the city is not a business....

economics – scourge or salvation?

festival of urbanism 2014
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Independent insight.
....economics is typically seen as the ‘enemy’... elevating short term financial gain over the long term interests of the city
Contribution of urban renewal to well being

= [Traded (financial) benefits + Non traded (external) benefits] - [Traded costs (labour, land, capital) + Non-traded (external costs)]
Monetising externalities

- Open space
  - Travel cost
- Social capital
  - Volunteer hours
- Urban amenity
  - Uplift in land value
- Heritage/culture
  - Valuation survey
Some outcomes are non-negotiable

• Quality design?
• Access to foreshore?
• No overshadowing of key public domain?
• Social mix / affordable housing?
So what’s gone wrong?

- Cash strapped government
  - Focus on financial rather than economic optimisation
- Community disempowers itself
  - Prefer to argue from a different paradigm
- Our governance structures blind us
- Our evidence base is lacking
A way forward

• Align decision making institutions
• Establish stakeholder representation
• Take a long term view
• Establish the base case
• Agree the non-negotiables, including design standards
• Agree a reasonable financial profile
• Evaluate from a wholistic economic perspective
• Apply rigorous cost benefit analysis
• Align procurement model with the planning vision
• Establish governance for procurement and transition
Questions?

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