few comments is talk about how do we make Melbourne an attractive place for businesses that are profitable and offer us good jobs and for people who can really enjoy life and live in it. And the real game I think is this is not Melbourne in isolation; it's Melbourne being a much better place than Sydney and Adelaide and Brisbane and Hobart. It's also now, in the global world, Melbourne being a better place than Singapore, Hong Kong, London, New York. What we're going to do is we've got to essentially convince businesses and people that *Melbourne is magnificent one day and marvellous the next; this is where you need to locate.*

And to sort of set a little bit of the scene, Australia and Victoria and Melbourne clearly has projections of population growth, maybe growing by another million people by 2050. We're also going to have people with higher incomes so they're going to be much more demanding, they're going to want better restaurants, greater variety, more interesting jobs and so on. Now, in my view, Melbourne is really well placed to do that.

Let's think about some of the good things that Melbourne's got going for it, things that are better than Sydney, better than Brisbane and better than Singapore. Well courtesy of our British history we have really robust political systems, we've got a well running democracy, we've got social cohesion, we've got a very diverse mix of people with all sorts of wonderful attributes. The fact that many people can speak all sorts of languages means contacting and dealing with Asia and Europe is really advantageous. Think of the [poor old Americans], all they've got to listen to is George Bush and what's the greatest thing that's happened in Arkansas. We have lots of international linkages. We've got a pretty well educated and productive workforce. We've got good transport links but here we have some interesting tradeoffs. Are we going to deepen the Melbourne port and improve the transport link but at the possible expense of environment? Melbourne has some great environment. Our climate, it's not the worst in the world. Four seasons in one day, that's a plus, we've made something of it. It's not cold and miserable like Beijing and Moscow; it's not stinking hot like Kuala Lumpur. There are lots of things going for it. And, in fact, it's acknowledged as being one of the world's most liveable cities.

On the other hand, Melbourne does face some challenges. Labour is clearly expensive in this country and we're clearly facing great challenges from low skilled, low costly labour in India and China. So there's no doubt that the exodus that we've seen over the last decade or two of textiles, clothing, unskilled manufacturing, is going to continue. Melbourne's future is in high-skill, innovative jobs. So we have to be really open to new things. But of course that's interesting, that's much more fun. You know, let people in China make our shoes, let people in India do our call centres: these are kind of boring jobs. We should take the good ones of designing those clothes, about working out new menus, about

entertaining the Chinese, the rich Chinese and the Indians. That's the sort of stuff we can do.

Another threat I think we face is that I suspect that Government is going to be a smaller player as an employer in Melbourne than in the past. The centralisation of Howard I suspect will not be reversed by Rudd. We're going to have Canberra take over more and more of what's done by the states and that means government employment is probably not going to grow.

What then might our local governments and our state governments do to make Melbourne an attractive place for businesses and for people to live in? Well primarily I think they can provide an attractive, easy-to-do-business environment. Think about regulation. The Gary Banks Report showed that Australian regulations are well below world best practice: they're complicated, they're muddled and they're a nightmare for business. If you want to make Melbourne open door we need to have simple, transparent regulations. What are they there for? Can they be easily administered? And you don't have to go through corruption. Now state and local governments can do a great deal about that.

Governments can do quite a bit about providing infrastructure. One of the big pluses for Melbourne is that it's not as congested as Sydney but it isn't all that flash either. Businesses and people are really happy to come to Melbourne for entertainment if it doesn't take them two hours and they go through road rage. They want to be able to get in and out quickly, quietly and enjoy themselves.

Again, if we want to regard Melbourne and Victoria as the *Garden State*, we better find some water for our trees and our gardens otherwise it's a complete hoax. Now fortunately we've heard some action yesterday, the Government's going to do something about it, that's looking good.

Other things that we can make really attractive is to make this a liveable city. That is, we don't want too many of Monday's incidences; we want it so that our kids can walk to school and movie theatres, that we can walk around the city wherever we like in complete safety. Now that's a real plus relative to thuggery Chicago or Kuala Lumpur and some other cities. That's important to build on.

It's also important to build on having good environments and maintaining our boulevards, our national parks, our zoos, our museums and even Melbourne being the big events centre. Now we do need Melbourne footy clubs to win the Grand Final every now and again, we do need the best operas to come here. All those are a part of a really vibrant scene that make Melbourne an attractive place for businesses and for people and I think we can do a lot to advance that. Thank you.

Gael Jennings Thank you very much. Fantastic. So we'll move on—we'll go through all the speakers first and then we'll have a conversation at the end.

So our next speaker is Chris Ryan. Professor Chris Ryan has worked for over 30 years across a variety of areas in science, technology and environment policy. He was

Foundation Professor of Design and Sustainability at RMIT, Director of the Key Centre for Environmental Design, Director of the International Institute for Industrial Environmental Economics in Sweden and is now co-Director of the Australian Centre for Science, Innovation and Society at The University of Melbourne. Now Chris's work focuses on new, sustainable systems of production and consumption and in this work he's had very close links with government policy, innovation and industry strategy and one of the latest ways in which he did this was when he was in Sweden with the International Eco-Sense program which linked university design schools around the world to explore new possibilities for eco-innovation with industry and he's brought this similar model here and it's being set up in Victoria now and funded as part of the Victorian Government's Sustainability Statement and the Sustainability Fund. Chris has collaborated with just so many eco-design related research groups in Europe that I haven't got time to list them. He's authored a number of global reports on sustainable consumption and eco-design and is Editor of two international journals. So join me in welcoming Chris Ryan.

**PANELLIST PRESENTATION: Speaker 2 - Professor Chris Ryan Co-Director, Australian Centre for Science, Innovation and Society, University of Melbourne**

Chris Ryan

Well guess what I'm going to talk about. Actually before I start, before my five minutes starts, I'd like to ask you a question. Can I ask you, how many people in the audience feel that their future prosperity and that of their kids is very clear? How many people feel you have a very good idea about what your future prosperity is like? How many people feel that your future prosperity is really uncertain? Right. And there's almost equal uncertain and don't know. I mean when viewed against the sort of, what is a global tide of change, Melbourne, swamped by our global economy—when we think of development in China, in India, growth in China and India, when we think of conflicts in the Middle East, global pandemics, etcetera, it is extremely easy to be very, feel very powerless in terms of in any way contributing to shaping our future.

Now as Gael said I spent five years out of the country at the turn of the century and when I came back I was really quite shocked to find what seemed to me to be a really significant sense of powerlessness, a real sense of a lack of confidence in people in Australia engaging with the future. We seem either to have kind have turned our back on it and to be looking to a sort of idealised past or, worse still, sort of standing as bystanders and watching the future unfold and being dragged along with it. And that really shocked me. It was a change that seems to have occurred very strongly in the last decade.

Now I think, I'm pleased that I think that there seems to be a sort of new spirit of engagement with the future and I think that in some respects the *Future Melbourne* project is a very good example of that. So what I would like to suggest, in a sense, is that this whole idea of *Future Melbourne* needs to start by identifying where that spirit of engagement with the future is strongest and look at how we can nurture it and how we can make it grow.

But I want to talk about the area that's of most interest to me and I want to suggest that I can identify, I want to put to you five changes of paradigm which I think will be essential for us to have sustainable prosperity in Melbourne. And I want to talk about how the significant issue—probably the most significant issue that will determine our future prosperity is how we respond to the issue of climate change, how we shape development of business, economy production and consumption lifestyles to deal with climate change both in terms of keeping the world from under a two degree increase in temperature but also adjusting to the increase in temperature which will happen regardless of what we do.

