

## Planning for Sustainable Communities – A Question of Governance?

Paper presented to the Local Government Sustainable Development 2010 Conference

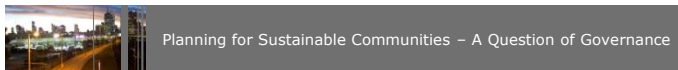
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### Local Action is Necessary but Not Sufficient for Sustainable Communities

We can work away at the sustainable communities agenda by tackling neighbourhood design, the environmental performance of individual buildings, the recycling of local waste, the conservation of water resources and local bio-diversity and so on, but the truth is we cannot build the sustainable city on a street by street basis. There is little point in having a sustainable neighbourhood or municipality embedded in a metro area which is unsustainable.

We need to make far-reaching, structural, changes at the metropolitan level. Compare, for example, Melbourne and Berlin. These are two cities of about the same population size (3.5 million), but Berliners occupy a third of the land area, they use 30% less electricity per capita and they use public transport, walking or cycling for 55% of their work trips, compared to only 25% for Melburnians.





We need to achieve shifts approaching this order if we are to establish genuinely sustainable communities. But, clearly, we've struggled to get consensus on these 'Big Picture' issues, including basic things like putting a price on carbon.

## Divided Cities

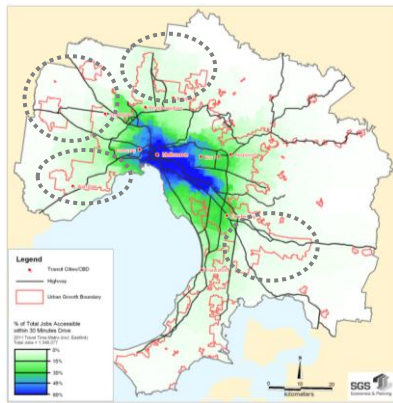
Why do we have such a fragmented national view on sustainable development? In large part, it's because we're seemingly locked into a process of building divided cities.

For the early post-war years, low density suburban expansion created Australian cities of opportunity. Housing was affordable with delayed infrastructure provision. More importantly, quick and easy travel by car improved access to jobs. This also promoted rapid increases in productivity.

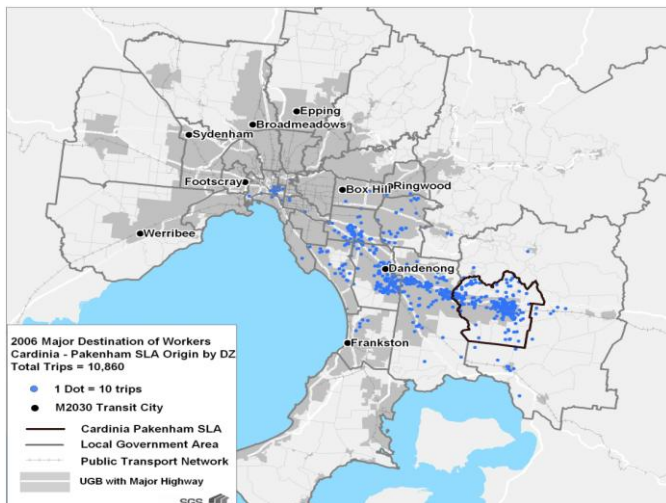
The metropolis of opportunity began to morph into the divided city sometime in the mid-70s when congestion started to become an issue and when structural economic change began to shepherd high quality, knowledge based, jobs into our central cities. We are now placing large numbers of households into suburban growth areas which are highly disadvantaged in terms of relative access to opportunity.

The following image represents a map of privilege in Melbourne. It shows how many jobs a resident can reach within a 30 minute drive in the am peak. One person's job is another person's service; you may not be a doctor or a nurse, but if you have 5 times as many health sector jobs within 30 minutes drive than someone else in your city, this means you have 5 times the choice in health care.

Unsurprisingly, there is a strong correlation between property value and accessibility. This has always been true but it is becoming much more marked as the metropolis pushes on to 5 million. The divergence between life prospects for those on the fringes of the city and those resident in in-board locations is widening. Cranbourne residents have 6 or 7 times fewer choices in terms of employment, training, education, health care, shopping and entertainment compared to their counterparts in Carlton and Camberwell. And it's clear that very few Cranbourne workers make it every day into the treasure trove of opportunity that is the central city.



SGS Economics & Planning



You'll find counterparts to these marginalised growth areas across all our major cities.

