

SUSTAINABLE CITIES inquiry.

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The Brisbane Institute has research interests in many of the areas covered by this discussion paper. However, the Institute's resources are not such that we can present fully documented argument to the significant points for discussion. We will limit ourselves to some more general comments, and invite the committee to interview us in order to test our ideas and expertise in light of our work in Brisbane over the past two years.

**1. Preserve bushland, significant heritage and urban green zones.**

- **Does the inclusion of green zones within city planning result in further urban sprawl, which has a greater detrimental effect for the environment by encroaching on more surrounding bushland?**

This suggestion arises from a simplistic 'map-filling' picture of the growth of a city. Green zones do not reduce the effective population possible for a city, but change the way in which that population is located. Urban sprawl is primarily the result of both consumer demand for free-standing dwellings, and developer-led urban growth, not the result of planning. In practice, the less effective is planning, the less green space, but the more extensive the sprawl. The thoughtless declaration of greenspace is not possible in the absence of urban planning. We have to say that this provocative discussion point must be intended only as stimulus to submissions that can provide examples of the way that planning allows better use of land and more greenspace for any given population. If the committee does not find itself with adequate examples, we will be happy to provide them ourselves at interview by the committee.

- **What are the possible impacts of either increasing or limiting the proportion of bushland and urban green zones?**

We would not argue that all Australian cities lack for greenspace. Some are better off than others. Remarkably, Sydney is relatively well served, if we include the national parks and state forests that ring the city from south to west to north.

Brisbane, on the other hand, is not so well served. While the area covered by the Brisbane City Council has a respectable proportion of greenspace, much of the remaining area of the so-called ‘200 kilometre city’ – Noosa to the Tweed and beyond down towards Byron Bay – is grossly deficient. We refer you to our website, within which you will find the Brisbane Line series of brief discussion papers. The issue of greenspace is dealt with extensively, beginning with “The 200 Kilometre City”, October 2002, by Peter Spearritt

([http://www.brisinst.org.au/resources/spearritt\\_peter\\_200km.html](http://www.brisinst.org.au/resources/spearritt_peter_200km.html))

- **Can green zones be multi-purpose – serving the recreational and social needs of city dwellers while also providing habitat and environmental benefits for native flora and fauna?**

Why not? Most greenspace around Australia’s cities is of this character. Very little is true wilderness. Very few greenspaces are single purpose, and very few should be single purpose. Flexibility of purpose provides greater political resilience as well as emphasising social relevance of greenspace.

- **Is it appropriate to provide incentives to encourage partnership arrangements with land holders and developers to preserve remnant vegetation on private lands?**

This is a well-established principle and has been of benefit in many situations. Arguments against such arrangements could be found. For example, it may be that a landowner may seek to create a private benefit from public inputs, to engage in rent-seeking behaviour. On balance, transparent rule-based arrangements are to be preferred to *ad hoc* negotiated deals.

- **How do we ensure that preserved sites of built heritage are culturally valued and appropriately integrated into planned developments?**

There is often conflict between built heritage and emerging land use. Obsession with either maintenance of heritage townscape or renewal can lead to obsessive results. While it is important to keep some examples of where we came from, it is also important not to prevent or constrain change in ways that restrict choice for no better reason. We can use the zoning known in Queensland as ‘character residential’ as an example of an attempt at compromise. Here, all infill renovation building has to conform with the character of a streetscape. One question is whether, after years of this zoning, the character will be uniform and dull, rather than evocative of the character that was to be preserved.

- **How do we ensure that public green zones are integrated into new developments?**

Governance of land use is a critical issue to this question. In Queensland, developers have more power, due to the compensation law, than in some other jurisdictions. Local government impositions that reduce the profitability of a development can be challenged successfully, and compensation sought where local government imposes controls. State legislation does not permit many carrots or sticks to be deployed in the interests of good planning. Thorough overhaul of the governance structures of land use may be required, but political will to do so will rarely be in good supply.

- **A further, and overarching, question is how governance of land use and its planning impacts on urban greenspace.**

We have already commented on the importance of the social and legal institutions governing land use, for example, in our response immediately above. We believe that this subject deserves intense scrutiny, given the wide variety of models available within Australia, let alone in foreign jurisdictions. We do not, ourselves, have particular expertise in this field, however, we see the results of governance failure all around Australia. We would urge the committee to search for expertise on this matter in order to adequately document potential models that

might be used for reform of governance structures in jurisdictions around Australia.

