National Urban Policy

*Our Cities* Discussion Paper

Property Council Submission

March 2011
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Executive Summary

Productive, sustainable and liveable cities will boost Australia’s national prosperity.

This submission:

- outlines a **methodology for designing a national urban strategy framework** based on shared national goals;
- proposes **policy tools for implementing urban strategies**; and,
- proposes **specific policy programs**.

Smart urban strategies can yield dividends as great as those delivered by the outstanding policy reform programs of the past three decades.

Tariff reductions, independent monetary policy, superannuation and managed investment regimes, flexible labour markets, tax reform and National Competition Policy turbocharged Australia’s prosperity.

However, the flaw in these hallmark reforms was a failure to recognise that they would inevitably re-shape our cities, which house more than 75% of Australians and support 80% of economic activity.

In short, cities have been incidental to national prosperity programs.

This submission proposes an urban policy framework to actively leverage social and economic capital in urban Australia, while nurturing the nation’s natural capital.

The key recommendations for a robust urban policy framework are:

- apply a **National Competition Policy (NCP) approach to cities**;
- **link urban and regional policies** under a national population policy framework;
- **set goals for our cities** in the form of performance targets that quantify the benefits cities will deliver to their citizens;
- modernise institutional and governance arrangements to help meet these goals – in particular, place a **single entity in charge of implementing urban action plans** in all major cities;
- **mobilise Federal Government leadership** to encourage states, territories and local government to implement joined-up, comprehensive urban programs;
- **modernise Australia’s development assessment framework**; and,
- **improve civic engagement** by radically improving the quality of community consultation and urban knowledge systems.

The Property Council and Urban Planning Policy

The Property Council has released dozens of planning discussion papers over the past 15 years.

We’ve also collaborated with many stakeholder coalitions, including environmental groups, professional societies, youth networks and industry bodies.

Most recently, our work with the *Built Environment Meets Parliament (BEMP)* partnership has focussed on urban policy issues.

We have also worked actively with the *Australian Sustainable Built Environment Council (ASBEC)* to develop policies for decoupling economic growth from environmental pressure points.

A list of Property Council policy papers is included at Appendix A.
Recommendations

These recommendations are divided into:

- a major theme that promotes a National Competition Policy approach to urban planning;
  and,
- specific program recommendations.

Major theme

Adopt a National Competition Policy Approach to Modernising Australia’s Urban Planning Framework

A National Competition Policy (NCP) methodology provides the optimal basis for designing and implementing a robust urban planning framework.

The core elements of such an approach are outlined in this diagram and explored in subsequent recommendations.
Specific Recommendations

Vision for Australian Cities

The Property Council recommends the Australian Government:

- adopt a vision for productive, sustainable and liveable cities that maximises all forms of community capital – economic, natural, social and governance; and,
- adopt the 10 principles for planning sustainable communities proposed by the Property Council.

National Urban Policy Framework

The Property Council recommends:

- the Australian Government negotiate a comprehensive National Competition Policy style model with COAG members, including an independent commission to ensure progress against targets is rewarded (or penalised);
- urban planning strategies should be designed to achieve national performance targets that address economic, social, environmental and governance objectives; and,
- the Australian Government tie funding of jurisdictions to their performance in relation to meeting COAG’s nine city planning criteria, which should be expressed as agreed, quantifiable performance targets – a carrots and sticks framework.

Set Urban Progress Targets

The Property Council recommends:

- urban planning strategies be designed to achieve clear goals;
- these goals should be expressed as metrics that encapsulate progress toward shaping more productive, sustainable and liveable cities;
- urban strategies should be driven by these metrics, which should be expressed as specific, measurable targets;
- the proposed Sustainable Cities Commission develop a dashboard of metrics that sum up urban progress. This work should be conducted in collaboration with the COAG Reform Council and the Australian Statistical Network;
- all jurisdictions develop state/territory plans based on the South Australian model;
- metropolitan and regional development strategies should incorporate their own targets; however, these targets should support the jurisdiction’s overarching strategic goals; and,
- all jurisdictions should report on their performance against targets, which should be audited by an independent agency and released to the public.

Implement Metropolitan and Regional Strategies

The Property Council recommends:

- action plans be developed for all major urban areas of Australia;
- these plans address all criteria outlined in the COAG capital city planning principles;
- metropolitan strategies include clear priorities and targets for managing development activity, including growth corridors and precincts;
- to support the implementation of these priorities and targets, metropolitan strategies must take precedence over all local government planning schemes or area-based schemes;
- existing planning laws should be revised and modernised to accommodate the metropolitan planning model outlined in this submission;
- all state and territory governments develop 30-year infrastructure delivery pipelines specifically designed to meet spatial policy targets identified in metropolitan strategies;
- a statement of the estimated delivery date and cost for each infrastructure project should be provided;
- full funding solutions for projects to be delivered within the next decade, on a rolling basis, should also be published;
- to support the robustness of the infrastructure pipeline, an annual report card on delivery against timelines and costs should be published;
- fifteen year inventories of zoned/serviced capacity and 30-year overall capacity land delivery plans should be developed across all jurisdictions;
- planning frameworks should include trigger points to enable timely decisions to support growth and development. Such triggers will relate to land supply, housing affordability and growth area priorities;
- all government departments should be directed to achieve state and territory spatial goals through key performance requirements, tied to executive performance contracts; and,
- independently audited reports on implementation against these inventories should be published.

**Establish Metro Plan Delivery Authorities**

The Property Council recommends:

- jurisdictions establish a dedicated metropolitan authority in each capital city and for major regional cities. The establishment of a metropolitan authority puts one entity in charge of delivering the critical elements of metropolitan planning strategies;
- the metropolitan delivery authority should sit under a broader state planning commission;
- metropolitan development authorities should be empowered to step in where departments or local governments undermine the goals of metropolitan plans;
- the metro authorities ensure that development which meets urban strategy targets and development rules can proceed ‘as of right’; and,
- the top priority of the metropolitan authority be to coordinate delivery of zoned and serviced land for housing, employment (commercial, industrial and retail uses) and other community activities. These land supply delivery plans should cater for existing and future needs, and be complemented by transport linkage programs that connect up priority growth areas identified in metropolitan strategies.

**Implement the DAF Model**

The Property Council recommends:

- all states and territories fully adopt all ten elements of the DAF model for modernising development assessment;
- all jurisdictions report annually on their progress in meeting the DAF principles in practice;
- funding allocations should be tied to audited progress;
- COAG should adopt a national framework for complying development that includes comparable approval timeframes and processes;
- this framework will increase the share of complying development for single residential, multi unit, commercial and industrial developments, consistent with growth targets for metropolitan strategies. These developments should proceed within a guaranteed 30 days. Access to Australian Government funds should be contingent on meeting this commitment;
- by 2012, all state and territory governments should proclaim complying development status to the growth corridors, activity centres and precinct plan elements of metropolitan strategies – that is, compliance with the relevant metro strategy development rules should satisfy compliance for development approval for these priority growth areas;
- all planning legislation and strategic plans should be required to be evaluated and reviewed every five years;
- rezoning and structure plans should be subjected to statutory time limits;
- DAF should be charged with developing leading practices for improving zoning and land use development assessment processes;
development charges should apply only where a direct nexus between development and infrastructure needs is demonstrated; and,
electronic development assessment should be adopted universally by 2015.

**Implement Performance Audits**

The Property Council recommends:

- governments commit to annual reporting on the delivery of metropolitan strategy outcomes. In all cases, these reports should tie back to the achievement of state and territory policy targets that are summarised in state/territory plans;
- the South Australian plan, audit and reporting methodology be used as a model for all jurisdictions;
- all annual reports be independently audited and released publicly; and,
- the proposed Sustainable Cities Commission review the findings of each jurisdiction as a basis for assessing performance against IGA goals.

**Establish Funding Vehicles**

The Property Council recommends:

- Infrastructure Australia (IA) model the long-term infrastructure capital requirements of major cities based on their urban strategies and action plans;
- the Australian Government commit to transform the Building Australia Fund (BAF) into Australia’s headline infrastructure financing vehicle in order to provide for a more substantial, longer-term commitment to urban infrastructure delivery;
- all jurisdictions commit to trial growth area bonds;
- each state and territory government:
  - issue infrastructure development bonds, including growth area bonds, to help fund its infrastructure pipeline;
  - provide an annual statement of public-private partnership opportunities for infrastructure projects (drawn from the proposed 30-year inventory to the private sector;
  - cap developer contributions based on an agreed formula;
  - place the setting of developer contribution levies in the hands of an independent price-setting entity; and,
  - consider bidding for funds from the Building Australia Fund based on IA criteria.
- the Australian Government establish a taskforce to explore the business case for a sovereign wealth fund – the Property Council will provide its research findings to the taskforce.

**Enhance Civic Engagement in Plan-Making**

The Property Council recommends:

- jurisdictions adopt civic engagement pathways that facilitate genuine engagement following the model proposed by the Property Council;
- consultation over metropolitan strategies should occur upfront;
- COAG develop common consultation principles or standards for engaging with the community and other stakeholders;
- once adopted, strategic plans (and their supporting instruments) should be fully revised every decade and reviewed against the Census and Intergenerational Report every five years. Such an interim review should not change the fundamental principles of the metro strategy;
all metropolitan strategies (and supporting instruments) should be presented in a form that helps community members visualise the intent and operation of plans at a city, precinct and building level. The Sustainable Cities Commission should establish a research centre to develop this technology; and,

COAG commit to conducting trials of new consultation technologies in the development of metropolitan strategies and action plans to be rolled out by 2013.