These zones of 'dis-opportunity', characterised by infrastructure backlogs, frustratingly slow and unreliable journeys to work and crippling housing costs (notwithstanding the lack of accessibility), have become the breeding grounds of scepticism on climate change and they now host deep seated cynicism about the ability of governments to do anything positive on sustainable development. It's not surprising that some of our politicians have sought to capitalise on this malcontent to further fracture a national consensus.

Some of the public policy symptoms of the divided city include:

- Lack of leadership and the embrace of populist or poll driven policies;
- Rampant NIMBY-ism;
- Short termism and ad-hoc investment in strategic infrastructure; and
- Inconsistent adherence to metropolitan strategies.

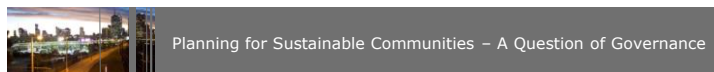
To the extent that our metropolitan areas are maintaining reasonable livability and continue to provide a platform for sustainable development reforms, we can thank past generations of planning institutions. We are very much living off the legacy of the Melbourne and Metropolitan Board of Works, the Cumberland County Council in the Sydney Basin and other arm's length regional planning authorities which were dismantled in the 1980's or earlier in a misguided effort to advance public sector efficiency.

## Sustainability and Subsidiarity

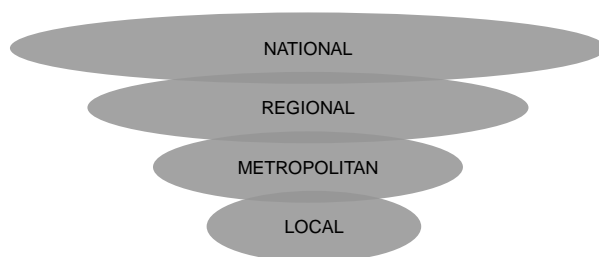
In my view, we won't be able to develop sustainable cities unless we engage in far-reaching institutional reforms, based on subsidiarity principles. These would see the re-instatement of democratically mandated metropolitan governments working alongside local Councils and State Governments, and they would require the Commonwealth to promote reform and co-operation by sharing the substantial productivity dividend arising from sustainable cities.

In my interpretation, the sustainability principle involves, firstly, giving clear and distinctive geographic communities their own democratic forums. This recognises that the bonds citizens share as members of the metropolitan community are profoundly different to those they might have with other members of their local community and the common interests they hold with fellow members of their State and national communities.

We have different aspirations, expectations and interests as members of these various communities, and these interests are not always directly aligned. What we might think is good for us at the neighbourhood level, we may not think is good for us when this outcome is multiplied many times over to create our metropolis. We need sophisticated governance arrangements to mediate these tensions. Sadly, what we have now is primitive and deficient.



Nested communities and the concept of 'subsidiarity'



Clear and unfettered authority within own areas of competence

Independent tax base to match



As well as aligning our democratic governance forums with our geographically evident community affiliations, it is important for each forum to operate independently within its sphere of competence. To do this, they require revenue raising powers which are not contingent upon the generosity or otherwise of other levels of governance.

Within this framework, decisions affecting citizens should be taken in those forums which are closest to them, given the 'community reach' of the decision in question. If we have a policy issue which only affects well-being outcomes at the local level, the matter should be dealt with, without interference, by the local Council. Likewise matters which affect well-being right across the Australian community cannot be entrusted to local Councils to resolve.

Generally speaking, we have now entrusted matters of metropolitan form, including control of key infrastructures (such as public transport) to State Governments which are not competent, in a subsidiarity sense, to deal with such things.

Whereas these matters are very much in the domain of the metropolitan sphere of community, State Governments are distracted by their obligations to a much wider community of interest. This is not a question of whether the State Governments are technically competent or not, or whether they are well-meaning. The core issue is that the State Government does not and cannot represent the metropolitan community of interest any more than, say, the Commonwealth Government can hold itself out to know what's best for a particular State jurisdiction, compared to the relevant State Government.

Australian cities are almost unique in the developed world in not having their own metropolitan governments. This, in my view, has fatally impaired our ability to shift their development trajectories towards more sustainable outcomes.

As I've noted, the destruction of regional governance in Australia was done for efficiency reasons but has backfired badly. Planning and urban management in our country is mired in seemingly intractable problems:

- We can't produce enough houses for our growing population;
- We can't control the outward spread of our metropolises even though most people agree we ought to;
- We can't seem to make the quantum jump in public transport policy required to liberate suburban communities from car dependence; and
- We struggle to apply even basic market design policies to reduced the environmental impact of our cities (e.g. congestion pricing).

