Why we need sustainable cities

The amenity, functioning and vitality of our cities are fundamental to the wellbeing of our communities, and the prosperity of our nation. Sustainable cities save money, are more liveable, and result in healthier citizens.

Australia has for the first time in its history established multi-party consensus supporting a national approach to cities, which has seen the value of better urban policy understood. In recent years, the Australian Sustainable Built Environment Council (ASBEC) has welcomed the appointment of a Federal Minister for Cities, the release of the National Cities Performance Framework and the launch of City Deals across Australia.

Now the time is right to learn from and extend these initiatives into more focussed and effective policies to underpin the actions required to deliver the future cities we need.

ASBEC commends the House of Representatives Standing Committee on Infrastructure, Transport and Cities for delivering the Building Up & Moving Out report, which includes 37 recommendations addressing the need for a national plan of settlement patterns, sustainable urban form and the role of Government, and provides a comprehensive, multi-partisan evidence base for a more sophisticated approach to urban policy nationally.

We now have a rare opportunity to build on this shared vision for thriving, equitable and sustainable Australian cities.

What we need to do

ASBEC calls on all federal elected representatives to commit to a shared long-term vision for stronger, thriving cities, supported by targeted policy measures. This policy platform identifies reforms that are needed at a national level to deliver broad and impactful outcomes for Australian cities:

1. Invest in improved policy and governance, including a National Settlement Strategy, continuous improvement of city funding programs and better procurement.
2. Deliver more balanced business cases to realise better value from our infrastructure investments.
3. Improve housing outcomes for more affordable, equitable and sustainable living.
4. Adopt key recommendations of Building Up and Moving Out.

The realisation of these reforms will depend on visionary leadership, coordination across all spheres of government, and effective engagement with communities, industry and business.
1. Invest in improved Governance, Policy, and Procurement Reform

Australia needs a vision for our cities, supported by governance and policy settings which ensure that our cities are well designed and planned. The right projects to deliver against those plans need to be supported by both robust business cases, and procurement processes that encourage innovation and support collaboration. If we get it right, we can save money, and achieve world-class cities.

Recommendations:

Enhance Australia’s national cities policy and governance capability:

Appoint a Minister for Cities and National Settlement with a place in Cabinet, with responsibility for the oversight of cities policy, a national plan of settlement and housing, as well as leading COAG-level engagement on cities development and planning.

The Minister for Cities and National Settlement should oversee the establishment of a Major Cities Unit within Infrastructure Australia, to deliver a whole-of-government focus on cities. Positioned to influence key economic portfolios, this unit should sit within Infrastructure Australia, providing for an independent and transparent source of advice across government on cities performance, priorities and policy, integrated with long-term infrastructure planning and prioritisation.

We need to understand how our cities are performing in order to craft the best policy responses. Data is key. Therefore, a research and innovation entity should also be established to deliver primary research relating to physical, digital, analytical, environmental and societal elements of our cities and infrastructure.

Facilitate the formulation of a National Settlement Strategy:

We must manage the growth of our cities. The Government should act as a facilitator to bring states and territories together to jointly formulate a National Settlement Strategy with input from all relevant stakeholders.

A National Settlement Strategy should set a national vision for the success of our cities and regions and establish a coherent decision-making framework to ensure that planning and investment aligns. The Strategy would:

- Enable successive decisions to shape the growth and change of cities and regions in line with an agreed national view on the timing and spatial distribution of population growth; and restore the ‘line of sight’ between the planning of places, homes, infrastructure and services – and the broader growth outcomes sought by each tier of Government;
- Offer a national guide on the future types of work, the distribution of these jobs and how settlement patterns can be adjusted to meet these changes;
- Increase the visibility of the Commonwealth fiscal and investment policies shaping our cities and regions;
- Drive investment in our cities, with a renewed focus in on data, evidence and metrics.

Reference: Planning Institute of Australia’s

Through the lens: The tipping point

Drive investment in cities with a renewed focus in on data, evidence and metrics:

Agreements – City Deals or City Partnerships – must be identified and implemented to deliver on the priorities of a National Settlement Strategy, and on the potential of our cities.

A National Framework of Indicators should show us how our cities are performing against measurable objectives over time. These should directly inform the design of any city agreement. This Framework should also identify those indicators and data sets required to evidence and communicate progress across the key measures underpinning the National Settlement Strategy. Priority areas for consideration are sustainability, liveability and longitudinal tracking of progress, supported by a taxonomy of cities which accounts for their differences and similarities.

Without a connection between a National Framework of Indicators and city agreements, accountability for outcomes is diluted and investments made through these programs will not align with a broader vision.

By presenting the Framework as a tool to support the development of city agreements, it will be able to provide insights and guidance for governments on the importance of quality data collection and measurement at every level of city development. Measuring performance outcomes through city funding programs also allows policy makers to make more informed and effective decisions on urban policy.