Now this issue of climate change, it seems to me, is significant because it's really of a different character: it's about the physics of the world, it's about the natural world in which we live rather than the way that we construct our life, our economy, our religions, our culture within that world. And I think that it poses very, very significant challenges to us and I think—we've seen in a remarkably short period of time—it's the other strange thing about coming back to Australia, it seems that this whole issue of climate change has been sort of telescoped into a very short period and it's like it's suddenly come upon us just in the last year. I think that in that spirit we're hearing a lot about climate change and a lot of thinking which I think is very deleterious.

For example, we hear a lot about so called *climate realists* who are trying to say *we have to deal with climate change and preserve the economy*. Now that's a dangerous way of talking. We know from the history of the environment movement over the last 30 years that the choice is not between development and conservation or development and the environment; prosperity comes from having development and the environment. So the choice for us in the future is, in fact, not dealing with a low carbon future or having a thriving economy; the future economy is a low carbon economy and the faster we embrace that the better our prosperity will be.

So our choice seems to me, our choices begin by focussing in the way that a number of other countries have been talking about this and many, many, many companies, global companies, for the last 10 years are saying *climate change and a low carbon economy represents probably the single greatest industrial revolution that we have ever faced in human history*. And I think that the first change of paradigm which I want to suggest to you, which is essential for our future prosperity, is that we should embrace that revolution. We should focus creativity, invention, innovation towards a low carbon, a low water economy.

Now while we have climate realists we also have climate radicals apparently everywhere and a *climate radical* is anybody who suggests that *we need to set long-term targets, particularly those that are based on the best science available which is that by and large we have to reduce CO2 or carbon based energy by between 60 and 90 per cent by the year 2050*. Now the reason such people or anybody who argues that has been classified as *radical* is apparently because they're arguing that we set targets when we don't know how to get there. And it's strange, of course, that the radicals seem to have taken over so

many countries around the world that have set targets like that, so many international organisations and so many companies who have set targets often even more stringent than that.

It's ironical, I think, that one of the newspapers in Australia that seems to see climate radicals everywhere belongs to an international organisation, News Limited, that has set 100 per cent reduction in carbon for its own business within three years. Now does it know how it's going to achieve that? Probably not. Most of the other big businesses that have set out to do the same say at the beginning they have no idea how to do it when they set out and a number of them, like HSBC, have learnt that it means really significant restructuring, but they've done it nevertheless.

Now that's not just about reputation. It's because companies know that setting long-term targets, targets which go beyond what we know we can achieve is fundamental to innovation, it's what drives innovation. Those sort of targets in industry are called stretch targets and that's what we should be, that's the kind of attitude that we should be embracing; we should not be concerned that we'd be labelled climate radicals. We should—and here's the second change of paradigm—we should embrace the idea of big challenges, we should embrace the idea of audacious goals and of visionary targets because that's what will get us there, that's what will inspire people and stimulate people for a creative engagement in the economy that's to come.

So those two changes are about attitudes, they're about orientations. What about how we actually negotiate in relation to climate change? Well when we talk about innovation, most people think we talk about technology. In fact, it's very amusing that there is a great deal of misquoting in the last week, last two weeks, by a number of politicians of the Prime Minister's Task Force on climate change and climate taxes, etcetera, in which, to the effect that, quoting, misquoting, misrepresenting the report by quoting that *reaching a target of 60 per cent reduction by, 50 per cent reduction in CO2 by 2050 would mean taking all our cars off the road and exclusively moving our electricity production over to nuclear power.* Now that, the misquoting is that what the statement actually says is that *barring any significant technological change or technological restructuring of the economy, that would be the kind of thing we would have to do*, but the report is arguing, fundamentally, that change in the economy and change in technology is the way that we will be able to address our future targets.

The good thing is that when you look at significant technological shifts, we're not just talking about technological changes and big breakthroughs, some will come from that for sure, but a lot will come from a myriad of smaller things, of smaller changes which are really to do with changing the efficiency of the way that we currently use energy, water, etcetera, and changing systems and lifestyles. Now the good thing about that for a country this size is where we may not have the resources and the population to really invest in all of the areas of large-scale change, we certainly have the creativity, we have the skills and we have the ability to engage in an area that is probably far more significant which is

restructuring systems, new applications of existing technology rather than new technology, new services. When you look, as I've been doing over the last few years, at all of the really significant gains that have been made in relation to the way that we use energy and CO2 production, it's about services, it's not about new technologies, it's about the new applications of existing technologies. So the third point is we shouldn't wait for big technology; we should focus on new uses of existing technology, we should be looking at smart systems and we should be looking at enabling services.

But finally we have to talk about the critical things of diversity, resilience and security. Our future prosperity will depend on our ability to support and stimulate widespread experimentation, to build, to create a diversity of new possible solutions, new innovative solutions, not a focus on large-scale projects but on the smaller scale. It seems to me that the smaller scale is more within our realm and more within our interest and more what we should be looking at in Melbourne. The smaller scale requires less investment. If things occur at a smaller scale, and particularly if they occur at a local scale, they have more meaning for people, they have more ability to engage people in change. And the significant, and my fourth paradigm change, is that it is actually good for us to be looking at Melbourne solutions, that is solutions where we encourage activities and change which is relevant to the specific conditions of Melbourne. And the more that diverse localised solutions happen, the better we have as an opportunity to select from those to see what can be scaled up, but also we have a greater ability to engage people in the project, to build on the spirit of interest in engagement.

And then, finally, I think that the most significant thing about climate change is that the effects could be significant but so far we only know about the average effects of a variety of models and what those models predict is certainly disturbing but things could be worse or they could be better, they could be significantly worse or they could be significantly better. We don't know. The only thing we probably do know with any certainty is that we can expect to experience an increase in the frequency of significant climatic events and you can only think back over the last few years of fires, floods, cyclones, etcetera, to begin to understand what an increased frequency of those kind of events could mean for the systems that we've built over time that make our life secure.

And the current and most significant concern about climate change comes not from the, from any of the predictions of sea level rise and so on, of temperature rise, but actually from how vulnerable our existing infrastructure is to unexpected climatic events. Now we have to build, we have to look at how we can build systems which are more resilient and more robust against unintended physical effects and thankfully the model for doing that is very clear. It comes from the last 15 to 20 years in the development of a technology that was specifically designed to be robust against all kinds of attacks and that's the internet. Within the internet we have a model of localised production but globally networked distribution and we're seeing exactly the same kind of robust systems beginning to appear in the way that we look at energy and particularly electricity. The idea of having a diverse form of, a widely diverse set of energy production, of electricity production, coming from

solar, coming from wind, coming from geothermal, coming from wherever the resources to reproduce electricity are located, and feeding that into a grid gives us a much more robust model of how we can survive in the future against unexpected impacts. That if a cyclone takes out a wind generator somewhere in a system that is widely dispersed and using the grid to distribute power, that has very little effect. If it takes out one of our existing, large-scale systems, then it can have an enormous effect. If it takes out a nuclear power station, even if it just shuts it down as it did in Sweden two years ago, you take out such a huge proportion of the total energy supply that recovering from that can take weeks. In Sweden it took over three weeks and four million people, and all the businesses that went with that, were put out for over that period of time.

