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Committee Secretary
Standing Committee on Environment and Heritage
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam,

Thank you for the opportunity to comment on the development of a Sustainability Charter for Australia.

The Planning Institute of Australia (PIA) is the peak professional body for urban and regional planners and associated professions in Australia and represents 4500 members. The Institute is concerned with promoting the creation of sustainable cities and regions and believes that the Commonwealth must have a greater focus on these issues. The development of a Sustainability Charter is a key step forward for Commonwealth engagement in national urban policy and should be seen as

PIA agrees with the previous findings of the House of Representatives Environment and Heritage Committee, that the purpose of the Sustainability Charter is to set a series of achievable targets, agreed by all Australian Governments. This is to support a system of additional Commonwealth funding to the States and Territories as they deliver policies and strategies which demonstrably achieve the targets.

The attached background paper provides further information on the frameworks and processes in which a Sustainability Charter may be developed. This work derives from a Sustainable Communities Roundtable, co-convened by PIA and other industry partners. The final report is yet to be released and a copy will be sent to the Committee, once available.

In general terms, PIA believes that the Sustainability Charter should be framed with reference to the following principles.

1. **Performance based targets.** The sustainability objectives enshrined in the Charter should specify *what* outcomes are to be achieved but not prescribe *how* these are to be achieved.
2. **Independent and public verification.** Progress towards the adopted sustainability objectives must be capable of independent and authoritative verification by a third party, whose processes and findings are subject to public scrutiny. This is described in further detail in the background paper.
3. **Nationally consistent, regionally specified.** The objectives should relate to a common set of sustainability parameters, but the specific targets set within each of these parameters should recognize regional differences. Regional categories should be kept to a minimum for the sake of clarity and ease of administration. PIA recommends the following groupings:
 - Metropolitan
 - Regional Australia
 - Remote Australia
4. **Sustainability parameters.** The Charter should adopt the triple bottom line approach and set targets for social and economic sustainability, as well as for sustainability in the natural / physical environment and for governance issues such as regulation and consultation..
5. **A small number of high impact indicators.** Rather than seeking to describe all facets of sustainability, the Charter should enshrine the *minimum* number of indicators required to elicit the required policy, strategy and action response from the Commonwealth, State, Territory and local governments. Progress against these strategic indicators will signify achievement of multiple sustainability gains.

Applying the five principles outlined above and in regard to the background paper, PIA proposes an indicative structure for the targets to be incorporated into a Sustainability Charter:

Sustainability Parameter	Indicator	Objective (example only*)
Environment	Transport Mode Split	20% of all vehicle trips in the region will be undertaken by public transport by 2020
	Water Consumption	Average water consumption per capita in the region will not exceed 240 litres per day by 2020
	Greenhouse Gas Emissions	Greenhouse Gas Emissions from the region will not exceed 110% of 2006 levels by 2020
Economy	Gross Regional Product per Capita divided by Gross Domestic Product per Capita	By 2020 average per capita income in the region shall not fall below the national average
Social	Gini coefficient of household income distribution	By 2020 the Gini coefficient for the household income distribution in the region shall not fall below that registered in 2006
Governance	Regulatory processes for supply of land for development	By 2020 land will be available on the market in 10% less time than the average time taken in 2006.

* These would be differentiated between the regional groupings

Case study of sustainability indicators being applied to manage regional growth – South East Queensland

The South East Queensland Regional Plan 2005 – 2026 recommends that sustainability indicators monitor changes in economic, social and environmental factors for the region. These indicators will be developed in more detail in the State of the Region Report which will be produced as part of the five year review of the Regional Plan. Collectively these indicators will provide a snapshot of the ongoing sustainability of SEQ.

Initial sustainability indicators proposed for SEQ cover the areas of natural environment, strong communities, urban development, economic development, infrastructure, water management and integrated transport. These indicators will change as new information becomes available and further studies and strategies completed¹.

Whilst a comprehensive list of indicators is still to be developed the Regional Plan does include targets which have already been determined under other studies.

For example SEQ has a limited water supply to meet the demands of consumers and reduced usage can delay the need for expensive and sometimes socially disruptive infrastructure (such as acquisition of land for water storage).

In this instance the Regional Plan² recommends water consumption targets per person per day of:

- 270 litres per person per day by 2010
- 250 litres per person per day by 2015
- 230 litres per person per day by 2030
- or adoption of targets identified for each local government.

The timing for the new water sources can be delayed if effective demand management measures are in place, this saving the government millions of dollars in expenditure.