Effectively engage industry and key stakeholders

As city agreements evolve and a National Framework of Indicators is developed, it is important to engage meaningfully with industry and key stakeholders, through forums such as the Cities Reference Group or a reconstituted National Urban Policy Forum.
Model better procurement

Success in delivering projects to create outcomes for cities and communities depends on ensuring that the right planning, assessment and delivery mechanisms are in place as early as possible. Onerous contracts burden projects with additional costs, don’t manage risk appropriately and detract from positive outcomes.

Best practice procurement will deliver better outcomes for the community and better value for money. This should be based on whole of life factors, including investment in operational maintenance programs and sustainability goals, underpinned by collaboration and innovation.

Underpinning these factors is a need for government to be a better-informed buyer, with in-house expertise across the professions to ensure effective project scoping, procurement and management. ASBEC recommends the Government establish a procurement centre of excellence and adopt and enforce a ‘model client’ policy to work collaboratively with industry to achieve mutually beneficial outcomes for all stakeholders.

Reference: Consult Australia’s Model Client Policy

2. Get more value from infrastructure investments with balanced business cases

A new approach to infrastructure business case development is urgently required if we are to maximise the value of our future infrastructure investments. We must not consider individual infrastructure projects in isolation from each other, nor in agency siloes. Projects must be conceived, prioritised, considered and funded with a view to achieving good spatial outcomes.

Recommendations:

Lead with multi-partisan vision across all levels of government:

Projects on the ground need to be supported by a long term vision for places, developed through effective community engagement and articulated at every level of government.

Improve infrastructure decision making:

The independent nature of statutory bodies, such as Infrastructure Australia, is a core element of good infrastructure governance. Independence in the planning and prioritisation of infrastructure increases bi-partisanship and reduces the risk of short-term and politically expedient decision making. The independence of these bodies should be strengthened and preserved, to ensure that their good work is not undermined by short-termism.

Invest to improve the methodology of business case development:

The tools and processes currently used by governments to decide how, where and when to invest in infrastructure are not giving us the best results. A new approach, that is more responsive to the outcomes expected for a place, will let us do better. We need to account for broader economic, social and environmental benefits realised through joined-up land-use planning and service delivery decisions. If we are to realise a lower emissions future, opportunities to reduce carbon emissions need to be properly valued through the business cases informing project selection.

Infrastructure Australia can leverage good governance:

There should be an expanded remit for Infrastructure Australia, enabling consideration of broader social, economic and environmental infrastructure, using the philosophy set out in Infrastructure Australia’s Planning Liveable Cities – a place based approach to sequencing infrastructure and growth.

Infrastructure Australia should:

- Develop new national best practice guidelines for business case development that:
  - Identifies projects based on their potential to advance strategic planning objectives;
  - Bundle smaller infrastructure projects for consideration of their collective contribution to achieving a stated outcome (e.g. delivering on a city funding agreement)
  - Explain how to value externalities, (e.g. employment, health and wellbeing, biodiversity, carbon abatement, resilience, urban amenity and the productivity implications of agglomeration economies);
  - Account for different methodologies based on asset classes, investment scales and procurement methods;
  - Require assessment of current and future natural hazards and associated physical risks and options to mitigate and manage these risks in the business case;
  - Provide an approach, and require the costing and valuing of risk;
  - Establish an agreed discount rate (e.g. below 7 per cent);
  - Explain circumstances where it may be appropriate to accept projects with a Benefit Cost Ratio less than 1;
  - Ensure that benefits realisation is appropriately measured into the operational stage as a condition of funding;
  - Explain how to use existing and future (see recommendation below) externality values; and
  - Provide guidance on approaches to engaging stakeholders and communicating business cases to media and the public.

- Initiate and co-ordinate the development of Australia-specific, nationally agreed metrics to measure necessary externalities through agreed data sources.
3. Improved Housing Outcomes for more affordable, sustainable living

Housing is a complex policy area that is fundamental to the built environment. It goes beyond individual housing issues and links to the sustainable functioning of cities and regions - impacting related issues such as equality of access to education and employment, transport and movement, infrastructure, health, well-being, and quality of life. Housing is much more than a social need – it is essential infrastructure enabling a productive and adaptive labour force and economy.

Housing affordability is defined and measured in a variety of ways. For ASBEC, affordability means enabling people to make a housing choice that suits their needs within their available budget – regardless of whether it involves renting, ownership or having options as they age.

ASBEC’s recommendations to address this complex area tackle the key challenges in the provision of housing that is accessible, well designed, and provides for sustainable and affordable living for our diverse and growing population.

Like transport, energy, telecommunications and water, housing must be recognised as a priority infrastructure sector and every level of government has a role to play in delivering better housing outcomes. Boosting the amount and diversity of housing is important to meet the needs of growing and changing city populations, but more supply alone is not enough to deal with the expectations we have for housing choice and affordability in productive and socially sustainable cities.