Build Decision-Making Capacity

The Property Council recommends:

- the proposed Sustainable Cities Commission establish an online, publicly available data set that drives the evidence-based design of metropolitan strategies. Such data sets could also be employed to test the assumptions behind metropolitan strategies – that is, enable scenario testing equivalent to the econometric modelling applied to major public policy programs;
- the Sustainable Cities Commission establish a taskforce to develop specifications for expanding CIPMA and the Property Council’s Australia on the Move model into a nationwide, open source, scenario testing tool;
- the Australian Government release a companion study with along every five-year Intergenerational Report that analyses the economic, social and environmental implications of population growth and demographic trends; and,
- the reporting process under the proposed Sustainable Communities IGA generate a stream of nationally consistent city-based data that will inform future target-setting and plan-making.

Improve Civic Design

The Property Council recommends the Australian Government:

- Establish a clearinghouse for innovative design as a public-private partnership.
- Improve construction industry procurement practices by, as a first step, adopting the innovation blueprint devised by the Built Environment Innovation Council.
- Recalibrate Australia’s R&D and innovation framework to facilitate greater investment in innovative technologies within the built environment.

Revitalise Government Leadership

The Property Council recommends:

- the Australian Government adopt a National Competition Policy approach to reforming the nation’s urban planning systems so they can better achieve national, regional and local progress goals;
- the Australian Government establish a working party to draft an Intergovernmental Agreement to establish the necessary terms of reference and governance arrangements a national urban planning framework;
- the Australian Government establish a Sustainable Cities Commission (SCC) with functions that include:
  - independent assessment and accreditation of state/territory government urban strategies and action plans based on the nine COAG city planning criteria (which should be applied to all urban areas, not just capital cities);
  - making recommendations for incentive payments (or penalties);
  - assessments of progress made against urban action plan targets;
• reporting to COAG in relation to progress toward achieving the goals of the IGA;
• technical capability building – providing assistance to states and territories (and, potentially, local government) in relation to the formulation and implementation of urban strategies and action plans;
• defining frameworks for data collection;
• publishing reports on the performance of jurisdictions in relation to achieving the goals of all urban strategies and action plans, focussing on performance against progress targets; and,
• educating the community on the objectives and goals of the national urban framework.

- infrastructure Australia provide advice to the SCC based on its seven infrastructure priority areas;
- launch a revitalised urban investment demonstration program (learning lessons from the Better Cities Program) to seed fund significant ‘circuit-connecting’ infrastructure that helps achieve state, territory and national targets;
- appoint a Cabinet level Minister for Cities responsible for co-ordinating Commonwealth involvement in urban planning;
- the Australian Government formalise the system of coordinators general into a permanent network for assisting jurisdictions roll out SCC programs; and,
- all jurisdictions establish Cabinet sub committees to co-ordinate the spatial implications of public policy decisions. The Property Council supports the model outlined on page 113 of the Our Cities research background paper.

**Specific Program Priorities**

The Property Council recommends:

- the establishment of taskforces to:
  - examine the business case for a green urban grids demonstration program;
  - regional development priorities;
  - growth municipality strategies; and,
  - develop a resilience/adaptation framework for Australian cities and regions.

- parties to the proposed Intergovernmental Agreement undertake an independent review of policy, practice, legislation and regulation that impacts on the sustainability of urban communities, linking in with current COAG ‘red tape’ reviews;
- the Australian Government implement measures to penalise backsliding by itself or other jurisdictions;
- all new legislation be subject to a regulation impact analysis and should not proceed unless the benefits of a measure clearly exceed costs. All planning regulation, including local planning rules, should be subject to the same regulatory assessment processes as other legislation; and,
- the Australian Government should review and reform the Environmental Protection and Biodiversity Conservation Act and integrate it into state, territory and local strategies and plans.
Vision for Australian Cities

This chapter proposes:

- a shared vision of national goals; and,
- 10 principles for designing an urban policy framework.

An Urban Policy Vision

What sort of society do we wish to live in?

This diagram summarises the many dimensions of sustainable communities.

The dividends of smart urban policy are split by four major forms of community assets – social, natural, economic and governance capital.

Assets and Dividends of Sustainable Communities

What sort of society do we wish to live in?

<table>
<thead>
<tr>
<th>Social Capital</th>
<th>Natural Capital</th>
<th>Economic Capital</th>
<th>Governance Capital</th>
</tr>
</thead>
</table>
| Sustainable Communities
  - raise aspirations, unleash creativity and provide access to opportunity;
  - foster balanced and diverse lifestyles;
  - improve health and well-being;
  - improve equity and inclusivity;
  - provide affordable shelter for all;
  - foster the distinctive characteristics of communities, champion inspirational design and treasure cultural heritage;
  - give people greater control over life choices and responsibility for their decisions;
  - promote social entrepreneurs, volunteerism and collaboration; and,
  - deliver security.|
| Sustainable Communities
  - manage resources ecologically;
  - minimise pollution and eco-footprints;
  - embrace renewable systems that effectively reduce greenhouse emissions and waste while improving water use and air quality;
  - are adaptable and resilient;
  - improve resilience; and,
  - respect and encourage biodiversity.|
| Sustainable Communities
  - relentlessly improve economic competitiveness and productivity;
  - deliver a wide range of rewarding jobs;
  - foster open markets;
  - efficiently connect families, businesses and communities;
  - facilitate access to efficient global and local capital markets;
  - foster life-long skills development and high participation rates; and,
  - encourage entrepreneurs; and,
  - facilitate innovation.|
| Sustainable Communities
  - are democratic, transparent and well-governed;
  - maximise our strategic influence globally;
  - operate strategically – they’re guided by long-term objectives that inform public policy programs;
  - champion the interests of future generations;
  - maximise civic engagement and collaborative networks;
  - join-up government efforts in partnership with business and the community;
  - minimise poor regulation and taxes; and,
  - demonstrate meaningful performance reporting.|

Diverse, vibrant, inclusive and entrepreneurial communities

- Global competitiveness
- Minimal ecological impacts
- Equity of access to civic services
- Inspirational, uplifting workplaces and neighbourhoods
- Security and resilience
- A fair society

Version 2011.3
Principles for Planning Sustainable Communities

Urban policy frameworks should be guided by clear principles.

The Property Council commends the following principles as a basis for designing a national urban policy that will deliver sustainable communities.

**Principle 1 – establish a shared vision**

Strategic planning should shape prosperous, sustainable and liveable and urban communities delivered by governments and their partners working in collaboration.

The vision for Australian cities and regions should be shared by all spheres of Australian government, community groups, non-government organisations and business.

**Principle 2 – forge a co-ordinated framework**

Planning must occur within a co-ordinated framework that links national, regional and local goals codified through intergovernmental commitments and agreements.

Strategic planning should conform with the subsidiarity principle, enabling matters to be handled by the smallest, lowest or least centralised competent authority while maximising co-ordination and efficiency.

The subsidiarity principle should not subvert the overarching goals of national, state and territory or metropolitan plans.

Plans should commit different levels of government to common objectives, agreed actions, incentives and resources for change.

**Principle 3 – maximise civic engagement**

Strategic planning must advance community participation and civic engagement.

This must include:

- building in opportunities for the community (including individuals, people in business, non-government organisations and others) to understand about the specific options being considered for their community and to provide feedback on their preferred outcomes and planning approaches; and,
- ensure the views, opinions and alternatives raised in community consultation are reported and directly addressed.

**Principle 4 – define targeted outcomes for specific places and times**

Target outcomes must relate to all dimensions of sustainable communities, including:

- economic prosperity;
- natural sustainability;
- liveability – social capital; and,
- governance.

Targets should be spatially precise – that is, relate to specific places, regions or areas.
The target outcomes must articulate unambiguous delivery milestones.

Targets should be clear, measurable and include starting position or baseline indicators.

**Principle 5 – clearly define how resources are to be used**

This involves:

- defining when actions will be taken;
- indicating the priorities of actions to be taken;
- establishing responsibility for the delivery of major actions, especially in relation to public sector agencies and bodies;
- preparing budgets that align to delivery commitments;
- indicating how existing rights and resources (such as areas of land) will be impacted by plans.

**Principle 6 – demonstrate the best use of our collective resources, including existing resources.**

This involves:

- ensuring plans reflect strategic choices that are evidence-based;
- conducting objective cost-benefit analysis for all major elements of strategic planning proposals as well as the total plan;
- considering a wide range of benefits and costs – not just economic, but also social and environmental using monetary and non monetary measures, as part of a commitment to employ world-class cost-benefit and RIS methodologies;
- committing only to proposals where benefits clearly exceed costs;
- identifying and assessing alternative solutions to address problems or to achieve targeted outcomes;
- identifying equity and distributional impacts of specific planning proposals and the plan as a whole;
- undertaking a rigorous assessment of risks arising from proposed planning initiatives and the plan in totality;
- demonstrating the best use of existing resources – ensuring that new and existing resources/facilities optimise planning outcomes; and,
- clearly identifying how specific actions (such as investments in infrastructure or changes in land use) contribute to plan objectives and targeted outcomes.

**Principle 7 – adhere to and promote good governance**

Strategic plans must be guided by credible institutional arrangements that ensure plans remain true to their vision and are implemented as promised.

Good governance maximises transparent, meaningful performance reporting against goals.

