

Business
Council of
Australia



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**Submission to the
Department of Infrastructure and Transport
on
National Urban Policy**

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THE OPPORTUNITY FOR AUSTRALIA'S CITIES

The Business Council of Australian (BCA) welcomes the opportunity to make this submission on the development of a National Urban Policy.

The BCA is an association of the CEOs of 115 of Australia's leading corporations with a combined workforce of more than 1.2 million people. The BCA provides a forum for Australian business leaders to contribute directly to public policy debates. The BCA's goal is for Australia to be the best place in the world in which to live, learn, work and do business. Through research, communication and advocacy, BCA members pursue economic, social and environmental policy outcomes for the benefit of all Australians.

Australia's cities consistently rank well in international comparisons. With our population projected to grow by around 60 per cent by 2050, they will be home to more people and will play a central role in Australia's future economic and social development.

The national urban policy initiative provides an opportunity to identify the institutional and policy frameworks required to harness opportunities from growth and make our cities of the future even better places to live and work than they are today.

The BCA's submission endorses the need for governments to commit to long-term improvement in the productivity, liveability and sustainability of our cities by adopting a national approach to urban policy under which:

- all governments recognise the importance of integrated strategic planning as the foundation for achieving positive long-term outcomes for cities and their communities
- best practice strategic cities planning is promoted and sustained into the future, supported by the development of a set of indicators to measure outcomes and monitor success
- urban investments that qualify for federal funding are demonstrated to be priorities under an integrated strategic city plan and/or arising from Infrastructure Australia's priority projects list.

The remainder of this submission explores some of the issues relating to Australia's governance frameworks that require consideration in a national urban policy.

These can be categorised under four key themes:

- national policy leadership
- effective federal–state relations
- infrastructure funding
- better strategic city planning systems

A high priority for all governments should be to address constraints to productivity growth within our cities as they grow. A strong economy is essential for achieving sustainable development through economic, social and environmental investments and higher levels of wellbeing in our cities. Some of the emerging challenges for productivity growth include conflicts between land uses, the need for corridor reservations, ensuring efficient integrated freight networks and decreasing the costs of vehicle congestion, and the need for better integrated and more streamlined administrative processes across governments and in dealing with the private sector.

NATIONAL POLICY LEADERSHIP

The national urban policy should emphasise the importance for successful cities development of federal government leadership in its core portfolio responsibilities. These responsibilities include economic management, population growth and migration, trade and international relations, and climate change and energy security.

Federal government leadership on population growth will provide a more certain framework for all levels of government (and businesses) to plan and invest to improve the health, amenity and convenience of our cities, while also promoting productivity growth and higher living standards.

The federal government's sustainable population strategy should set out a clear statement of the government's vision for Australia and the trajectory our population growth will need to take to achieve it. The projections in Treasury's Intergenerational Report that Australia's population levels will rise to around 30 million by 2030 and 36 million by 2050 are a sensible and moderate guide to our future growth.

EFFECTIVE FEDERAL–STATE RELATIONS

With three layers of government involved, the national urban policy should identify how Australia's federal system of government can most effectively govern the development of our cities in the future.

The policy should clarify each government's roles and responsibilities, consider ways to improve accountabilities and promote cooperation across governments where a case has been made for joint responsibility.

This will provide a clear framework within which governments can function, help to remove costly and unnecessary interference, duplication and overlap and reduce opportunities for blame shifting. It should also aim to support the contribution of the private sector to cities development through appropriate regulatory and taxation settings, the availability of long-term planning information and access to a skilled workforce.

An OECD report released in 2006 titled *Competitive Cities in a Global Economy* stated that governments at all levels must re-examine their roles and responsibilities and explore ways to foster synergies in a collaborative framework.

Vertical fiscal imbalance raises a particular complexity for intergovernmental relations in Australia. The Commonwealth, as the dominant collector of tax revenue in Australia, makes a number of transfers to the states including through the distribution of GST revenue, Council of Australian Governments (COAG) funding agreements and other discretionary grants.

The national urban policy should identify any institutional reforms that could result in improved allocation of federal funding towards the delivery of infrastructure and services in our cities, either as direct expenditure or tied and untied grants via other governments. Two areas are explored below – infrastructure funding and strategic city planning.

INFRASTRUCTURE PROJECTS OF NATIONAL SIGNIFICANCE

Infrastructure Australia (IA) was established to provide advice on priority projects for federal funding. The BCA has recommended that the role of IA be strengthened through the wider use and publication of cost–benefit analysis of projects of national significance and by helping governments set target service levels in all infrastructure sectors, for example, performance levels for metropolitan rail networks, road congestion, and port efficiency.

IA's advice should be complemented by regular audits of Australia's infrastructure by the Productivity Commission (PC). IA and PC analysis should also help to directly inform better expenditure decisions at the state and local levels of government.

STRATEGIC CITY PLANNING

The successful development of our cities will be facilitated by systematic, integrated, long-term strategic planning to address economic, social and environmental factors and provide for long-term infrastructure needs. Governments will need to better integrate planning of urban centres and infrastructure, including roads, public transport, water and electricity supply, as well as schools and hospitals.

In 2009 COAG agreed to a national set of criteria for capital city strategic planning systems with the objective to “ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth”.

Under the COAG agreement the states and territories will prepare long-term strategic plans for their capital cities in accordance with a set of nine criteria and have those plans in place by 1 January 2012. Future federal infrastructure funding would then be linked to adherence to those criteria.

The aim of the initiative is to factor national priorities into state governments’ long-term plans and thereby provide a stronger platform for infrastructure to be provided to drive national productivity and wealth creation.

This reform process is due to be completed by the end of 2011 with a report on the consistency of planning systems against the national criteria to be released in early 2012.

The report of the COAG Reform Council (CRC) will provide an opportunity to evaluate how effective this approach has been towards supporting better decision making, including a review of the appropriateness of the current set of criteria. It should also consider how integrated strategic cities planning can be promoted and sustained beyond the completion of the COAG process.

Consideration should be given to the development of a set of indicators to measure the success of cities development against COAG’s objectives over time. This should be fully integrated with the proposed development of a set of sustainability indicators under the government’s sustainable population growth strategy.