The regional plan also promotes infill and redevelopment to take advantage of existing facilities and services and provide housing choice. To do this it sets targets for local governments to increase the proportion of new dwellings provided by infill or redevelopment to achieve an aggregate target of 40% of all new dwellings constructed in the region between 2004 and 2016, increasing to 50% between 2016 and 2026³.

¹ Qld Government (2005) *South East Queensland Regional Plan 2005 – 2026 P24*

² *ibid* P101

³ *ibid* P65

PIA would be happy to further elaborate on these issues with the Committee and please contact Liz de Chastel, PIA National Policy Co-ordinator on telephone 02 6262 5933 if you require further information.

A handwritten signature in black ink, appearing to read 'Di Jay', with a horizontal line extending from the bottom of the signature.

Regards
Di Jay
Chief Executive Officer
8th June 2006

BACKGROUND PAPER

House of Representatives Inquiry into the Development of a National Sustainability Charter

1. General

The development of a Sustainability Charter is a key recommendation of the Institute's Policy on "*Liveable Communities – How the Commonwealth can foster sustainable cities and regions*" and which was referenced in many areas within the final report on Sustainable Cities. A copy of the Liveable Communities Policy is attached to this submission.

PIA believes that if the States and territories are required to meet targets and milestones set out in the Charter this will lead to improved performance in a range of areas including economic growth, settlement patterns and infrastructure development.

Since the release of the Sustainable Cities Report, PIA has been working with other key industry groups to obtain agreement on a national action plan for sustainable communities. The early findings from this work are discussed in the following sections.

2. Sustainable Communities Roundtable

PIA in partnership with the Planning Officials Group, Property Council of Australia and the Royal Architects Institute of Australia convened a Sustainable Communities Roundtable in April 2006. This works build on PIA's Livable Communities Policy and the findings of the Sustainable Cities Inquiry. (A full report of this Roundtable will be made available in the near future).

The Sustainable Communities Roundtable proposes that relevant Australian governments, community groups, non-government organisations and business adopt a shared vision regarding urban communities. They should seek prosperous, fair and sustainable urban communities delivered by Governments and their partners working together.

The key elements of agreement about the response are that:

- A national strategy is needed to improve the competitiveness, social cohesion and environmental management of Australia's cities and major urban areas. This will raise the sustainability of Australia's urban communities from which the nation as a whole will benefit.
- There is a joint responsibility for the development and implementation of the strategy involving local, state and Australian Governments as well as the involvement of business and the community at large.
- The necessary investment and other actions must be guided by specific plans for specific places to meet specific needs.
- The strategy will involve raising the resources to invest in recapitalising communities. The Australian Government will use its financial resources to purchase outcomes of national significance through the states/territories and other parties. Payment will be contingent upon performance audited by an independent body. All of the governments involved in the strategy and its underlying agreements will be subject to review.
- The strategy should also raise the fairness, effectiveness and efficiency of resources already supporting communities by involving the community in key decisions, reviewing and integrating major public policy programs and using a more coordinated delivery approach.
- An independent expert body should assess consistency of the process and actions against the broad principles. Government parties to underlying agreements will be provided with a financial incentive to follow through with their agreed commitments that will be conditional upon this review.

Fundamentally the proposed strategy is about mobilising additional resources to invest in raising the sustainability of urban communities in Australia under a specific strategy. It also aims to ensure that the increment in investment obtains the best value from the resources invested and so complements investment actions with appropriate reforms. The strategy will not replace, duplicate, overlap or eliminate the normal process of good government throughout Australia. It intends to add to them.

The National Action Plan for Sustainable Communities will build in the necessary flexibility to ensure that plans are tailored for specific communities rather than take a 'one size fits' all approach. As a result it is not practical or desirable to specify targets for priority regions. Instead the strategy is to specify the outcomes expected from the activities and investments to be made. These will form a template of measures against which progress will be assessed. This proposition sets out what will be measured.

3. Priority Urban Communities and Sustainability Indicators

The National Action Plan for Sustainable Communities will direct action to obtain improvements in priority urban communities and address specific problems, issues and opportunities in those communities resulting in improvements in:

- Prosperity
- Quality of life
- Fairness
- Sustainability
- Partnerships.