Good governance is driven by an evolving suite of decision-making, monitoring and reporting tools and information technologies.
**Principle 8 – anticipate and address financial burdens**

The urban policy framework should identify sustainable funding programs for all major elements of the proposed strategy.

It should embrace innovative public finance vehicles, including public-private partnerships and growth area bonds.

**Principle 9 – strive for and enhance delivery efficiency**

Urban strategies must incorporate programs for maximising implementation efficiency.

These should both identify and remove implementation barriers in a manner consistent with a strategic plan’s shared vision.

**Principle 10 – incorporate transparent review and revision cycles**

This will involve:

- collection and dissemination of performance information collected against targets and goals for strategies and plans;
- evaluations to be conducted at predetermined times on an ongoing basis;
- assessment of the performance of responsible public sector agencies for major actions; and,
- proposals for revising strategic plans, including refreshed plan outcomes/expressed and measurable targets.

*Adapted from principles prepared by the Allen Consulting Group for the Built Environment Meets Parliament Partners – July 2010.*

This framework complements the principles for developing a population policy contained in our response to the Federal Government’s *A Sustainable Population Policy for Australia*.

**Recommendations: Vision for Australian Cities**

The Property Council recommends the Australian Government:

- adopt a vision for productive, sustainable and liveable cities that maximises all forms of community capital – economic, natural, social and governance; and,
- adopt the 10 principles for planning sustainable communities proposed by the Property Council.
National Urban Policy Framework

This chapter proposes:

- a 10-point pathway for designing a national urban policy framework; and,
- an urban policy implementation framework.

Subsequent chapters explore each strategic pathway in detail.

The diagram on the next page lays out 10 pathways to achieving a national urban planning framework.

The Property Council also supports the Call2Action released by the Australian Sustainable Built Environment Council (ASBEC) that makes the case for a new cities governance model as illustrated below:
The Property Council’s 10-Point Pathway

### Set urban progress targets
- Urban policy should be driven by performance targets.
- These targets should aim to grow Australia’s stocks of social, economic and governance capital, while nurturing its natural capital.
- The targets should be employed to join-up public programs into an integrated framework.
- Urban policy should also join-up and complement regional development policy programs.

### Implement metro and regional strategies
- Metropolitan strategies are the mechanism for achieving targets for specific places at specific times - they provide certainty for communities, investors and governments.
- Metro strategies should identify 30+ year infrastructure priorities, land release and compact city site selection priorities for housing, jobs and social activity zones.
- The strategies should also reserve infrastructure/connectivity corridors for future development.

### Establish metro authorities
- A metropolitan authority that will champion the implementation of the metro strategy should be established in all major cities.
- Metro authorities should be given powers to override other entities at all levels of government where they block or seek to trump the metro strategy.
- Metro authorities should be a statutory entity that report to Cabinet.
- A regional development, or state-wide, planning commission (similar to WA) should also be established to integrate metropolitan and regional development.

### Implement the DAF model
- All jurisdictions should implement the full 10-point DAF model of leading development assessment practices.
- This will modernise and depoliticise the development assessment process.
- Adoption of the DAF model should be a prerequisite to receiving Federal Government funds.
- The DAF model should be supplemented to address leading practice zoning and land use issues.

### Implement performance audits
- Governments should report on their performance against urban progress targets annually.
- Audits should be conducted by an independent commission and released to the public.
Modernise public finance

• Governments should more actively utilise capital markets funding vehicles, such as infrastructure bonds, growth area bonds and PPPs.
• The Australian Government should explore the business case for establishing a sovereign wealth fund that invests in nation-building infrastructure. The entity should be structured to attract superannuation savings.

Enhance civic engagement

• Citizens need to picture urban planning scenarios in order to constructively engage in meaningful community consultations.
• Governments should work with business and community groups to radically improve community consultation technology based on ‘immersive’ visualisation software and social media networking.

Build decision-making capacity

• Australia requires world-class urban information databases and decision-making tools to improve evidence-based strategic planning, scenario testing, consultation, implementation and performance monitoring.
• The Federal Government’s CIPMA database provides the foundation for a spatial information systems revolution.

Improve civic design

• The quality of Australian design and the productivity of the construction sector can be improved by fostering a National Centre for Urban Design Excellence similar to the UK’s Centre for Architecture and the Built Environment (CABE) and Constructing Excellence.
• Productivity improvement technologies (such as BIM and IPD) should be encouraged.
• Australia’s R&D framework (CRCs and the tax regime) need to recognise a sector that generates 12% of the nation’s GDP.

Revitalise Government leadership

• The Australian Government should apply the principles and mechanisms of National Competition Policy (NCP) to urban policy.
• The key elements of an urban-oriented NCP approach would be: an intergovernmental agreement based on the nine 2009 COAG criteria on Capital City Planning Systems and an independent Sustainable Cities Commission.
• Quantifiable, milestone specific performance targets should be established against each of the nine criteria in all jurisdictions.
• The proposed Sustainable Cities Commission would link payments to jurisdictions to performance against the agreed targets (carrots and sticks).
• The Commission should report to a Minister for Cities and Sustainable Communities.
• The Federal Government should launch a modernised ‘Better Cities Program’ to seed fund demonstration projects that trial, test and roll-out nation building assets.
• Infrastructure Australia should be revitalised to develop long-term infrastructure priorities that slot into urban and regional strategies.
• The five-yearly Intergenerational Report should be used to assess the adequacy of progress targets against demographic trends (at all spheres of government).
Recommendations: National Urban Policy Framework

The Property Council recommends:

- the Australian Government negotiate a comprehensive National Competition Policy style model with COAG members, including an independent commission to ensure progress against targets is rewarded (or penalised);
- urban planning strategies should be designed to achieve national performance targets that address economic, social, environmental and governance objectives; and,
- the Australian Government tie funding of jurisdictions to their performance in relation to meeting COAG’s nine city planning criteria, which should be expressed as agreed, quantifiable performance targets – a carrots and sticks framework.
Path 1: Set Urban Progress Targets

This chapter proposes that:
- good urban policy must establish targets;
- these targets should be employed to join-up public policy programs into an integrated framework; and,
- urban policy should complement regional development programs.

All urban strategic plans should be driven by goals.

These goals are best expressed as clear, measurable performance targets based on agreed metrics.

Strategic plans that lack measurable targets are not credible and are unlikely to foster more productive, sustainable and liveable cities.

Urban Performance Metrics

Metrics should capture the progress made by cities towards achieving our shared national goals.

The Property Council’s submission to the Federal Government’s discussion paper on sustainable population strategies explores the design of these goals at length.

It notes that we need to go ‘beyond GDP’ as the principal measure of national progress. It also calls for a dashboard of indicators that summarise shared national goals.

In this submission, we propose the following hierarchy of metrics relevant to urban strategy:

- shared national goals
- state and territory plans
- local urban action plans

The specific categories of performance metrics that sit within this hierarchy will require considerable consultation.

The Federal Government’s Our Cities discussion paper settles on four broad categories for prioritising urban programs – productivity, sustainability, liveability and governance – supported by 22 more specific sub categories.

Whereas the Australian Sustainable Built Environment Council, following the COAG Reform Council, has proposed seven major categories of metrics:
Another alternative is to utilise COAG’s nine criteria for capital city planning as a basis for determining a common urban performance metrics platform.

In summary, the 2009 COAG criteria for capital city planning are:

- Wellbeing
- Economic prosperity
- Equity and affordability
- Sustainable land use and transport
- Natural resources
- Biodiversity and eco systems
- Governance
In particular, the issues canvassed in the two COAG ‘criteria for nationally-significant policy issues’, offer a valuable starting point for the metrics (and targets) that would support shared national goals:

<table>
<thead>
<tr>
<th>Productivity and Global Competitiveness</th>
<th>Climate Change Mitigation and Adaptation</th>
<th>Efficient Development and Use of Existing and New Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connectivity of People to Jobs and Businesses to Markets</td>
<td>Development of Major Urban Corridors</td>
<td>Social Inclusion</td>
</tr>
<tr>
<td>Health, Liveability and Community Well-being</td>
<td>Housing Affordability</td>
<td>Matters of National Environmental Significance</td>
</tr>
</tbody>
</table>
| * Transport Corridors
* International Gateways
* Intermodal Connections
* Major Communications and Utilities Infrastructure
* Reservation of Appropriate Lands to Support Future Expansion |

The Property Council believes urban planning strategies should delineate specific goals in relation to each of these issues, which are then expressed as measurable performance targets.
Metrics Must Convert to Targets

Metrics alone are meaningless.

Measurable targets are the key to effective urban strategies and action plans.

Such targets will need to be relevant to individual locales, but must first support shared national goals.

For instance:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic Congestion - delay in hours</td>
<td>Reduce traffic congestion by 50%, based on 2010 levels by 2020</td>
</tr>
<tr>
<td>Housing - annual supply of homes</td>
<td>Increase total annual supply of new dwellings to 170,000 by 2015</td>
</tr>
</tbody>
</table>

South Australia provides the best example of a jurisdiction that directly links policy objectives to measurable targets that are independently audited and reported.

The South Australian approach to targets provides a model for the entire national urban planning framework.

Appendix B provides more detail on the South Australian approach.

