

URBAN DEVELOPMENT INSTITUTE OF AUSTRALIA

Submission 2 for

Inquiry into Sustainable Cities 2025 7 MAY 2004
A blueprint for the future

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Secretary: *Paul Swan*

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON
ENVIRONMENT AND HERITAGE

Preamble

UDIA has given careful consideration to the Inquiry's Terms of Reference and since making an initial *response*, has followed the Inquiry's progress. Our original intent was to provide a detailed response to the Blueprint. However after further consideration, we are proposing here a series of suggestions for advancing the goal of more sustainable Australian cities, which we hope will be of use to the Inquiry. We would welcome the opportunity to discuss further our suggestions or other relevant matters with Inquiry members or staff.

Eight suggestions follow. They are not *prioritised* as we *believe* all are equally important.

1 Urban myths and misunderstandings

There are many misunderstandings and considerable diversity of view about how urban development occurs. Whether policy is well founded or just good ideas or solutions looking for problems is not easy to determine. In other words, problems are not always well-defined or shown conclusively to actually exist. Moreover, the good ideas may not be consistent with current community preferences, or may cost more than the value consumers are willing to place upon them, i.e. their willingness to pay. For example, the proposals for new railway lines to link new urban extensions or new towns into the network may be strongly argued on access, transport *efficiency*, equity, environmental and similar grounds. However, if utilisation of the transport extension is well under what was forecast, perhaps because supporting measures to induce *behaviourial* change are not taken, then such expenditure can be simply a waste of public money, and environmentally inferior to alternatives. The cost, capital and recurrent, per actual user is excessive and

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sub-efficient, while the opportunity cost for alternative application of the same resources is likewise substantial and continuing evidence of poor planning.

There is good evidence to suggest that property markets satisfy consumer preferences quite well. In particular, developers respond to consumer preferences much more than lead them. It could be argued that balance should change a little, but the main policy response should be to influence consumer preferences in the direction of **sustainability** and let the market **follow** those preferences. The environmental movement has been good at education. An example where the market works better than widely acknowledge is in regard to the journey-to-work. As Professor Peter Newman claimed at the Sydney Futures Forum on 19 May 2004, average times for the journey-to-work have not changed through successive eras of transport technology or transport mode, from walking to car (see: www.metrostrategy.nsw.gov.au). Similarly, the average time taken for the journey-to-work varies little across metropolitan areas, as the Housing and Locational Choice study funded by the Commonwealth Government in the 1980s showed. There is also supporting evidence from Population Census data. This suggests that people adjust either job or residential location over time. The system works fairly well; it could be improved, but it is not behaving in the way many claims suggest that it would or should.

The development industry is keen to support the use of public transport and happy to respond to appropriate initiatives. And it has **learnt** through experience and sought to overcome, some of the problems for security and transport use that were created by **fashions** in urban design.

Therefore, the **report** could emphasise the problem of this diversity and inconsistency in understanding and also **suggest** that **consumer** preferences are **being** satisfied to a greater extent than **popularly** considered. The need is to inform the community about the implications of **their current** preferences and seek to influence them in the direction of sustainable development. Demand led solutions may be more effective and more efficient than supply (provision). There is **also** a need to demonstrate beyond reasonable doubt that the problems for which solutions are proposed actually exist to a **degree** that warrants the action taken.

2 Informing the community by price signals

Allied with the problem of urban myths and the diversity of understanding about urban issues, is the problem of how to inform people about the consequences of their locational decisions. Whilst distance from desired locations (work, shopping etc.) is reflected directly in land prices, it is only an aggregate measure of the cost of location. Using price signals for individual infrastructure elements, resource management and environmental measures targeted directly at the final resident would help lead to better location and household operational decisions (and business for that matter). At present many of these infrastructure prices are directed at the developer via developer charges, and they are obscured in the final price of land. The resident is unaware of the absolute or relative environmental and social costs of their decisions.

Therefore, methods of **funding** infrastructure (**ie** who pays) should be structured in ways that send clear price signals to consumers.

3 Development corporations as a means of achieving sustainable goals via secondary benefits

Development corporations are now being considered for greenfields development. The UDIA welcomes this approach. It is partly led by the desire for greater **efficiency** in infrastructure provisioning and **financing**, but it has the secondary benefit of better management of the development process. In that way it can take a strategic approach to the development of large areas and efficiently incorporate environmental and social practices that meet the criteria of **sustainability**. Such development corporations should not be limited to state government instrumentality infrastructure but include local infrastructure usually provided via the agency of local government through problematic systems such as s.94 charges.