The same thing is happening in the way that we're looking at water. We're changing our model to look at water as a distributed resource not something that's collected externally and sent to us, but something where now we keep it wherever it is and we supplement reticulated water with what we can gather and use directly wherever it falls. So my final paradigm change is let's stop looking towards the idea of big-scale centralised systems and embrace models of distributed systems, networked, smaller scale systems that will be more robust and more secure. We will improve our global prosperity by acting locally but networking globally.

Gael Jennings Thank you very much. You were way over target but it was so interesting you just got away with it.

Our third speaker tonight is George Lekakis who is the Commissioner for the Victorian Multicultural Council. He has a very long history of advocating for the ethnic communities of local, state and national levels and in delivering and managing a wide variety of services directly to immigrants and refugees. He comes from a nursing and social work background and he has served on a wide number of government and community based committees of management such as the Victorian Industrial Relations Taskforce, the Community Support Fund Advisory Council, Community Jobs Program Advisory Committee and the Social Security Appeals Tribunal. George has been Director of the South Central Region Migrant Resource Centre, the New Hope Foundation, Chair and Deputy Chair of Victoria's peak multicultural umbrella organisation, the Ethnic Communities Council of Victoria, and Chair of the Victorian Multicultural Commission. So he has much to say to us. Welcome George Lekakis please.

**PANELLIST PRESENTATION: Speaker 3 - George Lekakis, Chairperson of the Victorian Multicultural Commission**

George Lekakis Thank you very much. Ladies and gentlemen, to our fellow speakers, to our Chair, I am going to talk about Melbourne's people.

I absolutely love living in Melbourne. I've lived here all my life. I think it's one of the most—I've travelled, not substantially, but I've travelled overseas, but the best thing for me

is when the plane flies over Tullamarine and I can see the green grass of home and I absolutely think Melbourne is a great place. And I think Melbourne is a great place because it's a place where many cultures and many people from different cultures live, from our indigenous tribes and nations speaking many languages to modern-day Melbourne with people speaking over 180 different languages and dialects, following over 110 different faiths and coming from more than 200 countries. That's quite a recipe for either disaster or something that has come to bear in Melbourne, and that is we're very diverse but we're also very harmonious and our advantage is that we've been harmonious because we've been able to harness the diversity of the people of Melbourne, we've supported our newcomers in many ways, both formal and informal, and embraced and enjoyed our cultural diversity. We do not deride it or condone it like they do in other parts of the world.

Our maturity as a diverse and cosmopolitan community is evident all around us, in how we live and the values we subscribe to. Migrants and refugees have contributed to this and a lot more to Melbourne. The migrant contribution started with the provision of labour for our factories that were all around Melbourne but now—and our hungry economy at that time. Things have since changed. The migrant contribution then expanded into cuisine for ever-changing the way Australians and Melburnians eat. Migrants then contributed to the enhancement and growth of our arts and our cultural life. Migrant contribution to the economy as consumers, as business people, entrepreneurs, importers and exporters follows this natural trajectory. And the economic contribution of Melbourne's diversity is a vital part to the equation in any discussion of our social life here in Melbourne and also our future economic situation. It is no accident that in Melbourne close to 50 per cent of small business is owned by migrants or the children of migrants.

In 2004, the Victorian Parliament's Economic Development Committee authored a report into the economic contribution of Victoria's culturally diverse population. The report sites research that indicates that 25 per cent of Australian employers are migrants and that immigration provided 40 per cent of Australia's post-war population growth. It also highlighted research which showed clearly that given the mismatch between existing skills in the domestic population and the demands of the labour market, migration does not reduce unemployment at an aggregate level while perhaps not always at a localised level.

And to take the evidence a step further, an Access Economic Report of 2003 demonstrated that the net impact on the State and Commonwealth Government budgets—primarily, the Commonwealth budget was on average about \$250,000 per migrant varying according to the visa class upon which migrants arrived in Victoria and Australia. Business skilled migrants in particular are a different class altogether. The research shows that our average funds transfer by business migrants is to the level of \$571,000 per person; average investment per business migrant is \$585,000; average employment per new business is 5.9 persons; and that 55 per cent of those businesses were now exporting overseas.

Australian National University research has shown that second generation migrants play a big part in providing the base for future skills development in Australia with this generation's enrolment rate in secondary and tertiary studies being significantly higher than those who are at least third generation in Australia. It has also found not only do they enrol at a higher rate but these second generation students do far better in their studies.

These statistics challenge many traditional notions of the impoverished and unskilled migrant or refugee arriving at our shores or making Melbourne our home: happy to take on what he or she is given, usually unskilled work, and settle for a life as an unskilled employee. While Melbourne has attracted many such migrants in the past and will continue to do so, there is much wider perspective on their contribution to the economic development state of our city and our state and our country. There are migrants to this country who have ended up as captains of industry, there are migrants who have pioneered new research in biotechnology and other fields and by doing so have created and led new markets, not just been employed by old ones.

In many respects, strong foundations are built on the relationships developed between individuals and communities. Such relationships, particularly where there are cultural and linguistic affinities, can stand the test of time and facilitate not only social and cultural bonds but economic ties as well.

Ladies and gentlemen, just to finish off, if you accept such an obvious tenant, given that migrants have been in Melbourne since its inception, the potential between Melbourne and other international cities and communities is immeasurable and immense. These are pretty robust and close relationships by any standard. As such, subsequent economic activity generated by people who live in Melbourne and the people overseas they communicate with is an area that I think has never been fully tapped into, exploited to its full potential, supported in ways that are clearly evident and measurable and ways in which business and other people can engage in a much more direct way. The old adage *where people go, trade will follow* does not seem to have, as of yet, reached the level it has the potential to and it is this untapped resource we want to support and maximise for our city in the future.

We should also seek to support and maximise the opportunities to come together as people, to breakdown things that might be challenging and work towards building a better and a more harmonious community for all of us that live here and evidence of that is if you go to our school grounds you see young kids from all cultures, in the same way I did, mixing it in and working together and building a better future.

I just wanted to focus on the people factor and to describe some of the economic considerations when we're dealing with a multicultural population. Thank you very much.

Gael Jennings Thank you very much George Lekakis. It was lovely to hear about the, about the human factor and, very interestingly, such a huge part of last week's discussion when we were talking about Australian, Melbourne's identity, it's cultural values and identities, and Sid Myer actually asked everyone in the audience, and I might just ask you—who wasn't born

in Melbourne? Put up your hand if you weren't born in Melbourne. And put up your hand if you weren't born in Australia. It's quite remarkable. I mean that's who we're talking about, is you. That's what we're all talking about.

Our final speaker tonight before we get into our open-ended discussion with all of you is Jo Cavanagh who is CEO of Family Life. Jo has over 30 years' experience in the social sector working with government, business and community organisations. She's been Chief Executive of Family Life since 1996; it's a community based agency that serves families, children and young people in the southern region of Melbourne, Victoria. And this all sort of started with a Churchill Fellowship to the United States in 1990, where Jo was studying the prevention of child abuse, and that led her to come back and develop training in the prevention of the abuse of children, and then on to a time as Convener at the Melbourne Children's Court and into the development of alternative dispute resolution for Children's Court family and criminal divisions. Jo was a Foundation Director of the Reach Foundation and she's held leadership positions on regional, state and national peak and government advisory bodies including the National President of Family Services Australia and an Australian Government Ministerial Appointment to the Marriage and Family Council and the Australian Council for Children and Parenting. So Jo has a very unique perspective on this and I'd like to welcome her here this evening.