Recommendations: Urban Progress Targets

The Property Council recommends:

- urban planning strategies be designed to achieve clear goals;
- these goals should be expressed as metrics that encapsulate progress toward shaping more productive, sustainable and liveable cities;
- urban strategies should be driven by these metrics, which should be expressed as specific, measurable targets;
- the proposed Sustainable Cities Commission develop a dashboard of metrics that sum up urban progress. This work should be conducted in collaboration with the COAG Reform Council and the Australian Statistical Network;
- all jurisdictions develop state/territory plans based on the South Australian model;
- metropolitan and regional development strategies should incorporate their own targets; however, these targets should support the jurisdiction’s overarching strategic goals; and,
- all jurisdictions should report on their performance against targets, which should be audited by an independent agency and released to the public.
Path 2: Implement Metropolitan and Regional Strategies

This chapter proposes a broad framework for designing metropolitan strategies based on COAG’s nine criteria for city planning.

Action plans should be developed for all urban communities across Australia.

These action plans should sit under and help realise the objectives of state/territory plans.

All urban action plans should conform with COAG’s nine planning criteria for cities.

In summary, each urban strategy should comprise the following elements:

<table>
<thead>
<tr>
<th>Urban Plan: Dimension</th>
<th>Purpose</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>Infrastructure priorities</td>
<td>Networks</td>
</tr>
<tr>
<td>Statement of outcomes by year</td>
<td>Critical priorities by year and location</td>
<td>Integration of plan elements</td>
</tr>
<tr>
<td>Community benefits expressed as measurable outcomes</td>
<td>30-year delivery pipelines for infrastructure critical to building competitiveness and liveability.</td>
<td>Integration of land uses and transport within an urban hierarchy</td>
</tr>
</tbody>
</table>
To ensure the success of these action plans, governments should:

- clearly assign responsibilities for implementing action plans – the Property Council prefers a single entity to take charge of implementation;
- set out efficient development assessment rules; and,
- modernise planning legislation and subordinate instruments.

Under the Property Council’s NCP approach, these action plans would be critical to determining incentive payments to states and territories.

Urban strategies and action plans should integrate with relevant regional development strategies.

### Recommendations: Implement Metropolitan and Regional Strategies

The Property Council recommends:

- action plans be developed for all major urban areas of Australia;
- these plans address all criteria outlined in the COAG capital city planning principles;
- metropolitan strategies include clear priorities and targets for managing development activity, including growth corridors and precincts;
- to support the implementation of these priorities and targets, metropolitan strategies must take precedence over all local government planning schemes or area-based schemes;
- existing planning laws should be revised and modernised to accommodate the metropolitan planning model outlined in this submission;
- all state and territory governments develop 30-year infrastructure delivery pipelines specifically designed to meet spatial policy targets identified in metropolitan strategies;
- a statement of the estimated delivery date and cost for each infrastructure project should be provided;
- full funding solutions for projects to be delivered within the next decade, on a rolling basis, should also be published;
- to support the robustness of the infrastructure pipeline, an annual report card on delivery against timelines and costs should be published;
- fifteen year inventories of zoned/serviced capacity and 30-year overall capacity land delivery plans should be developed across all jurisdictions;
- planning frameworks should include trigger points to enable timely decisions to support growth and development. Such triggers will relate to land supply, housing affordability and growth area priorities;
- all government departments should be directed to achieve state and territory spatial goals through key performance requirements, tied to executive performance contracts; and,
- independently audited reports on implementation against these inventories should be published.
Path 3: Establish metro plan delivery authorities

This chapter proposes:
- governments end the confusion about who runs cities by placing an authority in charge of them; and,
- a model for metropolitan delivery authorities.

“...cities will face growing social exclusion and increasing financial pressure in a more complex, fragmented institutional environment.

Cities will need to be more creative, more institutionally innovative...the challenge of devising effective models of governance will become increasingly urgent.”

Michael Parkinson “Developing Competitive and Cohesive European Cities”, European Institute for Public Affairs, 2002

Cities are battlegrounds of competing bureaucratic interest.

Bureaucracies operate in silos and will inevitably maximise their agenda in isolation from an overarching plan.

International experience has demonstrated that exemplary governance is critical to implementing urban strategies that serve community interests.

No matter how good the strategy, it is doomed to fail unless the institutional arrangements that govern its implementation are first class.

In Australia, a powerful entity needs to be given authority for implementing strategic plans for major cities.

Such an entity should be given authority over other departments.

The best local example of a successful planning authority is the Western Australian Government’s Planning Commission.

In addition to a state/territory level commission, individual authorities (reporting to the state commission) should be established to implement the metropolitan strategies of major capital and regional cities.

The objectives of the metropolitan strategy should take precedence over the interests and programs of other departments where conflicting goals arise.

This will minimise the mission confusion that often arises in Australian cities.

The Property Council has developed principles for improving metropolitan governance (Appendix C).
The Property Council proposes the following model:

**State/Metropolitan Delivery Authority**

**Potential Operating Model – Version 2.0.2010**

The Property Council proposes the establishment of authorities to develop and implement strategic plans for designated zones/locales, in line with measurable performance targets. The authority would realise agreed policy goals while maximising market opportunities.

<table>
<thead>
<tr>
<th>Status &amp; Scope</th>
<th>Governing Principles</th>
<th>Governance &amp; Reporting</th>
<th>Targets</th>
<th>Responsibilities</th>
<th>Funding &amp; Resources</th>
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<tbody>
<tr>
<td>Independent Statutory Authority</td>
<td>Place-shaping</td>
<td>Independent chair, with private sector, community and government representatives</td>
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<td>2. Improve equity and access to opportunity</td>
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<td>3. Strategic sustainability</td>
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<td>4. Competitiveness</td>
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<td>5. Transparency, accountability and probity</td>
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<td>6. Long-term fiscal capacity</td>
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<td>7. Greater subsidiarity, participation and civic engagement</td>
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<td>8. Efficiency, coordination and integration</td>
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<td>9. A commitment to innovation and inspiring leadership</td>
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<td>10. Rational and coherent governance and management boundaries</td>
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</table>

Metro planning authorities will maximise the government’s ability to achieve the objectives of urban strategies and state plans.

They will improve certainty for all stakeholders.

Well designed urban strategies must also stipulate the rules that guide development assessment systems. Compliance with the specific goals of the urban strategy (for example, the delivery of a multi unit dwelling that helps meet density targets) should constitute compliance for development assessment purposes.

Under the Property Council’s proposed system, local councils or other state agencies should not possess the power to trump, modify or override these rules.

As we note in the next section, metropolitan strategies should identify the types of projects that can proceed ‘as of right’ where they directly meet the agreed urban strategy targets.
In the absence of an overarching authority, governments should establish:

- renewal corporations that can manage problematic locales or development growth corridors;
- corporations, headed up by a housing Czar, that approve medium and high density housing projects – including retirement and aged care uses. Such entities would fulfilling the same role as ‘greenfields’ housing authorities, but focus on inner urban and ‘greyfields’ sites.

However, the Property Council’s clear preference is for an overarching entity that fulfils all these tasks.

**Recommendations: Establish Metropolitan Delivery Authorities**

The Property Council recommends:

- jurisdictions establish a dedicated metropolitan authority in each capital city and for major regional cities. The establishment of a metropolitan authority puts one entity in charge of delivering the critical elements of metropolitan planning strategies;
- the metropolitan delivery authority should sit under a broader state planning commission;
- metropolitan development authorities should be empowered to step in where departments or local governments undermine the goals of metropolitan plans;
- the metro authorities ensure that development which meets urban strategy targets and development rules can proceed ‘as of right’; and,
- the top priority of the metropolitan authority is to coordinate delivery of zoned and serviced land for housing, employment (commercial, industrial and retail uses) and other community activities. These land supply delivery plans should cater for existing and future needs, and be complemented by transport linkage programs that connect up priority growth areas identified in metropolitan strategies.
Path 4: Implement the DAF Model

This chapter proposes:

- Governments implement the complete DAF model as part of a NCP-style urban policy framework;
- an expansion of the DAF model to cover pre DA issues, such as zoning and land use.

Good planning and development assessment processes will improve Australia’s productivity, sustainability and liveability.

Adoption of the Development Assessment Forum’s (DAF) Leading Practice Model for Development Assessment should be a prerequisite to receiving Federal Government funds.

The ten element DAF model is shown overleaf.

This model was developed by all spheres of government in conjunction with industry stakeholders to deliver agreed, consistent and transparent development assessment processes.

However, reform should not stop with the current DAF model.

A recent Productivity Commission report on Performance Benchmarking of Australian Regulation: Planning, Zoning and Development Assessment, highlights the need for urgent action in relation to land use and zoning systems.

The report found that:

- strategic planning systems and legislation across jurisdictions vary widely, both in their design and application;
- land use planning suffers from extreme variation in outcomes – in some jurisdictions it can take up to a decade to deliver land to subdivision stage. Much of this delay is due to poor rezoning and structure plan processes;
- the adoption of broader outcome-based zoning definitions would improve the approval process;
- external factors, such as development charges for infrastructure, impact the delivery of building stock; and,
- strategic plans should budget for infrastructure funding at the planning stage.
Elected representatives should be responsible for the development of planning policies. This should be achieved through effective consultation with the community, professional officers and relevant experts.

Development assessment requirements and criteria should be written as objective rules and tests that are clearly linked to stated policy intentions. Where such rules and tests are not possible, specific policy objectives and decision-making guidelines should be provided.

Each jurisdiction should systematically and actively review its policies and objective rules and tests to ensure they remain relevant, effective and efficiently administered, and consistent across the jurisdiction.

Development applications should be streamed into an assessment 'track' that corresponds with the level of assessment required to make an appropriately informed decision. The criteria and content for each track is standard. The six development tracks are:
- exempt
- prohibited
- self assess
- code assess
- merit assess
- impact assess

Adoption of any track is optional in any jurisdiction, but should remain consistent with the model if it is used.