Therefore, the use of development corporations should be considered and such **development** corporations **should** include state and local infrastructure provisioning. Such corporations should be used to pursue sustainability objectives in a comprehensive and consistent manner.

4 Process is important but strategic approaches are essential
Strategic approaches to conservation and urban management are essential to provide a planning framework and directions for urban development, and to avoid the inefficiencies and diversions associated with current approaches

that rely heavily on process and consequently operate essentially on a case-by-case basis. This has been the case with the Threatened Species Conservation Act in New South Wales, a problem that has been recognised through current reform proposals.

Process and piecemeal approaches to land-use decision-making should be subordinated to strategic approaches.

5 Masterplanning avoids piecemeal solutions

Large-scale development and comprehensive urban renewal allows for development to be undertaken in accordance with a masterplan. Such planning can be done within the framework of existing planning instruments or new and better ones. It allows for comprehensive attention to social and environmental considerations. With urban renewal, the costs may appear high and amalgamation of properties can be a problem. The outcomes can be beneficial and the price of housing when adjusted for quality should be comparable with piecemeal development, i.e. no more expensive. Comprehensive urban renewal and even greenfield development may involve government participation, sometimes in the form of projects like those undertaken in the Building Better Cities program. It would be useful to conduct a review of these projects now, through comprehensive cost-benefit analyses, to see if in the longer term the benefits compared favourably with the costs, and identify system improvements. Special attention would need to be given to defining benefits, especially those that brought wider benefits related to sustainable development.

Therefore, **masterplanning should be encouraged in development and redevelopment by government frameworks that enable the scale of projects to be large enough for this practice.**

6 Efficient rather than liberal provision of green zones

Australian cities are already liberally supplied with green zones. For example, between 1971 and 1992, 14% of land subdivided on Sydney's urban fringe became green zones such as open space, drainage reserves or habitat protection areas. Open space is the third largest land use in the metropolitan area; residential is followed by transport then open space. The land take for open space has probably increased since 1992 with small lot development. Small lot development was encouraged by changes to planning controls and the setting of density targets (that ironically excluded most open space). It has transferred open space from the private domain of backyards to the public

domain. Whether this is a desirable policy for the long run is open to question. In addition to this, the incidence of open space in and between major release areas only adds to travel distance. It is not possible to conceive of release areas of even ultimate populations of 100,000 being self-contained. It would simply be a constraint on labour mobility. Small lot sizes also reduce the prospects for future redevelopment. Areas of Sydney and other cities where lot sizes were originally less than 600 square metres experienced far less redevelopment than areas with larger lot sizes. And this applies to subdivisions up to more than 100 years old.

Therefore, develop criteria to evaluate the benefits of green space and thereby ensure its efficient provision. Review the current emphasis on universally pursuing small-lot development for future flexibility to adapt urban areas to needs.

7 Developers contribution to knowledge not put to good use

Developers now spend millions of dollars each year on studies concerned with environmental and heritage conservation, and after that may spend time in court debating the findings of these studies. The information is mostly used once only, to make a decision about a single development. The data are rarely accumulated and used to refine either policy or strategic planning objectives. Academics would welcome some millions of dollars in research money to investigate similar phenomenon, and the results would then be publicly available. Some means of harvesting these data and recycling for further environmental purpose would be beneficial. One might have to start with another study, one that advised local government on how to capture and make available these data, and for higher levels of government some means of using and monitoring the work.

Therefore, find means of using data generated in developer funded studies to improve regulation and the way sustainability objectives are framed and implemented.

8 Urban management for sustainability is whole of government. Accountability is important

State governments are coming to realise that to be globally competitive, good urban management is important and a whole of government approach needs to replace the semi-autonomous operation of the major infrastructure, social service and environmental portfolios. The metro area (and the state for that matter) is a corporation in a spatial sense. To fragment its management

seems foolish in this modern age. But its significance seems to have escaped the Commonwealth Government, which is happy to leave property and urban planning and development related issues to the states. An alternative approach, consistent with concepts of good management, is to foster accountability by the states and local government. For example, a level of public accountability could result from a requirement in a biennial forum for each state to report on and share their experiences in sustainable urban management. And rather than slightly expanding the planning ministers' forum, the participation list should be extended to the other major groups of stakeholders, ie the community, NGO's and the business sector.

Therefore, the Commonwealth Government should convene biennial sustainability accountability forums for state governments, which include participation by business and the community.