**PANELLIST PRESENTATION: Speaker 4 Jo Cavanagh, Chief Executive of Family Life**

Jo Cavanagh Thank you Gael, and thank you very much to Melbourne University and the City of Melbourne for the invitation to participate in this process as someone who comes into the city more as a worker to attend meetings and then for recreation; I too love Melbourne as the place I've lived in all my life.

I thought I would approach tonight's topic around *Sustaining Melbourne's Prosperity* by first of all using the trusty Google and the thesaurus on my computer to see exactly what we mean by *sustaining* and *prosperity* or what the thesaurus tells us we mean. And for *sustaining*, the words that came up were filling, satisfying and nourishing, with the antonym being insufficient. And for *prosperity*, the thesaurus gave me back wealth, affluence, opulence, riches, success, richness. And guess what the antonym was—poverty. So for someone who works in my area I thought that was very appropriate as I spend most of my working time with disadvantaged families.

So it's interesting to think about Melbourne's *urban renaissance*, as it's been described in the fact sheets supporting the forum, and all the wonderful sense of abundance with increase in residents, tourists, daily visitors, workers and cultural diversity and it really does feel like you could be reading something from *Marvellous Melbourne* in the 1880s talking about boom-time in Melbourne and yet on census night in 2001, 14,000 people in Melbourne alone were homeless. And of course then there's all the issues that go with homelessness like poverty, mental illness, substance abuse, violence and crime and

there's a very interesting recent piece of research which has confirmed that for more than 50 per cent of the people who find themselves in the homelessness population, they actually get their mental health and drug and alcohol problems as a result of being homeless; that was not the reason why they became homeless and that's a profound thing to think about in terms of how our system fails for these people and in fact makes life worse. Similar to the issues that I started exploring back in 1990 around children going into out-of-home care who then suffered abuse as a result of being in care, which is now accepted as a mainstream issue, back in 1990 it wasn't.

And so I think we need to think about, in thinking of prosperity, we have to think about the disadvantaged and vulnerable and they're not all homeless but there are people who need support in our community and who need opportunities. So to sustain Melbourne's prosperity, we must bring all people along for humanitarian as well for economic reasons.

So I want to propose sort of three ways of thinking about how we can contribute to sustaining—so that's fulfilling, satisfying and nourishing—the current prosperity, wealth and affluence and progress prosperity for everyone. And the three key issues that I want to share with you or ways of thinking, that we could think about this into the future, is first of all to understand the value of community to prosperity; secondly, to think about business in the community where business can do good by doing well; and the third is the role of social entrepreneurs and social businesses in building prosperity.

So first of all in relation to understanding the value of community to prosperity, I think it's very well accepted now amongst some of our really major business leaders that the context for business is in fact a healthy community. Without a healthy community it's very hard for business to do well because we need people to be purchasing products and providing a workforce. And I heard once a few years ago a great presentation by Leon Davis at the time that he was Head of Rio Tinto, talking about how for Rio Tinto to do well in mining it was absolutely essential that they developed the community around them, the indigenous community and their engagement in the business, and the capacity for the people to do well because without them Rio Tinto couldn't do its business. So their very wealth and prosperity depended on how they engaged with the community.

I think more broadly we're seeing now, if you look in the paper, articles talking about a growing understanding of corporate social responsibility and a rather benevolent sense that those who do well have an obligation to give back and to support that community. So I think the fact that community is important to prosperity is now more accepted by business—and interestingly a recent piece of research in the most recent BRW, quoted in the most recent Business Review Weekly, says that 81 per cent of Australians think it is important to feel they belong to a community and 91 per cent will buy a brand if they know its owners support their local community. A very interesting statistic for business to think about and to think again about local business as well as global business or the network model that Chris was talking about.

But I think we can go beyond the notion of giving back as part of corporate social

responsibility and instead of thinking of business as working with the community or doing things for the community, we need to think of business as being in the community and that by doing well they can actually do good. And the way we do that is to align business interests to community interests so that by the actual process of doing and running their core business they're building the community whether that's by supporting the community of the workplace, so the people who are part of that business, and also when making a core business alignment.

I want to share with you one example that's a little out of left field, of a corporate business alignment we developed, Family Life developed with Intimo Lingerie. Some of you may know that one in five women are affected by family violence or domestic violence at some stage in their life and we developed a strategy with Intimo for them to take a domestic violence awareness campaign into—the very core of their business strategy is party plan, in the home, with women where there's generally not men around—unless they're trying to see what's going on at the Intimo party—and they reach 5,000 women a week so what a great opportunity to take a message to women that's often difficult to get to women about: what is family violence and how to get help. And interestingly by their alignment with that and promoting healthy relationships they've actually grown their business because their consultants are all women and this has been, for many of them, their financial pathway to independence as well so that that business is actually doing well as a business by doing good at the same time and addressing the issues of domestic violence which is a high cost to business and to our community.

And then, finally, beyond the notion of business shifting their perspective from sitting alongside community to actually see that what they do in the core business can build community, we have the opportunity to promote social entrepreneurs and social business as part of growing prosperity for everyone. Social entrepreneurs are known for having innovations in exactly the same model that Chris was talking about of setting a target about *we want to actually house people so they'll no longer be homeless*. Therefore they look to a business strategy that will help to develop houses so people, by definition, are no longer homeless. Habitat for Humanity is one of the global examples of that being very successful.

And so social entrepreneurs seek to use innovation to address intractable high-cost social problems. So instead of managing our social problems we actually want to solve them and the idea is that we do that in a way where we also generate income for social programs. So we migrate from actually being an innovation into a business strategy that will actually generate earned income to help support the program, not because we want to let the Government off the hook but because often it helps us to provide a better way of taking that innovation to scale.

And one of the best examples we have in Melbourne is the number of organisations who've developed social businesses that offer employment pathways for people and opportunities for disadvantaged people or people with high support needs to actually have

social and economic engagement, so that the process of becoming engaged through the social business helps them to actually have the experience of working and get a CV and then assistance for some people with getting a job. But for others it becomes their form of social engagement which is then associated with improved health and wellbeing, reduced health costs for those individuals.

Some of the examples that you might have seen—there's been a profound one on the—was it the ABC or SBS? The Choir of Hard Knocks that's been on ...

Gael Jennings ABC ...

Jo Cavanagh Sorry Gael—which has been a wonderful example of somebody, of Jonathon, the choir master, actually acting as a social entrepreneur and having an idea about bringing people together but he didn't just go and ask for a handout to do that, he took the people out busking and then he looked at how he would get the resources of the community contributed to a business initiative with those people. And anybody who watched the series saw what happened to those people because they were productively engaged in achieving something that contributed to their wellbeing. He now has a very marketable product. There are businesses out there who will get a hell of a lot of free advertising if they're smart enough to badge themselves to his social innovation which will become part of his income earning to be able to take that forward, including the sale of CDs. So the real trick with social enterprises is that you become engaged with the mainstream market economy so we don't sit at the edges anymore, we're actually integral to the consumer market and delivering a service or a product that people are wanting to have but we're also achieving our mission at the same time by helping the most disadvantaged or at risk.

Interestingly social enterprise is really a very big global movement. Melbourne is a long way behind and we have a great opportunity to catch up. Just to do a little sort of alignment to Chris's comments also about climate change, I was fortunate earlier this year to attend the Skoll World Forum at Oxford University in London. And Jeff Skoll, as some of you may or may not know, was the entrepreneur who developed eBay and a man who is extremely well versed in how to support local initiatives and help them to become globally networked using technology to share good ideas and effective models for addressing poverty and global issues. So he actually, if you look on the back of the DVD for Al Gore's *An Inconvenient Truth*, it was largely funded by the Skoll Foundation and Jeff Skoll. And, again, this is an example of how business understandings are being brought into looking at the people who are left behind when affluence is happening, including in third world countries, as well as what we can do locally to ensure that social enterprise and social innovations are part of the mix in looking at prosperity.