Only one body should assess an application, using consistent policy and objective rules and tests. Referrals should be limited only to those agencies with a statutory role relevant to the application. Referrals should be for advice only. A referral authority should only be able to give direction where this avoids the need for a separate approval process. Referral agencies should specify their requirements in advance and comply with clear response times.

Where assessment involves evaluating a proposal against competing policy objectives, opportunities for third-party involvement may be provided.

Private sector experts should have a role in development assessment, particularly in:
- undertaking pre-lodgement certification of applications to improve the quality of applications
- providing expert advice to applicants and decision makers
- certifying compliance where the objective rules and tests are clear and essentially technical
- making decisions under delegation.

Most development applications should be assessed and determined by professional staff or private sector experts. For those that are not, either:
- Option A: local government may delegate DA determination powers while retaining the ability to call-in any application for determination by council.
- Option B: an expert panel determines the application.

Ministers may have call-in powers for applications of state or territory significance provided criteria are documented and known in advance.

An applicant should be able to seek a review of a discretionary decision. A review of a decision should only be against the same policies and objective rules and tests as the first assessment.

Opportunities for third-party appeals should not be provided where applications are wholly assessed against objective rules and tests. Opportunities for third-party appeals may be provided in limited other case. Where provided, a review of a decision should only be against the same policies and objective rules and tests as the first assessment.
Recommendations: Adopt the DAF Model

The Property Council recommends:

- all states and territories fully adopt all ten elements of the DAF model for modernising development assessment;
- all jurisdictions report annually on their progress in meeting the DAF principles in practice;
- funding allocations should be tied to audited progress;
- COAG should adopt a national framework for complying development that includes comparable approval timeframes and processes;
- this framework will increase the share of complying development for single residential, multi unit, commercial and industrial developments, consistent with growth targets for metropolitan strategies. These developments should proceed within a guaranteed 30 days. Access to Australian Government funds should be contingent on meeting this commitment;
- by 2012, all state and territory governments should proclaim complying development status to the growth corridors, activity centres and precinct plan elements of metropolitan strategies – that is, compliance with the relevant metro strategy development rules should satisfy compliance for development approval for these priority growth areas;
- all planning legislation and strategic plans should be required to be evaluated and reviewed every five years;
- rezoning and structure plans should be subjected to statutory time limits;
- DAF should be charged with developing leading practices for improving zoning and land use development assessment processes;
- development charges should apply only where a direct nexus between development and infrastructure needs is demonstrated; and,
- electronic development assessment should be adopted universally by 2015.
Path 5: Implement Performance Audits

This chapter proposes:
- the regular auditing of urban strategies by an independent commission; and,
- public release of audit results in easy-to-understand formats.

All urban strategies should be audited annually to ensure action aligns to targets.

South Australia provides a model for all states and territories.

In South Australia, an independent audit commission reviews the Government’s performance against six categories of performance based on 37 major metrics. It then publishes:

- an assessment of progress against targets for each metric for the review period; and,
- an assessment of achievability against the ultimate targets for each metric.

Here is an extract from the latest South Australian audit report that illustrates a citizen-friendly format:

Further detail of the South Australian metrics and audit method is attached in Appendix B.
### Recommendations: Implement Performance Audits

The Property Council recommends:

- governments commit to annual reporting on the delivery of metropolitan strategy outcomes. In all cases, these reports should tie back to the achievement of state and territory policy targets that are summarised in state/territory plans;
- the South Australian plan, audit and reporting methodology be used as a model for all jurisdictions;
- all annual reports be independently audited and released publicly; and,
- the proposed Sustainable Cities Commission review the findings of each jurisdiction as a basis for assessing performance against IGA goals.
Path 6: Establish Funding Vehicles

This chapter proposes:

- adoption of alternatives to current funding mechanisms; and,
- consideration of a nation-building sovereign wealth fund.

Like all competitive assets, Australia’s cities require ongoing streams of re-investment.

At their core, modern urban strategies will identify the long-term spending priorities needed to achieve their targets.

The Property Council proposes:

- the Australian Government make annual contributions to the Building Australia Fund (BAF), which can be further leveraged through debt and private sector contributions;
- state and territory governments establish their own funds based on the BAF model;
- governments use their strong credit ratings to capitalise these funds by issuing bonds;
- governments employ Growth Area Bonds (GABs) to capitalise projects in priority urban areas;
- the Federal Government explore the costs and benefits of establishing a sovereign wealth fund that invests in domestic infrastructure and which can act both as a fiscal stabiliser and source of capital for re-building infrastructure compromised during natural disasters; and,
- governments make greater use of public-private financing arrangements.

Growth Area Bonds (GABs)

The Property Council’s model for GABs is based on tax increment financing methodologies successfully employed in the United States.

The GAB model involves:

- issuing bonds to capitalise infrastructure investment in a designated locale;
- quarantining additional (beyond BAU) local tax revenues arising from improvements to the tax base generated by more intense infrastructure investment; and
- amortising bond-related debt obligations from these hypothecated tax revenues.

In short, GABs align a long-term debt instrument with investments in infrastructure that deliver long-term dividends.

Here is a simple depiction of the GAB model:
Sovereign Wealth Fund that Focuses on Nation-Building Infrastructure

The Property Council has commissioned the Allen Consulting Group to develop a model sovereign wealth fund that could provide a long-term funding source for public infrastructure.

The position paper will:

- examine the current capital spending profile of federal, state and territory governments;
- analyse the capacity to expand debt-based funding within the bounds of prudent financial management;
- propose principles for designing a sovereign wealth fund;
- recommend a charter for such a fund;
- recommend a governance structure for the fund;
- propose investment rules for operating the fund, including value-for-money criteria and parameters for setting investment returns;
- identify the distinctive roles of the Future Fund and the proposed nation-building sovereign wealth fund; and,
- recommend options for capitalising the fund, that include methods for attracting capital from private sources, including superannuation funds.

Recommendations: Establish Funding Vehicles

The Property Council recommends:

- Infrastructure Australia (IA) model the long-term infrastructure capital requirements of major cities based on their urban strategies and action plans;
- the Australian Government commit to transform the Building Australia Fund (BAF) into Australia’s headline infrastructure financing vehicle in order to provide for a more substantial, longer-term commitment to urban infrastructure delivery;
- all jurisdictions commit to trial growth area bonds;
- each state and territory government:
  - issue infrastructure development bonds, including growth area bonds, to help fund its infrastructure pipeline;
  - provide an annual statement of public-private partnership opportunities for infrastructure projects (drawn from the proposed 30-year inventory to the private sector;
  - cap developer contributions based on an agreed formula;
  - place the setting of developer contribution levies in the hands of an independent price-setting entity; and,
  - consider bidding for funds from the Building Australia Fund based on 1A criteria.
- the Australian Government establish a taskforce to explore the business case for a sovereign wealth fund – the Property Council will provide its research findings to the taskforce.
Path 7: Enhance Civic Engagement in Plan-Making

This chapter proposes new techniques for improving community engagement.

A well designed urban strategy will be trusted as blueprint for improving prosperity.

The best technique for building trust is to involve community and business stakeholders in the development of urban strategies at their design stage.

The Property Council proposes nine pathways to maximising civic engagement:

- stakeholders should be involved up-front;
- stakeholders should help set the targets that will drive an urban strategy and urban action plans;
- urban strategies and plans should be reviewed every ten years, with interim assessments conducted every five years in line with the national census, new demographic, social, economic and environmental data, as well as Treasury’s Intergenerational Report;
- all stakeholders should be provided with access to the same data;
- the review process should be guided by a steering committee comprising a broad mix of skills and experience, chaired by an eminent community or business leader;
- the review should be informed by extensive research on community aspirations and needs;
- the review should be informed by extensive research into economic drivers, competitive risks and opportunities;
- the review should utilise a set of consultation principles developed by the Sustainable Cities Commission for COAG; and,
- the review should present stakeholders with a range of credible scenarios for improving prosperity.

Above all, consultation should move beyond discussions over two dimensional maps, diagrams and data tables.

The same immersive technology that powers movies and computer games should be employed to assist stakeholders visualise the cities they are helping design.

A move to four dimensional (including time) consultation would herald the single greatest advance to improving the quality and legitimacy of urban strategies. There are no technological barriers to adopting such an approach. This is an innovation that can be championed by the proposed Sustainable Cities Commission.

Currently, there is more technology in one iPad ‘app’ than most of Australia’s planning systems.
### Recommendations: Enhance Civic Engagement in Plan-Making

The Property Council recommends:

- jurisdictions adopt civic engagement pathways that facilitate genuine engagement following the model proposed by the Property Council;
- consultation over metropolitan strategies should occur upfront;
- COAG develop common consultation principles or standards for engaging with the community and other stakeholders;
- once adopted, strategic plans (and their supporting instruments) should be fully revised every decade and reviewed against the Census and Intergenerational Report every five years. Such an interim review should not change the fundamental principles of the metro strategy;
- all metropolitan strategies (and supporting instruments) should be presented in a form that helps community members visualise the intent and operation of plans at a city, precinct and building level. The Sustainable Cities Commission should establish a research centre to develop this technology; and,
- COAG commit to conducting trials of new consultation technologies in the development of metropolitan strategies and action plans to be rolled out by 2013.
Path 8: Build Decision-Making Capacity

This chapter proposes the Federal Government commit to developing the databases and decision-making tools that will guide target setting and strategic plan design.