Recommendations:

**Incentives for reform to boost supply to achieve planning outcomes:**

The Federal Government should recognise housing as a priority infrastructure sector and support the delivery of high-quality housing development; working with states and territories on implementation of an incentive-based model to improve housing supply, in terms of volume, type and location.

Federal incentives should drive planning reform, with payments used to encourage best practice strategic planning and assessment processes, and infrastructure provision to deliver diversity of high-quality, low-cost-of living housing in line with population growth and prioritising supply around public transport corridors and hubs.

These incentives should be informed by best practice planning measures, including supply targets, an inclusionary zoning model code for development, starting with government land, and the provision of social housing and affordable housing.

State and Local Governments should be supported in understanding emerging housing demands in terms of diversity and quantity, extrapolating relevant housing supply trends to devise housing policies that drive local plans and infrastructure investment strategies. This includes simplified assessment options for well-designed and well-serviced medium density and adaptable housing types in accessible locations.
Place outcomes and housing diversity targets in city funding agreements:

Embed **housing targets** in all future city funding agreements negotiated by the Government as a condition of funding, informed by integrated strategic plans with performance indicators that encompass diversity, location, urban design outcomes and proximity to employment, education and amenity.

**Minimum performance standards:**

Lead the improvement of **minimum performance standards** for new buildings covering building energy, thermal comfort, water efficiency, and other sustainability issues, and a trajectory for future upgrades of the energy provisions in the National Construction Code. These standards should provide a consistent approach across all compliance options and jurisdictions.

*Reference: ASBEC’s*  
*Improved Housing Outcomes – for more affordable, sustainable living*

4. Adopt key recommendations of **Building Up and Moving Out**

The House of Representatives Standing Committee on Infrastructure, Transport and Cities Inquiry into the Australian Government’s role in the development of cities provided a wealth of insights into the way in which we can achieve better outcomes for cities and their citizens. The Inquiry was bolstered by the high level of multi-partisan support of the members involved, demonstrating that good urban policy is a priority across all shades of politics.

The Standing Committee’s Building up and Moving Out report, outlining the findings of the Inquiry, brings value both in the strategic approach that it embraces, as well as the many and detailed recommendations supporting better outcomes and value for money at a project level. ASBEC was very pleased to see many of our priorities reflected in this report.

ASBEC supports the recommendations listed in Building Up and Moving and highlights the following in particular actions for the Australian Government:

In conjunction with State and Territory governments... develop a **national plan** of settlement, providing a national vision for our cities and regions across the next fifty years. *(Recommendation 1)*

Continue to expand the performance indicators and cities assessed under the **National Cities Performance Framework**... *(Recommendation 19)*

Work with the States and Territories to establish **nationally consistent guidelines** for urban green space and establish a clear trajectory to continued carbon emission reductions. *(Recommendation 10)*

Complete a regulatory impact assessment on lowering the participation threshold of the **CBD Program** and investigate the feasibility and cost implications of extending the CBD Program’s mandatory disclosure requirements to include information about the energy efficiency of tenanted areas of commercial office buildings above 1,000 sq metres. *(Recommendation 14)*

Re-endorse **Creating Places for People: An Urban Design Protocol for Australian Cities** and provide financial support for the purposes of maintaining and promoting these design principles. *(Recommendation 24)*

Support the broader application of **rating systems**, such as the Green Building Council of Australia’s **Green Star** program, to urban regeneration. *(Recommendation 25)*

Adopt an approach to **infrastructure project appraisal** that includes assessment of:

- Wider economic, social and environmental benefits;
- Costs and returns over the life of the infrastructure; and
- Cost of the project using a discount rate of 4 per cent. *(Recommendation 36)*

In addition to advancing the recommendations in Building Up and Moving Out, there should be a commitment from agencies with responsibility for implementing recommendations to publicly report annually on progress and actions taken.

*Reference:*  
*House of Representatives Standing Committee on Infrastructure, Transport and Cities Building up and Moving Out*
Now is the time to set the right policy foundations for cities

There is an unprecedented cross-party consensus, supported by evidence, industry and the Parliament, on the priority of a national focus on cities.

Thriving Cities elevates ASBEC’s advocacy platforms on cities, infrastructure and housing – and urges the Commonwealth to strengthen its leadership in setting the policy foundations for sustainable, productive, liveable and thriving communities in Australia’s cities. There is no better time to act on the future of our cities.

About ASBEC

The Australian Sustainable Built Environment Council (ASBEC) is the peak body of key organisations committed to a sustainable built environment in Australia.

ASBEC’s membership consists of industry and professional associations, non-government organisations and government observers who are involved in the planning, design, delivery and operation of our built environment, and are concerned with the social and environmental impacts of this sector.

ASBEC provides a forum for diverse groups involved in the built environment to gather, find common ground and intelligently discuss contentious issues as well as advocate their own sustainability products, policies and initiatives.

ASBEC is a non-profit volunteer organisation. Members commit their time, resources and energy to developing practical opportunities for a more sustainable, liveable and productive built environment.

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