So I guess just for my final line I wanted to suggest to you that we could use, again, some of those words and think about the idea of, instead of sustaining, but the idea of nourishing which I think is kind of a little richer and energising, that if we're going to nourish the prosperity of Melbourne that means we have to nourish everybody and bring them along with the support and the opportunities that everybody needs. Thank you.

Gael Jennings Thank you very much Jo. Well thank you to all four of our speakers, that was just fascinating.

You know, in a very brief summary, I suppose we could say that John really started by saying that if we get, if we can attract people and business to Melbourne then we will sustain our prosperity, there was a lot more to it than that but simply that's what he said. Chris is saying well climate change is the single biggest thing we've got to face and he gave us five paradigm shifts that will make us more than capable of benefiting and moving forward in a sustainable manner. George quite rightly pointed out that it's all about people and that we are extremely multicultural and that we have a huge opportunity to build on those linkages and those skills and knowledges and the creativity that displacement brings. And then Jo, of course, has said it's not just about business, it's about our social capital nourishing all our people and the humane and the best way to nourish the whole of Melbourne.

### **OPEN DISCUSSION**

Gael Jennings ... so that's left us with lots of discussion. Handing it over to you, moderated through me, but there'll be a microphone—where's the roving mic? One there and one there so when they get to you could you just say who you are and where you're coming from. And it's not just about questions to the panel, now's your chance to brainstorm; we're brainstorming now how you think there's going to be sustainable or nourishing prosperity for Melbourne in the future. So this is the chance to really start thinking about stuff—we've got one right here in the front to start with.

Peter Boyer Thank you very much for the opportunity. My name is Peter Boyer, I'm a Melbourne-based lawyer but also a trader at the Queen Victoria Market and I'd like to make this comment that, on John's comments, that Melbourne does have a very great asset and what it is is its geographical location. Now I think you may all be aware of AusLink, it's a national transport system with billions of dollars going into the national integrated transport system but this system doesn't connect Victoria and Tasmania. It connects every other capital city: so Sydney under AusLink gets a link to Brisbane and one to Melbourne; Melbourne gets one to Sydney and Adelaide; and Adelaide gets three, Adelaide gets three, one to Darwin, one to Melbourne and one to Perth. Now the reality is this, that Melbourne should ask for a third AusLink link, let's call it *AusLink III, Hume to Hobart*. What that's going to mean is the whole corridor, the transport corridor from the time the Hume Highway enters the Ring Road right through to the ports of Melbourne, through using the ferries through to Tasmania, we'll all become a [co-belt] corridor.

Now Steve Bracks has in a submission to the Productivity Commission already asked for that link. This group here should ask strongly for the link. John Howard committed to a national sea highway concept for Bass Strait. There are two equalisation schemes that cover transport for goods and people across Bass Strait that aren't delivering the equalisation that the Hume Highway is delivering. This is an amazing opportunity for

Victoria to actually have a [co-belt] federally-funded link that would link probably the east-west connection, would link even perhaps some [co-belt] contribution to the deepening of the harbour if in fact that's deemed necessary, and would cover and increase the amenity of Melbourne, people in Melbourne to have a bigger market, an opportunity of easy access to Tasmania and grow the whole of the south-east of Australia. It's an unprecedented opportunity where a Prime Minister has addressed the issue—Paul Keating also tried to address this issue—and I would suggest instead of our normal discussion, why don't we sit here and support the Bracks Government in the push for a total AusLink link for Victoria.

Give us three links, our entitlement because of our geographical location. And if you're interested in social responsibility, economic welfare or saving Victorian taxpayers, you will strongly defend this position of Victoria to have its justifiable transport links.

Gael Jennings Thank you Peter. Would anyone like to take that further? Is this going to be a huge part of making, in your view panel, making Melbourne more prosperous in terms of our new base of manufacturing, new base of export/import, is that something that you all want to go with, or we'll go onto the next comment?

John Freebairn Well it's certainly important and I think, just to add to what Peter said, what is going to get more and more important is scale of operations and Australia really is a small drop in the world market. You know, to produce cars for example, to persist as we do and having Holden and Ford and Toyota putting out 50,000 or 60,000 units a year is just totally uncompetitive compared to what the Koreans and the Japanese and the Chinese will do where you're putting out half a million or a million. So transport becomes important. As Peter says, it enlarges your market. And that runs both ways. You know, it's not just for a seller; it's also for you and I, if I want some Tassie wine or some Tassie crayfish or something like that, if there are transport routes then I've got a greater chance of getting it.

Gael Jennings Chris, how is it in terms of sustainability, because it's fundamental to everything I suppose?

Chris Ryan I mean I think that what John has just said is going to be moderated by the issues of carbon in transport. And what that's going to mean is that we're going to see significant changes, significant shifts in the nature of transport, we will have to; the carbon tax will ensure that, partly that the economy does that. And therefore what that means about the links between, AusLink's, the links of transport and so on isn't entirely clearly to me, it's just that it's an area where ...

Gael Jennings Yes and why isn't it, you know?

Chris Ryan ... it's an area where there's going to be a lot of shifts but it's a bit hard to predict I think.

Gael Jennings Well can I just—go on.

John Freebairn Well it's a mixed story because, you know, just as Chris said, the opportunities to improve the, lower the amount of carbon per tonne/kilometre is just ginormous, it's just ginormous. And then you have sort of tradeoffs; if you run lots of small outfits they may be more carbon intensive than having a very big, large outfit so it's a very complicated. And as you rightly said, you want to set up a carbon tax, it pushes the price of carbon up and you

release anybody and everybody to find a way to economise on it.

Gael Jennings And when does the buck start? I mean you were saying, you know, you came back here and we'd all just collapsed our carbon awareness, if you like, in the last year. We're talking about things that are being planned now, surely every single thing that we're talking about should be through that lens? So who starts it and how do you get it into every conversation?

John Freebairn Well it seems to be in every conversation so.

Gael Jennings Yes but not in the ones that are doing the planning and signing off necessarily.

John Freebairn Well I don't know, I mean we have two political parties now currently fighting as to who's got the ...

George Lekakis The biggest one.

John Freebairn That's right, yes, whose carbon plant is the biggest. I think there's a lot of misinformation in that political debate but the fact is that I think Australia as being in a strange position of sort of isolation from a lot of the discussion that's been taking place in many of the major economies of the world and they're a lot further ahead of thinking. And it's kind of like everything's been telescoped up into a very short time.

Gael Jennings But nonetheless we're talking about Melbourne so who's going to make the hard decisions here in Melbourne? I mean obviously the State Government, but who else? And how does one get them to do so when one's trying to make plans for a nourishing, prosperous future.

Chris Ryan It's not an answer to your question but I think part of what I was trying to say is that it will come in part from thinking about Melbourne as a model for a future sustainable city. And the fact is that, look, you only have to look at The Age this week, look The Age this week has a full two-page spread on one town in Sweden, and it is only one of a good number, that have made a complete switch to a low carbon economy, have set out to be carbon neutral far, far ahead of the kind of timelines that are being called radical for Australia. And they're already exporting new solutions from that and they're getting, as the article says, in the week that the journalist was there they had the Japanese coming, the Koreans coming etcetera to see how they were doing. Now there is numerous examples of cities like that that have decided that this is the way to embrace the future, is to start here and talk about green Melbourne—and that's not a very good title, but.