Evidence-based policy-making requires data, intelligence and knowledge systems. Australia’s spatial knowledge systems are incomplete, disparate and often inaccessible.

A smart approach to building modern strategic planning systems would:

- transform Australia’s CIPMA database (see breakout) into a planning tool;
- charge the proposed Sustainable Cities Commission with the task of developing a specification for spatial databases that serves urban and regional planning needs - it should incorporate existing entities such as the National Housing Supply Council; and,
- transform the Property Council’s Australia on the Move: Nation-Building ‘App’ into an even more sophisticated open source scenario analysis tool.

Australia on the Move Model

The Property Council, in association with the Allen Consulting Group, is developing a model that predicts demand for core community services (community software) and urban infrastructure (hardware) for 41 major Australian cities and towns – *Australia on the Move: a nation building app*.

The key features of the model are outlined in the diagram below.

The Property Council proposes to release the model, which is currently in beta testing phase, as an open source scenario testing tool.

The opportunity to vastly increase the scope of the tool should be taken by the proposed Sustainable Cities Commission.

A specialist board, as part of the Commission, should be established to undertake this task.

What is CIPMA?

*Fast facts*

The Australian Federal Government's Attorney-General’s Department, Geoscience Australia and CSIRO are building powerful computer-based technology for critical infrastructure protection as part of the Critical Infrastructure Protection Modelling and Analysis Program (CIPMA).

CIPMA is a major national security initiative.

CIPMA technology combines simulation models, databases, GIS and economic models.

It analyses impacts due to infrastructure network failures.

Industry and government can use it to explore scenarios of interest.

CIPMA is an example of a strong business-government partnership.

As well as forecasting demand for 41 individual cities, the model can compare two cities and ranks cities by population trends and changes in the 20 indicators.
### Recommendations: Build Decision-Making Capacity

The Property Council recommends:

- the proposed Sustainable Cities Commission establish an online, publicly available data set that drives the evidence-based design of metropolitan strategies. Such data sets could also be employed to test the assumptions behind metropolitan strategies – that is, enable scenario testing equivalent to the econometric modelling applied to major public policy programs;

- the Sustainable Cities Commission establish a taskforce to develop specifications for expanding CIPMA and the Property Council’s *Australia on the Move* model into a nationwide, open source, scenario testing tool;

- the Australian Government release a companion study with along every five-year Intergenerational Report that analyses the economic, social and environmental implications of population growth and demographic trends; and,

- the reporting process under the proposed Sustainable Communities IGA generate a stream of nationally consistent city-based data that will inform future target-setting and plan-making.
Path 9: Improve Civic Design

This chapter proposes:

- Australia establish entities that draws on lessons from the UK Centre for Architecture and the Built Environment (CABE) and Constructing Excellence;
- governments champion the adoption of building information modelling (BIM) technology in Australia; and,
- the Australian Government re-calibrate Australia’s R&D and innovation framework to facilitate greater investment in innovative technologies within the built environment sector.

Without an innovative design and construction procurement culture, the best urban strategies will still result in poor quality neighbourhoods.

It is impossible to regulate good design or innovation. However, partnerships between government, business and community groups can provide leadership.

The Property Council proposes three programs:

- establish a clearinghouse for innovative design as a public-private partnership;
- improve construction industry procurement practices by adopting the innovation blueprint devised by the Built Environment Industry Innovation Council; and,
- establish an R&D framework that acknowledges the unique nature of the construction industry.
Built Environment Industry Innovation Council

The Property Council supports BEIIC’s recommendations for driving an innovation culture across the built environment industry. In brief, these are:

1. Consider the establishment of an organisation similar to the UK’s Constructing Excellence
2. Encourage industry-wide use of Building Information Modelling (BIM) and support pilot projects
3. Establish common performance metrics for the industry
4. Develop a National Industry Education and Training Action Plan
5. Consider the establishment of an organisation similar to the UK’s Commission on Architecture and the Built Environment (CABE)
6. Investigate the development of a zero emission assessment tool
7. Australian Government support for cooperative built environment research
8. Develop a research roadmap for the industry
9. Improve Australian Government procurement guidelines
10. Consider BIM as a key part of the Government procurement process

Recommendations: Improve Civic Design

The Property Council recommends the Australian Government:

- Establish a clearinghouse for innovative design as a public-private partnership.
- Improve construction industry procurement practices by, as a first step, adopting the innovation blueprint devised by the Built Environment Industry Innovation Council.
- Recalibrate Australia’s R&D and innovation framework to facilitate greater investment in innovative technologies within the built environment.
Path 10: Revitalise Government Leadership

This chapter proposes:

- the elements of a National Competition policy approach to urban planning;
- the establishment of a Sustainable Cities Commission;
- the refocussing of Infrastructure Australia; and,
- a new urban infrastructure demonstration program.

Apply a National Competition Policy Model to Australia’s Urban Planning Framework

National Competition Policy (NCP) provides the best model for a national urban planning framework.

The principal elements of an NCP approach are outlined below and draw on the key recommendations outlined in this submission.

At the heart of this framework is an independent commission that would oversee the implementation of the urban strategy framework – A Sustainable Cities Commission.
The following diagram illustrates the roles and powers of the proposed Commission.

---

**Governance and Direction**

- Australian Parliament
- COAG
- Relevant Ministerial Councils
- Treasurer of Australia and Minister for Cities

**Policy Recommendations**

- Sustainable Cities Commission
- Infrastructure Australia
- Urban Intelligence Panel

**Administration**

- Independent Commissioner
- Expert Committees
- Commission Staff

---

The Sustainable Cities Commission (SCC) would report to COAG through the Treasurer of Australia and the Minister for Cities. COAG would adopt priorities, targets, evaluation criteria and performance measurement methodologies, which would be codified in an intergovernmental agreement. The SCC would also make an annual report to the Australian Government.

The functions of the Commission would include:

- **Independent assessment and accreditation** of state/territory government urban strategies and action plans based on the nine COAG city planning criteria (which should be applied to all urban areas, not just capital cities);
- making recommendations for incentive payments (or penalties);
- **Assessments of progress** made against urban action plan targets;
- **Reporting to COAG in relation to progress** toward achieving the goals of the IGA;
- **Technical capability building** – providing assistance to states and territories (and, potentially, local government) in relation to the formulation and implementation of urban strategies and action plans;
- defining frameworks for data collection;
- **Publishing reports on the performance** of jurisdictions in relation to achieving the goals of all urban strategies and action plans, focussing on performance against progress targets; and,
- **Educating the community** on the objectives and goals of the national urban framework.

The commission could be established under a Sustainable Communities Intergovernmental Agreement (IGA).

It could comprise three independent commissioners (including a full-time chair) with experience in business, community and government.
A national fund based on the Building Australia Fund would make payments to states and territories (and local government) in four categories:

- **capability payments** to prepare urban action plans and develop the capacity to implement them;
- contributions to **infrastructure projects of major significance** that would directly achieve national urban progress targets;
- **implementation payments** to IGA parties that recognise demonstrated progress toward performance of agreed actions – these payments could be issued partly in advance and partly as progress payments against agreed milestones; and,
- **structural adjustment payments** to assist communities (including industry) take substantive steps toward sustainability and offset dislocation or transition costs.

**Infrastructure Australia**

Infrastructure Australia (IA) would advise the Sustainable Cities Commission.

IA would:

- make recommendations in relation to priority infrastructure projects, including individual assets and infrastructure networks;
- work with jurisdictions (and potentially local government) to help shape proposals for which assistance will be sought; and,
- advise the Sustainable Cities Commission on the costs and benefits of individual proposals for assistance.

The Property Council supports IA’s nation building priority categories:

1. **transforming our cities** – increasing public transport capacity in our cities and making better use of existing transport infrastructure, including road networks;
2. **adaptable and secure water supplies** – more adaptable and resilient water systems to cope with climate change;
3. **the creation of a true national energy market** – more extensive national energy grids to enable greater flexibility and competition in the nation’s electricity and gas systems, whilst creating opportunities for the development of renewable energy sources;
4. **competitive international gateways** – developing more effective ports and associated land transport systems to more efficiently cope with imports and exports;
5. **a national freight network** – development of our rail and road networks so that more freight can be moved efficiently by rail and by road;
6. **a national broadband network** – developing a more extensive, globally competitive broadband system; and,
7. **providing essential indigenous infrastructure** – improved services for Indigenous communities.

IA should also recommend seed funded demonstration programs.

A list of potential programs is outlined in the next chapter.
ASBEC Recommendations

As previously noted, the Property Council supports ASBEC’s recommendations for improving governance of Australia’s strategic planning framework.

An independent Sustainable Cities Commission would complement these recommendations.