Indicators will be developed to allow quantitative and qualitative assessment of the starting position and assess change. The indicators will measure changes in priority communities as well as assess flow on implications at the local, state and national level. These indicators should be aligned with the vision for the strategy and include the following:

a) Prosperity:

- Employment/jobs
- Productivity
- Gross Regional Product (GRP) and Gross Domestic Product (GDP)
- Competitiveness/economic efficiency

b) Quality of life indicators

c) Fairness

- Health
- Affordable housing
- Access to 'hard' infrastructure services such as transport and utilities
- Access to 'soft' infrastructure such as education and health

d) Sustainability

- Ecological footprint
- Environmental quality
- Resource efficiency
- Climate change

e) Partnerships

- Regulatory and institutional reform
- Government/business/community leverage
- Consultation/collaboration
- Openness and accountability.

Raising sustainability in priority urban communities will result in a substantial sustainability productivity dividend.

The expected economic gains are already well documented. A recent report foreshadowed that improved infrastructure provision and regulation throughout Australia could raise GDP by around 2 per cent or around \$16 billion per annum.⁴ A more detailed economic analysis has found that capping traffic congestion and other related problems in the Sydney metropolitan region at 2006 levels had a value today of around \$11 billion. More importantly, the benefits of addressing such problems were as important, if not more, so for surrounding communities such as the Hunter and Illawarra regions and produced net gains that would be felt across Australia.⁵

4. Defining indicators

A key challenge in becoming more sustainable is the lack of information about the sustainability performance of specific areas. Much of the data in the categories identified above is not available for all of the priority urban communities likely to be included in the National Action Plan. This lack of information makes it difficult for urban communities to compare their performance with other communities and therefore improve their performance.

The precise categories of data to be included within the strategy will have to be determined as part of the strategy. A major step in development of information and performance indicators is the specification of guidelines or a template of indicators. To assist it is foreshadowed that:

- The Treasurer of the Australian Government will provide an inquiry reference to the Productivity Commission asking it to analyse existing measures and data sources including international best practice and recommend appropriate indicators at each level.
- The PC would investigate and identify the performance information that is practical to obtain and useful for decision makers to support the aims and objectives of the NAP for Sustainable Communities and the implementation of the Sustainable Communities IGA.
- The PC would also suggest general categories of performance information that was useful for the development, implementation and review (that is, impact assessment) of area plans. The performance information framework would address the sustainable communities principles established in the IGA. The framework would be required to assess the scope for making use of information collected and used by all three levels of government as well as identifying if additional information is required.

⁴ Port Jackson Partners, 2005.

⁵ Centre for International Economics, 2005, *Sydney's Transport Infrastructure: The Real Economics*, prepared for the Sydney Morning Herald, The CIE, Sydney.

The SCC will consider the PC report and recommend through the Treasurer to COAG its preferred three tiered model of measures and reporting framework

5. Measuring Performance

It is proposed that the strategy should build in arrangements to measure the dividend from raised sustainability. This should be viewed as a normal part of performance accountability. A range of approaches should be employed, which are listed below:

- Growth accounting — essentially this involves a deductive reasoning approach that identifies observed growth and eliminates all other possible factors. The residual contains statistical error as well as crucial multifactor productivity gains. It should be feasible to isolate a component of the multifactor productivity gains that are attributed to changes due to the proposed NAP.
- Industry indicators — partial indicators of changed performance in key sectors of activity (energy, water, transport etc) should be tracked and reported. This should span factors such as prices charged for services, as well as inputs consumed to produce services.
- Government and infrastructure services performance — expected outcomes of the proposed NAP is to raise investment in high priority activities and to raise the sustainability of activities in general. Among other things this should raise the performance of the delivery of government as well as infrastructure services. The performance of governments in the provision of mainstream services is measured each year in the *Report on Government Services* published by the Productivity Commission. The NSW Government has produced a report regarding the performance of Government Business Enterprises (GBEs) covering many public infrastructure services, but the value of these have fallen considerably with the privatisation and corporatisation of many of these services. It would be beneficial to obtain improved data about infrastructure services in general, no matter what their ownership status was, as a means of assessing performance in the area and the NAP.
- Broader measures — some aspects of the proposed strategy have the effect of raising outputs that are not priced in the market and, therefore, would not appear as gains in traditional economic accounts. It would be valuable to develop a series of indicators that reveal impacts in such areas and seek to account for the change that is attributable to the NAP.
- Area impacts — there is a need to develop indicators of performance at the area level.
- Social and environmental indicators — identifying the dividend here could relate to developing measures to show how the cost of improved performance in these areas under the NAP differs from other measures. It may be feasible, for example, to compare changed performance in

greenhouse gas emissions through better planning arrangements with reductions able to be achieved through investments in new technology and plan.