Gael Jennings Particularly, yes, right now. Anyone here, before we go to the next question, disagree vehemently with that and is one of the carbon rationalist, was it, realist? People who think that, you know, it's business versus that option, a green option or a carbon option? No. Good, so we don't have to go down that path then. Next question or next comment.

Anna Lindstadt Anna Lindstadt. Just extrapolating further to what Chris has said about getting a broad base of diverse, renewable energy sources, I was at a talk a couple of weeks ago here at the university by Mark Diesendorf and one of the comments that was made in relation to

renewable energy development in Australia is that there's a brain drain currently going on with all the people that know about this stuff leaving due to the lack of funding in terms of research and development. And looking at the partners involved in this forum, it would seem that we're in a good position to change that and therefore, of course, develop the renewable energy opportunities that we have that we should be developing.

Gael Jennings That's a, before I throw to the panellists, an interesting point which was brought up last week about our values and our cultural identity and Claire Wright, the historian, was saying that Melbourne's a thinking city, that we should, you know, we wear our head on our sleeve and that we should—part of our identity and our value is that we're intelligent. And it's, but then it wasn't really taken further as being, you know, we didn't talk about our being a biotechnology hub and all those things, and part of this that none of you have really talked about is the skills and the brains that lead into this innovation and prosperity. Do any of you want to comment on what we're going to, you know, how we start at that level? We need the person power and you also need, you know, creative, you need enough people to start the momentum. Jo?

Jo Cavanagh Can I make a comment from the health and community sector's perspective, we are really concerned about the leadership and management issues for our sector. We're predicted to be the biggest growth industry for the next five years, growing by 150 per cent. We need people who can run now organisations that are probably more rigorously audited and monitored than any business in terms of our compliance reports etcetera, and the capacity to then also run social businesses which will generate your income because you're not going to get—the community sector in particular will compete with the health dollar. And in terms of the ageing of the population, it's not easy, you know, it's not difficult to work out exactly where most of that budget is actually going to go. So the leadership and management for our sector is a very critical issue and we are not sure exactly where those people are going to come from because we don't think they're traditional MBA students.

Gael Jennings And what about any other areas, do you want to ...?

John Freebairn Well I think this is a long process but one point you start off with education, and that's running from preschool all the way through to tertiary. And we know we're a long way behind the ball and one of the really critical ones I think is Jo's story, something between 10 and 30 per cent of our kids are coming out of primary schools functionally illiterate and innumerate. And then we find of the kids who leave school before Year 10, less than a half of them have a job when they're in their twenties. So this is really important for welfare and equity as well as prosperity.

Two comments I would make on the research story. I think it's important to distinguish between what I were to call *applied research*, and a lot of this cleaning up and us responding to carbon is really applied research in which businesses can appropriate nearly all the benefits of their research. And the real trick there is to put a price on carbon so that it's worth finding light tubes that use less energy, designing buildings that use less energy, cars that use less energy etcetera, etcetera. I don't see any great problem on that.

The area that's more tricky is the sort of basic research and that's where businesses won't do it because the benefits get dispersed and that's where government's got to throw money in. And of course, Chris and I are from the university sector and the sooner you can make a unanimous decision that we double the funds for universities for research the happier we will be.

Gael Jennings [...] that's consensus then, is it? And Chris do you want to, Chris or George ...?

Chris Ryan No, no, we've been talking a lot—I'm sorry George ...

George Lekakis That's okay.

Chris Ryan ... we've been talking a lot about energy and it seems to me that we could easily, just as easily be talking about water. And in fact, I mean a very good example in Melbourne at present of the approach that I was talking about is that Melbourne City Council has set a really important and stretch target for itself in relation to water in a number of areas. Like for example, in relation to the parks, gardens, those things that John said are critical to the character of Melbourne, have been shown to be critical to the idea of Melbourne as a liveable city, the Melbourne City Council has decided that within three years no [...] quality water will be used to support landscape, street trees, parks, etcetera, in Melbourne. They have to find 1,000 mega litres of water from another source, that's a real stretch target.

And as it happens I've been involved in a number of activities happening over the last three weeks in Melbourne where that stretch target is bringing people with a diverse range of knowledge and skills who are challenged by the idea to find local solutions to be able to do that, and it's engaging those people. And in that case I don't think, from the rooms and the seminars and the workshops that I've been in, that we've lost any kind of brain, from any brain drain that we've lost expertise in that area. It's a wonderful way of drawing in the kind of diverse expertise you need to begin to understand how you would achieve that and I think it looks like it's something that will be achievable and it will certainly lead to quite new solutions.

Gael Jennings Yes, here—or George, did you want to say something?

George Lekakis Oh, I mean I grew up at a period where education was free and for a lot of people who grew up in the northern suburbs having a free education was an absolute luxury for both those, the parents and the children. I find that it's quite a sad situation where our occupational skills list lists as the highest priority for new migrants as being hairdressers for Australia. And it was always an occupation pursued by other young students as an occupation of choice but I find that the investment in education and the opportunities for students today are far more limited than they were and the investment for research and development is basically—I find in my work, academics struggling to support research initiatives. It just does not seem to be that the government dollar towards education to be focused upon achieving the best outcomes for the country, that's skilling our existing population in ways that is both creative and important and it does lead to a lot of young people moving away from a pathway to a better education. The incentives are not there.

Even for people in rural areas to come and study, just to live is one hell of a, I mean it's really quite difficult to sustain yourself in education today as it was in my generation. And I firmly believe that because I've got children and it's quite [...].

Gael Jennings But of course, just before we go back, of course one of the big growth areas in Melbourne is international students, isn't it, ironically.

George Lekakis Well it's profound, most of our universities sustain their budgets on overseas students. Well that's well and good and the good thing that the government woke up to, because they were a bit reluctant to in the first place, is to offer the opportunities for those international students to remain as permanent settlers in Australia; when Howard took over he had a very, very narrow view of immigration and they've flipped it right around. And it acts as a good way for new migrants who are educated here to then take their part in our community and it introduces them to the life of Melbourne and that's a good thing; they don't come in cold and they learn to live amongst us in a way that's very positive. So that's the positive spin off, but what happens to the existing population? How are they supported and supported through education and offered the opportunities that seemingly where there in far bigger ways in my generation?

Gael Jennings Yes, the woman who had—did you still want to speak? Yeah?

Michelle Hi, my name is Michelle and I have a question regarding how about everyone is going to measure the sustained prosperity of Melbourne, everyone has their ideas whether it be business or the human side of it, the environmental but is there—we're kind of going at it from a little bit of a reductionist point of view. Is there, you know, indicators that are going to actually be used to measure whether or not we will be sustaining Melbourne's prosperity or nourishing it as you have said Jo?

Gael Jennings Well who'd like to answer that one? How's it going to be—anyone from the Future Melbourne team like to volunteer how it's going to be measured? You must have, well with your strategy plan at the Melbourne City Council you must have quantifiable outcomes, do you? KPIs and ...