## **5. Develop sustainable transport networks, nodal complementarity and logistics.**

- **What initiatives can assist in the reduction of automobile dependence?**

We focus on the Federal government's potential contributions. The most glaring anomalies are the income and FBT taxation regulations that reduce the cost of automobile usage relative to public transport, walking or cycling. There is no provision for salary packaging of commuting costs except for the private car. Moreover, salary packaging of motor vehicle leasing imposes minimum kilometrage that forces leaseholders to drive and drive and drive. The inane counter-productiveness of this taxation policy cannot be over emphasised. Were the regulations reversed, so that employers were free to offer FBT paid period public transport tickets, or cycle and cycle parking/change facilities lease packages, but no subsidy to automobile use apart from directly work required use of badged company cars, the playing field would be tipped toward reduction of external social costs.

There are a host of other initiatives available to state and local governments, many of which are currently operating in different jurisdictions. We will comment only on one issue, that of investment criteria for road funding. It is conventional for benefit cost analyses that inform road-funding choices to take into account only the direct consequences of the road improvement, without adequate consideration of the induced demands. An example is the federally funded national highway scheme, one that Auslink is planning to phase out. In this scheme, a highway, being part of the national system, is funded on the basis of its contribution to national connectedness, interstate travel and freight transport. Where that highway also connects urban locations, as does the Gold Coast Motorway, and the Gateway Motorway, both in South East Queensland, the investment serves urban, and commuter transport as well as the national purpose. Funding takes into account only the existing use profile of the motor traffic task, so these motorways

were expected to divert some local traffic from state and local roads. However, no account was taken of the inducement to change land use created by these highways. The Gold Coast Motorway, along with the freeway replacement for the old Pacific Highway route from the Tweed to Byron Bay and beyond, has stimulated suburban and beachfront holiday housing development throughout the Gold Coast and far Northern NSW. Significant commuting from as far south as Pottsville north to employment locations on the Gold Coast and thence to Brisbane, is now possible and therefore has developed. The use of these national roads for national purposes has been severely compromised by this inappropriate use. Similar stories can, no doubt, be told around the greater metropolitan areas of all our cities.

The main point of this argument is that investment in our road system generically underestimates induced long run demand and underestimates social costs, whereas investment in other forms of transport do not, and, to the contrary, have to pass hurdles higher than a complete analysis would require. This is due to the artificially low hurdle for investment in roads.

- **Should new transport technologies, such as electric cars and buses, be promoted as alternative to conventional fuels?**

Many technical possibilities may be valuable. The particulars are of a technical, and not a policy or political, nature, and may be passed over by this committee.

- **What are the features needed in new settlement areas to encourage more diverse and sustainable transport networks?**

The fundamental factors absent from current orthodox transport planning is failure to consider public transport infrastructure as part of the infrastructure required when greenfield developments are planned. While one can argue that up-front funding of infrastructure is generationally inequitable, as the initial purchasers pay for what will serve the development for decades, or even centuries, it cannot be argued that transport infrastructure is fundamentally different from water and sewerage, or any other utilities. Where a community of, ultimately, some 50 to 100,000 is planned, it is foolish to allow that development

to proceed without any public transport, because at any one point in time over one third of the population cannot drive, because they don't have driving licences. They may be under 17, or at any age over that and never have learnt to drive, or no longer (though choice or some form of disability) be able to drive. It is time Australia reconsidered its attitude to public transport infrastructure before too much more sprawl imposes costly and damaging motor car dependence on those whose choices are already far too restricted by poor land use planning and remote employment locations.

- **What is the role of federal government in assisting metropolitan areas to restructure transport networks in line with more sustainable settlement patterns?**

See our comments above on the taxation system.

In addition, the federal government should re-invent its role in our cities, where almost all of us live. The present government has washed its hands of our cities, in a cost-shifting ploy to reduce federal expenditures and responsibilities.