Recommendations: Revitalise Government Leadership

The Property Council recommends:

- the Australian Government adopt a National Competition Policy approach to reforming the nation’s urban planning systems so they can better achieve national, regional and local progress goals;
- the Australian Government establish a working party to draft an Intergovernmental Agreement to establish the necessary terms of reference and governance arrangements of a national urban planning framework;
- the Australian Government establish a Sustainable Cities Commission (SCC) with functions that include:
  - independent assessment and accreditation of state/territory government urban strategies and action plans based on the nine COAG city planning criteria (which should be applied to all urban areas, not just capital cities);
  - making recommendations for incentive payments (or penalties);
  - assessments of progress made against urban action plan targets;
  - reporting to COAG in relation to progress toward achieving the goals of the IGA;
  - technical capability building – providing assistance to states and territories (and, potentially, local government) in relation to the formulation and implementation of urban strategies and action plans;
  - defining frameworks for data collection;
  - publishing reports on the performance of jurisdictions in relation to achieving the goals of all urban strategies and action plans, focussing on performance against progress targets; and,
  - educating the community on the objectives and goals of the national urban framework.
- Infrastructure Australia provide advice to the SCC based on its seven infrastructure priority areas;
- launch a revitalised urban investment demonstration program (learning lessons from the Better Cities Program) to seed fund significant ‘circuit-connecting’ infrastructure that helps achieve state, territory and national targets;
- appoint a Cabinet level Minister for Cities responsible for co-ordinating Commonwealth involvement in urban planning;
- the Australian Government formalise the system of coordinators general into a permanent network for assisting jurisdictions roll out SCC programs; and,
- all jurisdictions should appoint Cabinet sub committees to co-ordinate the spatial implications of public policy decisions. The Property Council supports the model outlined on page 113 of the Our Cities research background paper.
Specific Program Priorities

This chapter proposes several programs for consideration within a national urban policy framework.

The Property Council’s submission has focussed on a methodology for improving Australia’s urban planning framework.

It also proposes specific programs in the national interest that should be subject a cost-benefit analysis.

The Property Council can provide further detail on each proposal.

**Green Grids**

The technology exists to transform Australia’s precincts into a decentralised and diversified green power and water grid.

The vision is for precincts to:

- generate their own renewable power – operating as a virtual power network;
- harvest their own water;
- mine their own waste; and,
- operate as green battery packs for public and private transport.

This green grid would:

- complement the traditional brown grid and reduce critical infrastructure risks;
- (According to the CSIRO) reduce greenhouse gas emissions by 18 megatonnes (by 2020) and 40 megatonnes (by 2030);
- reduce demand on the current power and water systems; and,
- reduce future infrastructure spending on centralised power and water systems.

The Property Council believes a green grid demonstration program should be established.

**Regional Development**

The Property Council’s submission to the Australian Government’s discussion paper on sustainable population strategy outlines the importance of regional development.

This submission on cities emphasises the benefits of integrating urban and regional development frameworks.

The proposed Sustainable Cities Commission should establish a taskforce that investigates opportunities to develop urban centres in regional Australia.

**Growth Municipalities**

As the Australian Government’s Sustainable Population discussion paper notes, more than 3.3 million people live in 24 fast growing municipalities on the outskirts of major cities. These locales, which currently represent 25% of Australia’s metropolitan population, will grow by 1.2 million people in the next decade.

These growth areas suffer major social and economic infrastructure deficits. However, they also offer significant capacity to relieve growth pressures on other parts of our capital cities.

The Sustainable Cities Commission should establish a taskforce to explore opportunities for fast tracking the development of these locales.
Resilience Strategy

The Property Council believes a resilience strategy is a critical element of any well designed urban policy framework.

However, Australia has fallen well behind nations such as Canada and European Union members, in developing adaptation strategies that complement mitigation programs.

Consequently, we propose the Australian Government establish a high-level taskforce (that includes COAG members and business) to craft an adaption strategy for Australian cities.

Sustainable Regulation

There is a need to review the swathes of legislation that all spheres of government apply to urban communities.

In order to foster more productive, sustainable and liveable cities, COAG should commit to testing the impact of existing rules on the urban realm.

Regulations that detract from sustainability should be removed or revised. Regulation that progresses sustainability goals should be strengthened where a positive benefit over costs is clearly demonstrated.

Taxation rules should be included in such a review.

The Property Council has developed a methodology for improving regulatory impact statements that will assist with this process.

Recommendations – Specific Program Priorities

The Property Council recommends:

- the establishment of taskforces to:
  • examine the business case for a green urban grids demonstration program;
  • regional development priorities;
  • growth municipality strategies; and,
  • develop a resilience/adaptation framework for Australian cities and regions.
- parties to the proposed Intergovernmental Agreement undertake an independent review of policy, practice, legislation and regulation that impacts on the sustainability of urban communities, linking in with current COAG ‘red tape’ reviews;
- the Australian Government implement measures to penalise backsliding by itself or other jurisdictions;
- all new legislation be subject to a regulation impact analysis and should not proceed unless the benefits of a measure clearly exceed costs. All planning regulation, including local planning rules, should be subject to the same regulatory assessment processes as other legislation; and,
- the Australian Government should review and reform the Environmental Protection and Biodiversity Conservation Act and integrate it into state, territory and local strategies and plans.
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Appendices

Appendix A: Property Council Policy Papers
Appendix B: Indicators and Metrics
Appendix C: Modernising Metropolitan Governance
Appendix A: Property Council Policy Papers

These urban planning policy resources were commissioned and published by the Property Council (and its allies).

**Urban Strategy**

**Cities Strategy** - snapshot (Version 3.0: 2010)

**Spotlight on Australia’s Capital cities** – an independent assessment of city planning systems (KPMG for BEMP: 2010)

**Principles for Planning Sustainable Communities** (Allen Consulting Group for BEMP: 2009)

**Sustainable Communities** – a national action plan for urban Australia (CIE for the Sustainable Communities Roundtable: 2006)

**Recapitalising Australia’s Cities**: a strategy in the national interest (Allen Consulting Group: 2002)

**Public Finance**

**Growth Area Bonds** (2010)

**Defrosting the Credit Squeeze**: Reducing barriers to finance (Allen Consulting Group, unpublished: 2011)

**Tax Increment Financing** (PricewaterhouseCoopers: 2008)

**Funding Urban Public Infrastructure**: approaches compared (Allen Consulting Group: 2003)

**Infrastructure Priorities**

ACT (2010)

Australia (2008)

The Hunter (2008)

Victoria (2009)

South Australia (2009)

NSW (2006)

**Governance and Development Assessment**

**Local Government Reform in NSW** (2011)

**Metro Authorities** – design template (2010)

**Modernising Metropolitan Governance** (2010)

**DAF Reform Implementation Report Card** (Black Swan: 2009)

**Local Government – performance research** (Eureka: 2006)


**Renewal Corporations** (Spiller: 2005)
**Unfinished Business**: prospects for an intergovernmental agreement on development assessment (1998)

**Planning for Change**: recommendations for Australia’s development systems (1997)

**States of Progress** – an audit of planning and development control legislation in Australia’s states and territories (Blake Dawson Waldron: 1997)

**Metro Strategies and Initiatives for….**

**Delivering on Melbourne’s Population Plan** (Urbis 2011)

**Initiatives for the Sunshine Coast** (2010)


**Future Growth - building a stronger Victoria** (2010)

**30-year Greater Plan for Adelaide** (2010)

**Adelaide 2036 – Building on Light’s Vision** (2009)

**A Sustainable Transport Plan for Canberra** (2009)

**Initiatives for the South West of Western Australia** (2007)

**City of Perth** – survey of residents (2007)

**Sydney** – 10 sub regional strategies (2007-2008)

**Revitalising Newcastle** (2007)

**Revitalising Parramatta City Centre** (2007)

**Initiatives for Canberra** (2006)

**Initiatives for Illawarra** (2006)

**Plan to Deliver Melbourne** (2006)

**Victoria 2006**: policies for prosperity (2006)

**Initiatives for Hobart** (2005)

**Initiatives for Hobart** – next stage (2005)

**Initiatives for the Lower Hunter** (2005)

**Sydney Metro Strategy** – a property industry perspective (2004)

**New Directions for Victoria** (2004)

**Capital City Co ordination for the 21st Century** – a management framework for the development and planning of Perth (2002)

**Initiatives for Sydney** (2002)

**Central City Transport** – Brisbane (2001)

**Adelaide** – the way forward (2000)

**Capital City Vision** - Brisbane in the year 2000 (1998)

**Housing**

**Beyond Reach** (Allen Consulting Group, unpublished: 2011)

**Greenfields are Greener** (Macroplan, unpublished: 2011)

**The Reality of Planning Delays** (Black Swan: 2010)

**Beyond Reach** (CIE: 2009)
Infrastructure Charges and New House Affordability (CIE: 2009)
Infill Dwelling Study (Urbis: 2008)
Top 10 Myths and Fallacies of Urban Growth in Australia (2007)
Beyond Reach – a workforce housing crisis in the making (2007)
Boulevard of Broken Dreams – the future of housing affordability in Australia (2007)
Australia’s Land Supply Crisis – supply/demand imbalance and its impact on declining housing affordability (Macroplan: 2007)
Housing Form in Australia and its Impact on Greenhouse Gas Emissions (Demographia: 2007)
Residential Development Cost - benchmarking study (Urbis: 2006)
Improving Housing Affordability in NSW – a plan for industry and government (2006)
Reasons to be Fearful – benchmarking study (2006)
National Housing Infrastructure Costs (Urbis JHD: 2006)

Demographics

Australia on the Move (Matusik: 2009)
Australia on the Move (KPMG: 2006)

Sustainability

Five Good Ideas for a Sustainable Future – NSW (2011)
www.yourbuilding.org (2010)
Existing Buildings Survival Strategies II (Arup: 2009)
Building Energy Efficiency – the role played by white certificates to combat GHG emissions (CIE: 2008)
Existing Building Survival Strategies I (Arup: 2008)
Green the Built Environment – snapshot (2008)
Green Depreciation: a preliminary analysis (2007)
Sustainable Development Guide (2001)

Miscellaneous

The Design Dividend (1999)
Appendix B: Indicators and Metrics

The Australian Sustainable Built Environment Council (ASBEC) is a broad coalition of stakeholders. It includes community groups (such as the Australian Conservation Foundation), business interests, professional societies operating in the built environment arena and government observers.