Jo Cavanagh Could I just offer then perhaps ... just offer ... perhaps in terms of the social sector and looking at social issues there are very measurable targets around reduction in child protection, around reduction in homelessness and increasing retention at school and young people's pathways and [... of] education. The problem that we have is actually getting agreement about what are the performance indicators for those measures, what data should actually be collected, and I think so far, every government department wants different data collected on a different system, which is another major impost on our sector. So how we can actually gather the evidence about whether you're having that impact on those outcomes—the theory and the methodology exists, it's about actually being able to implement it.

Gael Jennings We'll just go over here, to the CEO for a moment, if we may and then we'll come back to the panel.

- Geoff Lawler Geoff Lawler from the City of Melbourne. The way that, the indicators that have been used to date are fairly traditional ones: jobs and investment, plus or minus, numbers of consumers, plus or minus. The strategic part of that has been to identify particular sectors which are thought to be beneficial but that's the traditional way that they're being measured. Some of the things that are being heard, have been heard today or this evening may require quite different indicators and one of the challenges for Future Melbourne is not only to try and work out what is the best thing to do, then secondly to create a plan to achieve that, and then thirdly, make sure it happens so we'll need to be creating new indicators as well.
- Gael Jennings Thank you Geoff and yes, Chris?
- Chris Ryan I mean I think it's a profoundly important question because I think we have, we need to let go of some of the traditional measures of prosperity which seem to me to be extremely narrow, or as you put it, reductionist. Really all I wanted to say is that VicHealth has made a \$10 million investment in Melbourne University and the creation of a new centre which is focused on community wellbeing, which is working collaboratively with all of the major agencies to get a set of indicators about community wellbeing. And probably wellbeing is a better way to put it than prosperity given what you've found about the kind of traditional definitions of prosperity. And so you should look at the [Mackay] Centre at the University of Melbourne and look at the work that's coming out of there as a way of starting to identify a much richer and perhaps more appropriate [...] of prosperity.
- Gael Jennings I'm just mindful of the time, it's just after quarter past and we're finishing at 7:30 so, no, I'm not stopping, I'm just saying, you know, you've got 15 minutes. And we, I'm also mindful that we haven't actually looked at some of the, you know, like the hardcore issues like, you know, what are we going to do about energy costs and therefore—we've talked about that in terms of carbon but in terms of the way it's going to impact on people coming into the city and employment, the retail sector. Food distribution we've talked about a little bit. What about manufacturing, that's coming back, that's a resurgence. You know, are we interested in new technologies and growth industries other than carbon-based, you know, local solutions and service innovations and how, you know, and our global positioning and so on. I mean those kind of issues, and I mean if you want to sort of put your mind to them or you've got visions or ideas there but I just prompt you to think about those in the time that's left. Now you—who else has got ...?
- John Freebairn Now could I just, could I just quickly take on what you've said and respond to the previous question that was asked as well, and a prompt I think perhaps for Chris. Chris, you've had this idea of disaggregated network solutions as an approach to some of these things we're dealing with. It seems to me that perhaps that applies at several levels: there's obviously a community level that we've talking about, there's organisational levels and there's individual levels. And perhaps what we are looking at is almost targets at each of those points to try and give a disaggregated approach to some of these solutions. And if you take the energy question, I'm assuming a low carbon future is also a low energy, low oil

use—it addresses the question of energy, peak oil and what might happen with increasing energy costs. So how can perhaps we set targets at each of the levels of the community, the individual and the organisation which in aggregate might achieve some of these points that we're trying to ...

Gael Jennings Thank you. A rhetorical question.

Chris Ryan There's no—I ...

Gael Jennings You're not going to get the answer right now.

Chris Ryan We're not going to—there's no simple answer.

Gael Jennings But will be talked about, I'm sure, through the webpage and through the e-Village on the webpage because it's something that we have to start, yes, clearly it's a framework. In the back there.

Geoff Leech Geoff Leech, I'm a local and live just up the road and I work in the CBD. The City of Melbourne municipality as opposed to greater Melbourne has got one of the highest population growths I think in Victoria. I'm interested in the panel's perspective on the importance of population growth for the future prosperity of Melbourne and whether there's some kind of notion of diseconomies of scale that start to set in once the city goes past a certain size or population. And I think, if I can, I'd like to kind of link that to some of the major infrastructure projects that have been announced or are under discussion right now such as desalination plants, such as east-west links, tunnels under Royal Park and channel deepening as three major example of infrastructure projects that are probably based on, at least in part, the necessity to cater in some way for an increasing population.

Gael Jennings Thank you. Great question. So who'd like to take that one first? I can see John's dying to? Are you John, jump in?

John Freebairn This is a really important and complicated question. I think the truth of the matter is that Australia and Victoria is on a population growth strategy; we're about CPG on natural growth and we seem to be fairly clearly set that we're going to bring in, what is it George, 110,000/150,000 ...?

George Lekakis One hundred and twenty thousand migrants a year to Australia, about 25,000 will come to Victoria.

John Freebairn So it's pretty clear that there is going to be growth. My reading of the story is that scale economies are going to become more and more important so that we're going to actually end up living, even a higher proportion of our population, in large, urban areas. Now that need not be just Melbourne, it can be Geelong, it can be the Ballarats, but I think the small country towns are going to continue to shrivel and ultimately disappear. So there are real pluses in getting bigger but as you rightly said, there are negatives: it puts more pressure on our infrastructure, our environment, our water, our roads and so on. And in my view the question is kind of an endogenous story: if you spend enough money on infrastructure you can support a higher and higher population. And the question is how do you do it?

And if I look at a city like Singapore, much more regulated than Melbourne but they started off with sort of four-storey buildings pretty much around the island. And then Lee Kuan Yew said I want to double the population so he went block by block and converted them into eight-story buildings and provided better and more appropriate community facilities, a better transport system. They're now in the process of going 12 and 16-storey buildings and how big can Singapore be? Well probably on that model they can double that population even yet.

So I think if we were to consciously plan in looking after our environment and infrastructure we could have a much, much bigger population living in better circumstances with greater community but you've got to do those things step by step. Now that's one view, there are lots of other people who will say we're as big as we're ever going to be and there are others who say we need to treble our population. So this is what we can argue so mine's just one perspective.

[George  
Lekakis]

I read a publication—I won't name the author—that once the population moved past Mordialloc there would be doom and gloom for Melbourne in terms of both the stress on the infrastructure and the stress on the relationships amongst the population. Obviously we've gone beyond Mordialloc and our expansion into a whole range of new areas for population growth. Synonymous to population growth is the idea of economic prosperity increasing consumer demand and all peak bodies have spoken about, like the Australian Business Council, the Housing Industry Association, all the peak bodies have spoken about population growth. But what has to be clear is that population growth should be planned and all aspects concerning infrastructure, so the demands on roads and water and a whole range of things, needs to be a precursor to any notion of population growth and where populations go.

The other thing about population growth is there might be available cheap housing, and I think a measure of economic prosperity is the availability of affordable housing and you could either go up or you can go out or you can shrink the out but people have got to be looked after and serviced where they live. And regardless of where the people come from, it's very important for Australia to have a population strategy when all those factors come into one. And unfortunately we are lacking it and that's what gives us a perception that this population growth, albeit needed and wanted for the economy and supported, is not really planned to the extent that it should be. And I think that is something that we really have to carefully consider in planning for climatic matters, planning for energy matters, planning for a whole range of things, population policy in this country is wanting of such considerations.