However, we argue that these are nationally important issues requiring a national response. Even in the narrow accounting of international competitiveness, if our cities become inefficiently costly, our national income and wellbeing will be constrained, export industries will suffer, especially in the services sector within which we already earn something over 25% of export receipts, and Australia's ability to attract investment from overseas will be reduced

**What are the needs of transport systems for them to be equitable, accessible and economically viable?**

To be economically efficient, any activity must cover its full social costs, that is, both costs directly attributable to the activity, and all costs created by that activity but not directly borne by it. Any activity must also be credited with all benefits it creates, both direct benefits and indirect ones. It is inherently difficult to accurately measure all the benefits and costs of transport systems. As we have explained above, for road transport, both passenger and freight, costs are

underestimated and benefits overstated. For all other forms of transport the reverse is the case. Economic efficiency demands re-balancing.

To be equitable, society must apply appropriate measures to improve access for those judged needful of better access than economically justified. Trade-offs between budgetary cost and distortion to efficiency must be made. The political process yields the groups to be assisted, bureaucratic process yields the assortment of measures available. It is the case that while the politicians press the cases of various constituencies, the bureaucracy is inherently timid in suggesting alternatives, and probably intrudes on the political process far too often with cries of 'this cannot be done'. Other submissions will be specific on measures that can be taken. We caution the Committee to consider carefully the bottlenecks and dead ends created by bureaucratic processes. Where economic efficiency is supported by a superstructure of process known as economic analysis (though we also acknowledge that this economic analysis is too often very narrow), no such framework is able to cover the analysis of equity and access with adequate breadth of vision.

- **Is a more decentralised nodal type of transport network appropriate for commuter and traveller needs?**

Transport networks have to fit land usage. If a nodal city is desired, and this seems to be the case for offering wider choices to residents and the economically active, then encouraging nodal land use will require a nodal transport network. This land use model also appears to reduce the cost of transport overall, for a variety of reasons. One of these reasons is improved utilisation of infrastructure, if both peak flows are reduced relative to off-peak flows, and tidal flows are reduced. Both these are characteristic of nodal as against radial cities.

- **What are the transport logistic needs of industry and how can these be managed in a sustainable city?**

The integration of land use and transport applies as much to the freight task as it does to passenger transport. It is again the case that the costs of road freight transport are underestimated and the benefits overestimated, while for the costs

and benefits of non-road freight this is reversed. We can mention the different industry structures for road freight as against other modes. The road task is undertaken by a highly, even excessively, competitive industry comprising a large number of small firms, the owner-drivers, selling their services to a smaller, but still large, number of forwarders and a much smaller number of major direct users, such as the supermarket chains and other large companies with a logistics task. Competition results in small profit margins, great pressure for high productivity and not a small amount of cost shifting onto the weakest bargainers in the system, the owner-drivers. It can be argued that this produces very cheap road transport, but it also results in high social costs, most obviously those of road accidents consequent on excessively high pressure to reduce costs. Other transport industries do not have this characteristic, thus road transport is apparently cheaper than other modes, at the margin, where, in fact, another mode has a lower social cost, taking into account direct and indirect costs.

## **7. Develop urban plans that accommodate lifestyle and business opportunities**

- **What planning models and zones can we use to accommodate the different lifestyle needs and preferences of Australians in cities?**

Markets for housing and for other economic activities may not be perfect, but they do offer much information about what Australians want. Markets make plenty of mistakes, especially when interacting with inappropriate planning regimes. So we find too many housing developments remote from employment opportunities, lacking adequate transport and imposing environmental costs on the community because they ignore implications for clean water and air at the very least. Nonetheless, improving planning regimes in ways that this committee might suggest will do so in light of information provided by market evidence. Preferences for locations closer to metropolitan CBDs seem to have strengthened over past decades. Tolerance of, and preference for, apartments rather than detached houses is an important element in this. There is evidence that buyers of apartments treat these purchases more like the purchase of a significant household capital item, paying a price for the item new and expecting some immediate



depreciation, though perhaps still hoping for capital appreciation in the medium term. If an apartment, like a car, is expected to run down and be replaced, what does this imply for the economic lifetime of an apartment block? What does it imply for the economic and social character of the district in which an age cohort of such apartment blocks are located? Is a lifecycle of decline and renewal inevitable? Is it perhaps desirable? Distinguishing between locational value of a piece of real property and its improved, and depreciated, value, becomes more significant the more highly capitalised is the improvement. But, the higher the unimproved, or locational, value of a piece of land, the more capital can be invested in improving it.