ASBEC is preparing a model of dashboard indicators based on these categories:

ASBEC's work will be released for public discussion in mid 2011.
South Australian State Strategy

The South Australian State Strategy is the best local example of a metrics project that directly ties measures of progress to public policy.

The state strategy was developed in 2004. It is run by a Community Engagement Board comprising experts and industry representatives. Indicators are divided into these six categories of community progress:

| Growing Prosperity | Economic environment  
|                    | Employment           
|                    | Exports              
|                    | Infrastructure       
|                    | Population           
|                    | Aboriginal unemployment |
| Improving Wellbeing | Preventative health   
|                    | Health life expectancy 
|                    | Psychological wellbeing 
|                    | Public safety         
|                    | Work-life balance     |
| Attaining Sustainability | Biodiversity  
|                        | Climate change      
|                        | Ecological footprint 
|                        | Water                
|                        | Energy               
|                        | Aboriginal lands    |
| Fostering Creativity and Innovation | Creativity        
|                                        | Innovation          
|                                        | Investment in science, research and innovation 
|                                        | Venture capital    |
| Building Communities | Women in leadership  
|                       | Political participation 
|                       | Volunteering         
|                       | Aboriginal leadership 
|                       | Multiculturalism     
|                       | Regional population levels |
| Expanding Opportunity | Aboriginal wellbeing 
|                         | Early childhood       
|                         | Economic disadvantage 
|                         | Housing               
|                         | Disability            
|                         | Education             
|                         | Aboriginal education  
|                         | Workforce development and training 
|                         | Diversity in the public sector |

Each category of progress is summarised by multiple metrics, of which there are more than 120.

**A performance target to be achieved by 2014 is set for every metric.**

An audit committee reviews progress against these targets and releases a progress report every two years.

This model should be adopted by all Australian jurisdictions and local government.

At the headline level, the report provides a succinct statement of progress.
Ratings are also provided for each headline indicator.

<table>
<thead>
<tr>
<th>Target</th>
<th>Progress Rating</th>
<th>Achievability Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ECONOMIC ENVIRONMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Economic growth</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.2 Competitive business climate (Aust)</td>
<td>Negative movement</td>
<td>3 Within reach</td>
</tr>
<tr>
<td>1.3 Credit rating</td>
<td>Steady or no movement</td>
<td>1 Achieved</td>
</tr>
<tr>
<td>1.4 Industrial relations</td>
<td>Steady or no movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.5 Business investment</td>
<td>Negative movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.6 Labour productivity</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.7 Customer satisfaction</td>
<td>Positive movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.8 Government decision-making</td>
<td>Unclear</td>
<td>0 Unclear</td>
</tr>
<tr>
<td>1.9 Administrative efficiency</td>
<td>Steady or no movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td><strong>EMPLOYMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.10 Jobs</td>
<td>Steady or no movement</td>
<td>3 Within reach</td>
</tr>
<tr>
<td>1.11 Unemployment</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.12 Employment participation</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.13 Defence employment</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td><strong>EXPORTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.14 Exports</td>
<td>Positive movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.15 Tourism industry</td>
<td>Positive movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.16 Share of overseas students</td>
<td>Positive movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.17 Minerals exploration</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.18 Minerals production</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.19 Minerals processing</td>
<td>Steady or no movement</td>
<td>1 Achieved</td>
</tr>
<tr>
<td>1.20 Defence industry</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td><strong>INFRASTRUCTURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.21 Strategic infrastructure</td>
<td>Negative movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td><strong>POPULATION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.22 Total population</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td>1.23 Interstate migration</td>
<td>Negative movement</td>
<td>4 Unlikely</td>
</tr>
<tr>
<td>1.24 Overseas migration</td>
<td>Positive movement</td>
<td>1 Achieved</td>
</tr>
<tr>
<td>1.25 Population fertility rate</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
<tr>
<td><strong>ABORIGINAL UNEMPLOYMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.26 Aboriginal unemployment</td>
<td>Positive movement</td>
<td>2 On track</td>
</tr>
</tbody>
</table>
A detailed analysis is then provided for all metrics. Here is one example:

Objective 2: Improving Wellbeing

**T2.11 Greater safety at work: Achieve the nationally agreed target of 40% reduction in injury by 2012.**

<table>
<thead>
<tr>
<th>Key measure</th>
<th>Objective 2: Improving Wellbeing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Progress rating:</strong></td>
<td>Positive movement</td>
</tr>
<tr>
<td><strong>Achievability rating:</strong></td>
<td>On track</td>
</tr>
</tbody>
</table>

![Graph showing cumulative percentage reduction in income claim rate](image)

Source: WorkCover South Australia
Appendix C: Modernising Metropolitan Governance - toward an Australian set of leading practice urban governance principles

| 1. | Commit to strategic sustainability that aims to maximise multiple economic, social, ecological and governance dividends. |
| 2. | Increased competitiveness based on long-term investments in social development and economic infrastructure. |
| 3. | Place-shaping that increases local choice, diversity and opportunity within broader regional/national contexts. |
| 4. | Greater transparency, accountability and probity that enhances trust in metropolitan government. |
| 5. | Greater fiscal capacity to capitalise city services and investment programs adequately, while minimising deadweight taxes/charges. |
| 6. | Improved equity and access to opportunity across the community. |
| 7. | Greater subsidiarity, participation and civic engagement that refreshes civic mandates. |
| 8. | Greater efficiency, coordination and integration of public service delivery. |
| 9. | A commitment to innovation and inspiring leadership that continuously improves city governments’ capacity to meet evolving community needs. |
| 10. | Rational and coherent spatial boundaries that establish a logical nexus between the responsibilities of city government and the communities they serve. |

**Principle One: Strategic Sustainability**

Metropolitan communities possess social, ecological and economic capital.

Superior metropolitan governance actively manages the interplay between these forms of capital to maximise multiple dividends that are shared throughout the community and between generations.

A benchmark of governance performance is a city’s ability to set, balance and optimise this core mix of community assets to meet the evolving needs of citizens over the long term.

In doing so, governance becomes a strategic community asset in its own right.

**Principle Two: Competitiveness**

Competitive cities are magnets for talent and capital.

They build community capacity by continuously investing in social development and economic infrastructure.

In doing so, good city governance encourages communities to take responsibility for their economic futures.

Leading metropolitan institutions also strive to develop comparative advantage by devising strategic public policy goals. They minimise mixed signals and provide a coherent statement of objectives that citizens can understand and identify with.

As far as possible, the rules developed by metropolitan governments should be performance-based and minimise compliance costs.
**Principle Three: Place-Shaping**

Local factors, cultures and institutions play a crucial role in influencing economic growth, competitiveness and well-being.

However, these local assets and aspirations sit within broader national/regional policy and market frameworks.

Citizens generally wish to access programs delivered at the national/regional level while helping to shape the delivery of services more closely related to their local communities.

Place-shaping strikes a balance between access to universal national/regional services and the diversity of opportunities sought by local communities.

Metropolitan governance mediates and shapes these choices.

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**Principle Four: Transparency, accountability and probity**

Institutional decision-making processes need to be clear and logical.

Effective governance will promote urban decision-making systems that accurately calculate the expected costs of policy options against the benefits they aim to deliver.

City institutions should express the outcomes of decision-making processes in meaningful language that allows frequent and reliable measurement of performance.

Good governance also establishes principles and systems for accessing public funds. These systems should also apply to the purchasing decisions and power of city governments.

These processes should be overseen, audited and reported upon by independent bodies.

Good governance ensures the separation of powers doctrine applies to metropolitan institutions.

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**Principle Five: Fiscal capacity**

Cities need specific public finance powers defined by statute.

In turn, revenue raising, investment activities and public resource management need to occur on a simple, equitable and efficient basis.

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**Principle Six: Equity and access**

Metropolitan institutions should operate to maximise access to opportunity and services for all citizens.

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**Principle Seven: Subsidiarity, participation and civic engagement**

While cities serve complex interests, a critical goal of good governance is to identify collective community goals.

These goals (along with strategies and programs for realising them) should be devised at the most appropriate level of community engagement. This would encourage communities to make choices for themselves, bring government closer to people and help to refresh the democratic mandates of city governments.

Service delivery programs should also occur at a level and scale that maximises the capacity to deliver on the promises made to communities.

In order to enhance the legitimacy of urban governance, all citizens should enjoy opportunities to understand and participate in local decision-making processes.
**Principle Eight: Efficiency, co-ordination and integration**

Good urban governance will maximise co-ordination and minimise fragmented public administration.

Cities should establish clear hierarchies of goal-setting, responsibility and accountability for all agencies within their public administration network.

These hierarchies should integrate into regional governance frameworks.

Performance indicators should be established for all arenas of public administration.

**Principle Nine: Innovation and inspirational leadership**

The growing power of cities must be matched by a commitment to innovation in all dimensions of urban governance.

Some examples of innovation include modern public finance techniques, greater use of technology and experimental forms of local participation.

Outstanding governance would also inspire communities to forge common aspirations, shape intergenerational goals, boost levels of volunteerism and secure universal access to opportunity.

**Principle Ten: Rational and coherent spatial boundaries**

The scale and boundaries of city governance frameworks should adhere to a rigorous spatial logic.

The spatial nexus between a city’s ability to manage economic, social and ecological capital and the communities they serve should be scaled to meet the principles outlined above.