Gael Jennings

Can I just add there too from last week, for those of you who weren't there, but those of you who were here will remember that Kate Shaw was making I think a really elegant point that one of the things that we value here in Melbourne is our creativity, you know, in all sorts of ways, in science as well but in the arts and so on. And she was saying that because we have a very high percentage of young people here who have got the potential to be, because they're mostly students, we have a very high proportion of students in the

City of Melbourne area that we need to have, she was saying, a ring of affordable spaces both for living and creating as a very important way for people to be able to mix and therefore create. You need to have ambiguous spaces for open-ended activities and if you don't have those you don't get those creative people; they're all way out in the garage, too far away to talk to each other. So that's just yet another I suppose parameter that, having identified that as a cultural value last week, that we might want to throw in that mix. Did you want to go further on that, Chris or Jo?

Chris Ryan I mean, look I think it's an extremely important area and I mean it's also incredibly complex. I think that the only thing that's clear is the models of past development that we've had cannot take us into a future. And in looking at Melbourne in the next 25 years and looking at what the current projections are, there is an expectation that Melbourne proper will grow by another million and a half people over that time, it simply cannot develop on the same models that it's developed before.

And a lot of the development in the recent years is frankly a future environmental and social disaster, that we will need ways of dealing with what are often called *McMansion fills* where, not just from the point of view of the impacts of climate change, of transport, of energy costs etcetera, that relate to the way that those new developments are being built but because of the lack of social infrastructure, we are sitting on a number of areas of major future disasters.

We can't continue moving outwards because of infrastructure. We can't continue the past pattern of losing our most fertile soils for essential food to concrete slabs. We are on the, we are at the beginning, and an essential paradigm change about the way that we look at things, and I'm afraid that old paradigm thinking is still pretty evident and I frankly think that the desal plant that was announced yesterday is a fundamental example of old paradigm thinking. And we won't lose it completely, it will last for us for a while but I think it's totally the wrong thing to have done. But that's the kind of period that we're moving into, old paradigm thinking versus the reality of a new paradigm which is the only way we're going to be able to be taken forward.

Gael Jennings Here in the third row.

Robert Costello I'd go along with all that. Robert Costello from SGS, Economics and Planning. I think that going forward for Melbourne I think the geography of business will become increasingly important, the shift of new economy, the advancement of the new economy in all of Australia's cities and the focus of the new economy on inner regions of capital cities. And the focus of advanced, and the new reliance on advanced business services to, as the key to innovation, I think will be critical. And I think that's what we're going to start seeing in both Melbourne, a further reliance on the inner city and the CBD is the region which we will rely on to secure economic prosperity, together with the centres of Bendigo, Geelong and Ballarat and those centres as drawcards for their respective regions as centres of employment and services, more concentration of employment within those centres as opposed to dispersed patterns of employment.

And I think it will be increasingly important to densify the inner city, as you were saying before, for the purpose of not only climate change but also reducing the levels of car dependence in the outer regions and locating our employment along public transport networks and focusing that as the key mode of moving our city forward.

I think international students has been an immensely positive thing for this city, especially for the CBD; they have shown the way in terms of a new style of living for our domestic populations. Looking at the fact that they're moving into very high density environments, lots of apartments within the city, has been an immense positive; they live close to work, they live close to all the universities. Affordable housing will become increasingly important, particularly the third sector I feel and that's the view of our company as well, the movement away from traditional forms of reliance on government to provide affordable housing, moving towards community-based affordable housing and those sorts of things.

Demand management as well, moving from the traditional *predict and provide* scenarios where planning traditionally looked at what was needed and how do we provide it to now looking towards how do we manage that demand and change behaviour? And I think that will be massive for this industry to face. How do we accept what people want and then change what, basically we change what their expectations are and what we feel based on climate change again and so many other factors driving the way our city will be working in the future. And an example would be that—and it's going to have to come from the bottom up, it's going to have to come from the people and that they will have to drive change because that, only from voters will we see governments become, move towards that sort of model, as climate change has done.

Gael Jennings Rob, we'll have to leave it there because I've got to jump to the woman behind you because it's 7:30—no that was fabulous, it's extremely interesting and it will all be recorded on the webpage, it was great. And our last comment.

Monica Vandenberg Monica Vandenberg, a sustainability consultant and also doing post-graduate studies in foresight, so looking at the future, and also 200 metres away from the City of Melbourne boundary in the contentious Kensington split, which we're hoping to sort of get back into the City of Melbourne. My question to the panel was, is really around public transport, and we've talked about infrastructure but public transport, because I really see that as disenfranchising those out of the City of Melbourne. How do you see that the City of Melbourne, us as communities and the City of Melbourne work with the State Government to look at the wicked problem, and especially in this year when we're looking at Connex and all the other issues that are coming up?

Gael Jennings Can I just ask for a very brief sentence from each of you because it is 7:30, but this can be canvassed, you know, through the interactivity. So who'd like to go first on that one?

George Lekakis Public transport, fast, efficient, in public ownership and delivering the best possible outcome for people to get to work and get to study and I just—and I think it should be people-focused, public transport should be people-focused. And it's something that it's not and I notice the way in which the system has really, really has deteriorated both in terms of

amenity and also the life on public transport as well.

Gael Jennings Okay, Chris?

George Lekakis It was a joy to come down Sydney Road to the city and get on the tram and talk to the conductor, it just had a, there was a life to our public transport and everybody went to work on public transport in the early days. People are still doing it and we should encourage that by making it accessible, affordable—I fundamentally believe that it should be free for students to get to school.

Gael Jennings Chris, a new paradigm?

Chris Ryan Public transport, bikes, and I agree completely but I think as well that we, that if we look forward, if we have some foresight about the future that we will also have to look at a change in the current pattern of mobility, which is very radial; it is all out to the centre, into the centre, sorry, from the out to the centre. And I think if we're starting to look at a much more distributed and decentralised system then we're going to see more localised systems of transport, public transport and sustainable transport. But also bikes, I think we really are going to see and we have to see a major increase and improvement. And I think the Melbourne City Council is already starting to do some very, very important experiments and there are wonderful international models and we need to be touting them more and more.

Gael Jennings Jo and John, do you want to add something?

Jo Cavanagh Just to add a slightly different aspect, of course I've been concerned about the cost of public transport for many families but also I'm thinking about the ageing of our population; we're going to have a lot of very isolated, elderly people if they haven't got access to public transport. And you know, looking at what the costs of that are going to be in terms of maintaining people isolated in their own homes without access to healthcare, for instance, is a major issue. And I'm, you know, so the ageing of the population and public transport also needs to be considered.

Gael Jennings Do you want to say anything.

John Freebairn No.

Gael Jennings Alright, then well thank you very much, and we can talk about that more in Forum 4, *Change and Social Inclusion*, and actually in Forum 3, *Meeting the Environmental Shocks*. So, now before I let you all go I want to remind you that with these marvellous things we've talked about tonight, all of those will be on this webpage and you can go in there and then you can go through, into the e-Village on the side and you can cruise through there and you can look at all the different topics that will be brought together for you to discuss in that way. So if you want to find out anything more about this project or continue on with the discussion, it's through [futuremelbourne.com.au](http://futuremelbourne.com.au), you've got—yes? Yes, okay, yes. Who rode their bike? You did because you asked the question. Well that's good. Next week let's see then if we can, since it's Environmental Shocks, we can get 50/50. Don't forget that next week, also here, is *Meeting Environmental Shocks*, same place, same time. The

week after that on the 4<sup>th</sup> of July, *Change and Social Inclusion*, and the last one will be *Building our City for the Future*. And I'd like to thank all our panel members for giving us their time, and I'd like to thank all of you for being a part of this.