Australians seem to instinctively recoil from the idea of yet another set of elections for yet another sphere of governance. But in my mind, the business case is very clear. If we had retained our quasi metropolitan governments, like the MMBW, the transformation of our cities would have occurred much faster, and the productivity that this would have released would have paid for the costs of this additional layer of governance many, many times over. Certainly, Tony Blair's initiative to reinstate metropolitan governance in London, working alongside local governments, has paid handsome dividends to the national and local communities, at least in the eyes of many commentators.

So what would a metropolitan sphere of governance do in our cities, versus the role of local Councils and State Governments? From a planning point of view, a possible division of responsibilities might look like this....



Sphere of 'community'	Relevant planning issues – areas of unfettered competence
National	Strengthening <b>connections</b> within Australia's system of cities Facilitating national <b>specialisations</b> in Australia's system of cities Determination of urban <b>performance targets</b>
State	Maintenance of State wide land use and development <b>regulation system</b> Maintenance of administrative and <b>judicial review processes</b> Oversight of <b>planning institutions</b> Development planning and development determinations for sites or <b>projects of Statewide significance</b>
Regional / metropolitan	Determination of <b>urban growth boundaries</b> Designation of <b>major activity centres</b> Facilitation of <b>development</b> in these centres Designation and management of <b>major transportation corridors</b> Identification and development of <b>key employment nodes</b> Formulation of <b>land release schedules</b> in growth areas Protection of <b>environmental assets of regional significance</b> Maintenance of <b>efficient land supply for housing</b>
Local	<b>Neighbourhood structure planning</b> <b>Regulation of housing development</b> and redevelopment within applicable State and regional guidelines Regulation of development in all <b>lower order activity centres</b>



Ideally, a metropolitan government would also be responsible for building and managing the public transport network and the metropolitan highway network (including through PPP's as necessary), whilst the State and Commonwealth looked after inter-urban and national transport links respectively.

The metro government would need its own revenue powers which could include land taxation (with suitable offsets of local rates) and a fixed share of GST. It should be empowered to raise infrastructure bonds, and engage in value capture strategies and tax increment financing to build the sustainable transport systems we desperately need.

So where would this leave State Governments – all dressed up but with nothing to do? Let me be clear that I am not an advocate of State Government abolition – these governments represent a clear and distinct sphere of community that deserves to have a democratic voice. Indeed, we need to be vigilant against the slow 'municipalisation'<sup>1</sup> of the States (the recent deal over health reform exemplifying how easy it is to continue the slide towards irrelevance).

Having said this, the States should be focussed on matters of genuine statewide import – that's the subsidiarity discipline. This would leave State Governments with substantial responsibilities including health administration, training and education, policing, State highways, railways and ports, economic and industry development policies, bio-diversity conservation to name just a few areas. Even with the substantial shift in responsibilities to a metropolitan sphere of governance that I have advocated, the State Governments would remain responsible for roughly 2/3rds of their current budget outlays.

## Implementation and the Role of the Commonwealth

The vision I have outlined can be characterised as 'radical', but it needn't involve massive disruption and uncertainty. The reinstatement of metropolitan governance could proceed through a smooth transition involving several phases:

<sup>1</sup> A term offered by Michael Lennon of Housing Choices Australia

- Phase 1 – establishment of an arm’s length regional planning agency as a statutory authority, to deal with metro-strategy and determine metro level planning decisions as I outlined earlier;
- Phase 2 – expanding the board of this agency to include elected delegates from the constituent municipalities in the metropolis (the MMBW or Vancouver model);
- Phase 4 – allowing for a popularly elected chair of the authority, and expanding the authority’s mandate to include operation of the public transport and roading networks with appropriate funding and resource transfers from the State Government; and
- Phase 4 – granting of taxation powers to the metro authority.

Such a plan is almost certain to fail without Commonwealth backing. That said, it is surprising how quickly things could move if the Commonwealth applied the right policy levers, as evidenced in the sweeping reforms to the national economy effected under National Competition Policy during the 1990’s and into this decade.

The strategy is conceptually very simple. Building more compact and sustainable cities is likely to deliver a substantial boost to GDP, other things being equal. A figure of 3% is probably conservative, given the substantial improvements in transport efficiency and the accelerated accumulation of human capital as workers are offered vastly superior access to jobs and training opportunities.

A 3% boost to Australia’s GDP would deliver a \$6 billion annual tax windfall to the Commonwealth. That’s a very large pie to share with the States in negotiating the governance reforms required to deliver genuinely sustainable cities.