6. Framework for National Action Plan for Sustainable Communities

The National Action Plan for Sustainable Communities will be defined in an agreement that will establish:

- outcomes to be achieved
- agreed principles
- roles and responsibilities of the parties to the agreement
- a Sustainable Communities Commission (SCC)
- a Sustainable Communities Fund (SCF)
- eligible categories of for investment under the SCF
- eligible participants in programs of the SCF
- funding arrangements including for preparing Urban Action Plans
- investment rules and criteria
- a process of legislation and regulation review
- timing and milestones
- monitoring, reporting, evaluation and review arrangements.

Eligible parties will develop Urban Action Plans that specify local deliverables, milestones, a program of investments and the management arrangements for implementation consistent with the principles and outcomes of the agreement.

The process of developing and implementing the National Action Plan for Sustainable Communities plan will place emphasis upon inclusive decision-making. In particular Urban Action Plans will be required to draw upon input from government, business and community interests.

Principles that are suggested as a starting point are provided below.⁶

- a) *Subsidiarity* — provides for decision making at the lowest appropriate level.

⁶ See The Allen Consulting Group 2002, *Recapitalising Australia's Cities: A Strategy in the National Interest*, a report to the Property Council of Australia. See also European Commission 1998, *Sustainable Urban Development in The European Union: A Framework For Action*, Communication from the Commission, To the Council, the European Parliament, and the Economic and Social Committee and the Committee of the Regions and OECD 2001, *Cities For Citizens: Improving Metropolitan Governance*, OECD, Paris.

- b) *Integration* — many of the characteristic problems of urban areas are multidimensional and can be traced to a lack of integration amongst public sector activities, between different levels of government and between various policy sectors. Basically this principle requires a genuine whole of government perspective.
- c) *Partnership* — this is needed because complex urban problems cannot be solved by single government bodies or agencies alone. It is important to involve citizens, the private sector and community interests at the local level if aspirations are to be crystallised and realised.
- d) *Environmental sustainability* — involves a precautionary approach and the efficient use of natural resources and minimising waste and pollution. Actions and policies have to be reconciled with their implications for environmental systems. Actions and policies should look to enhancing or preserving environmental assets. Managing areas where human communities live and work should also take into account the context of the wider bio-region.
- e) *Equity* — actions and policies taken in communities must be designed to promote equity, equal opportunity and equality of access. Arrangements have to be fair.
- f) *Economic efficiency* — this reflects the imperative to strengthen the economic potential of communities. This principle also recognises that intervention is often required because of market failures.
- g) *Spatial implications* — because the spatial dimension has been underplayed for so long in Australia it is important there is a specific principle included when framing an Australian approach. This would oblige the consideration of actions and policies to take account of the specific urban context. This would be helpful in ensuring that strategy development did not fall into the trap of attempting to merely make standard policies 'urban' friendly.
- h) *Accountability and transparency* — there needs to be accountability at two levels (at least): for the process, which has to be open, transparent, fair and consistent with high standards of probity; and for the outcomes of actions, which have to be efficiently and effectively delivered. It is insufficient to merely hold decision-makers accountable for inputs, which was a traditional model of accountability.
- i) *Evidence based* — interventions and investments should be based upon objective analysis and evidence. Where evidence is limited specific expert input should be obtained. In line with other principles, especially accountability, the evidence should be treated transparently and

accessible available to those that are likely to be feel the impacts that flow from decisions.

- j) *Public/Private neutrality* — given that private investment accounts for the majority of the stock of capital already invested and is making up an increasing share of future capital investment, it is vital that elements of a national strategy that deals with substantive investment should also include private investment. In addition, there should not be a bias toward public entities merely on the supposition that they will be more sustainable.

The national strategy must involve:

- the application of agreed principles to raise sustainability based on expert insight and the values and insight of people within the communities targeted in the strategy;
- formulation of agreed plans, targets, actions and investment plans with clear milestones for specific areas that are consistent with the agreed principles;
- the establishment of an independent review process to assess the consistency of plans against the principles and the performance of actions against targets;
- increased investment drawing upon Australian government funding, state government funding and funding leveraged from other sources directed according to Urban Action Plans and the agreed principles; and
- measures consistent with the agreed principles to raise the effectiveness of existing activities or activities that are currently planned.

7. Conclusion

Much of the above information has come from a draft report of the Sustainable Cities Roundtable, to allow early consideration of the main principles endorsed by this roundtable. The more comprehensive final report will be made available to the Inquiry in the near future and this provides much more in depth analysis of many of the issues raised above.