This indicates that in the very long term land use planning must be sufficiently flexible that market preference changes and life cycles of capital stock can be accommodated.

- **Are urban hubs and communities concentrated around public transit nodes an appropriate future model to suit Australian lifestyle needs?**

The short answer to this question is obviously 'yes'. Accommodating changes of preferences will clearly be simpler if there are a variety of communities offering wider choices of lifestyle and varieties of access to what is desirable in those lifestyles. Given the increasing locational values of urban living and working spaces, alienation of such space for roads and parking becomes increasingly expensive, reducing choices for all but the most wealthy. Thus the cost of car-based transport as the basis of access to lifestyle facilities will be increasing relative to access via other forms of passenger transport.

- **How do we transform existing suburban and inner city developments into more sustainable forms of community living?**

As Professor Pat Troy has pointed out recently, much high-rise development is environmentally expensive when the energy costs of living in such high-rise are considered. It is not clear whether he was including the costs of road infrastructure in a high-rise context compared with a detached and low rise alternative. We would argue this should be done, as argued above. However, his

argument indicates that a simplistic preference for apartments as against sprawling suburbs has to be severely tempered by the poor design of most current high-rise housing stock. Other submissions will doubtless point out that this can be much better done. Again, appropriate governance structures are required to ensure that indirect social costs and benefits are taken into account by developers and planners. Such structures are not the case currently in many, if not any, jurisdictions.

As far as transport is concerned, it is our considered opinion that major public investment in passenger transport is justified in all our major cities. The technical means of doing so are available. The financing of such investments requires imagination and political will. Current bureaucratic and banking opinion is very timid. Bankers look at tollways as a model, and conclude immediately that passenger transport cannot be financed. They fail to take into account a number of possibilities beyond the farebox. Value capture is being discussed very cautiously. The Mayor of Brisbane, Tim Quinn, recently canvassed a betterment tax on landowners whose speculations have brought great private benefit due to public investment. State politicians run from such an idea in public, though who knows what they discuss in private? Sale of air rights over public facilities is an example of value capture. Another example is at the Brisbane Airport. The very contentious shopping centre proposal by the Brisbane Airport Corporation includes a new station on the airport railway line, a station included in the original plan for the rail connection, and for which the footings were put in place when the rail link was constructed. This shopping centre will result, not only in the unfortunate extension of peak hour traffic problems at the airport entry, and the devaluing of retail investment at nearby Toombul Shopping Town, but in the almost immediate recouping of all funds invested in the railway to the airport.

We argue that various forms of value capture can provide finance for many public transport schemes that are currently off the agendas of governments because they don't want to borrow, or can't see how to capture real returns to pay interest on borrowings.

But it can also be argued that public borrowing for infrastructure can be easily justified on direct and indirect grounds. Directly, the investment will return economic benefits to the constituents who pay taxes to fund interest payments to investors. Public borrowing can thus be justified even if private borrowing cannot. Indirectly, the issue of infrastructure bonds will serve at least two purposes. The first is to spread the cost of the investment in new infrastructure over those who benefit, for generations to come. Why should infrastructure investment be paid for by taxpayers at the time of the investment, when these taxpayers won't be alive to enjoy the investment as time goes by? Their grandchildren will also enjoy it, so should pay their share of its capital cost through taxes to pay interest on the bonds issued to finance it all those years ago. The second reason is to provide the Australian government with another justification for indebtedness that satisfies inter-generational equity, but also deepens the bond market within Australia with consequent improvement of the operation of monetary policy and the money market in general. This provides more stability to our monetary system, a stability that might be hard to simulate in the absence of the issue of bonds that embody a real return on the original disposition of the funds raised by their issue.

- **How do we ensure that further urban expansion occurs as planned community developments?**

We have mentioned before the importance of appropriate governance structures. The balance of interests of landowners, property developers, local, state and federal governments representing the broad social interest, has to be maintained in light of the importance of costs and benefits external to the vested interest groups. These external effects, to which we have referred extensively above, result in markets failing to achieve the best results for society as a whole. The governance of urban planning is required to allow social externalities to be entered into decision-making where private interests would ignore them. Transparent rule-based governance, that is timely and free of excessive appeal procedures or avenues for special pleading, will serve us better than arcane bureaucracies with

decades of case law encouraging casuistry. The more appeals possible, the less planning desiderata will be achieved.