

. . . we must not think of sustainable cities as being some sort of cost that we have to bear in the interests of a greener and more sustainable future. The fact is that, if we had sustainable cities, there would be a significant productivity dividend to the country. In other words, GDP would be greater, other things being equal, if we had better functioning and efficient cities.

(Mr Marcus Spiller, National President, Planning Institute of Australia)<sup>1</sup>

## Governance and policy frameworks – developing a national approach

### Introduction

- 3.1 During the inquiry the committee formed the view that the Australian Government has a responsibility to provide national leadership in urban policy as it impacts on the sustainability of Australian cities. The committee regards a national governance structure as the appropriate means to ensure a strategic approach across all levels of Australian government.
- 3.2 Many organisations in their submissions advocated that the Australian Government take a more overt policy role in the development of Australian cities.

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1 Mr Marcus Spiller, Planning Institute of Australia, *Transcript of Evidence*, 29 April 2005, p. 3.

- 3.3 Triple bottom line (TBL) reporting, with the three pillars of environmental, social and economic performance, is now a familiar and often well integrated concept in business and government reporting frameworks. Suggestions have been made more recently for a quadruple bottom line, where the fourth pillar would be governance performance.
- 3.4 The committee agrees with the need to recognise good governance as a key element in implementing balanced TBL accountability and sustainability principles. However, it is also the committee's view that the current three pillars of TBL should never be viewed as discreet arenas of performance measurement. Good governance should connect and ensure appropriate balances and accountability between the objectives of each pillar.
- 3.5 Several submissions called for Australian Government leadership in the area of sustainable cities, such as a national sustainability commission, and referred to a need for an appropriate national governance structure that coordinates a holistic and integrated approach to the sustainable development of our cities.
- 3.6 Governance structures for sustainability are, in many regards, the precursor to establishing a path to sustainability. Coordinated governance is essential to 'translate' the vision of sustainability into targets, and to plan, implement and review the programmes that will achieve those targets.
- 3.7 Having provided in the previous chapter a snapshot of Australia's urban and environmental health, this chapter addresses the issue of governance – that is, the overarching frameworks and mechanisms appropriate to direct progress towards urban sustainability.

## **A vision for governance**

- 3.8 Early into this inquiry, the committee became aware of the very different context in which it was operating from the 1992 committee inquiry into patterns of urban settlement.<sup>2</sup>

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2 House of Representatives Standing Committee for Long Term Strategies, *Patterns of Urban Settlement: Consolidating the Future?* Parliament House, Canberra, August 1992.

- 3.9 The 1992 report focused on land availability, infrastructure, and population distribution and densification. Sectoral issues, such as water services, transport networks, energy efficiency and building design were acknowledged and mentioned. However, the 1992 committee noted the lack of reliable data on, and research into, urban performance.<sup>3</sup>
- 3.10 By contrast, there is now almost an abundance of research in the context of this inquiry. However, in 2005, directions for actions are lacking. It is now crucial to consider sectoral issues as they affect or are affected by urban development: water services and consumption; public, private and active transport options; renewable energy and reduction in energy usage; and both commercial and residential building design.
- 3.11 These sectoral issues are inevitably interrelated; and although they are discussed in this report as separate chapters, many of the recommendations refer back to a proposed overarching framework. It is this framework that can provide an integrated method of policy consideration and take into account the interrelatedness.
- 3.12 There is no single or simple solution to the challenges of urban development. A recommendation may directly improve sustainability outcomes. Other recommendations aim to ensure that future policy decisions made to address one sectoral issue do not have adverse consequences in another area of urban sustainability.
- 3.13 Accordingly, the committee believes it important to first consider a new overarching framework for sustainability governance, so that the principles of sustainability are placed on the national agenda and at the forefront of urban development.

## **Past and current Australian Government initiatives**

- 3.14 The Australian Government has initiated a number of programmes in the past that have involved it more directly with urban planning, traditionally the preserve of the States and Territories. Initiatives included the Better Cities Program, introduced in 1991, and the Year of the Built Environment in 2004.

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3 House of Representatives Standing Committee for Long Term Strategies, *Patterns of Urban Settlement: Consolidating the Future?* Parliament House, Canberra, August 1992, p.vii.

## Better Cities Program

- 3.15 Under the Better Cities Program, the Commonwealth funded urban improvements. The programme also aimed at encouraging micro-economic and institutional reform, improving social justice and the environment and developing more effective coordination between the levels of government.<sup>4</sup>
- 3.16 In evidence to the committee, several local councils commented positively on the Better Cities Program as instrumental in assisting local government to achieve sustainable infrastructure and planning which would have been beyond their financial capabilities. The programme also 'raised the understanding and level of debate phenomenally'.<sup>5</sup> A similar project on a broader scale, such as a 'national cities program' was endorsed by a number of local councils.<sup>6</sup>
- 3.17 The committee notes the achievements of the Better Cities Program and considers it a valuable Australian Government initiative at that time, particularly in relation to managing funding relations between the Commonwealth and the States.

## Year of the Built Environment

- 3.18 The committee acknowledges that the Year of the Built Environment 2004 (originally a Western Australian initiative subsequently endorsed by the Australian Government) promoted education and debate and raised awareness of the built environment and sustainability issues. However, the committee has found it difficult to identify tangible outcomes or directions, following the year's focus on these issues.
- 3.19 The committee hopes that the exposure during 2004 of sustainability as a critical issue facing Australian cities assists in moving good environmental design to centre-stage – where it is incorporated as a standard approach in everyday design practices.

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4 Australian National Audit Office, *Building Better Cities*, October 1996.

5 Ms Dyan Currie, Toowoomba City Council, *Transcript of Evidence*, 6 April 2004, p. 24.

6 Ms Dyan Currie, Toowoomba City Council, *Transcript of Evidence*, 6 April 2004, p. 24; also Councillor Susan Robbins, Gold Coast City Council, *Transcript of Evidence*, 6 April 2004, pp. 9-10.

## Solar Cities

- 3.20 The Australian Government has committed \$75 million to fund trials of a new solar city programme. The programme aims to incorporate solar technologies and energy efficiency measures into existing and new buildings. Expressions of interest from industry have been called for.<sup>7</sup>
- 3.21 The Solar Cities programme will go beyond the current photovoltaic rebate scheme to concentrate solar efficient housing in one urban area. It will also establish a number of households engaged in solar generation and able to 'sell back' to the electricity grid.
- 3.22 One of the key issues for solar technologies is the link between price and uptake of the technology:
- Simplified and standardised procedures for connecting photovoltaic systems and optimised planning protocols that recognise solar access would reduce the delays currently experienced by some consumers and facilitate greater uptake of solar technologies.<sup>8</sup>
- 3.23 The Solar Cities programme aims to support at least four Solar City projects in grid-connected urban areas across Australia.<sup>9</sup>
- 3.24 The committee endorses the Solar Cities programme. Critical mass remains a key impediment to reducing unit costs of solar technologies (which will in turn generate more market demand) and generating sufficient units of electricity to contribute usefully to urban supply levels during times of peak loading.

## Funding to local government

- 3.25 The response from local governments and local government organisations to the committee's inquiry has been substantial. The committee recognises the crucial role local governments play in the creation of sustainable cities. Local government generally presented a unified approach to both the challenges and the vision for sustainable cities.

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7 Joint Media Release, Minister for Environment and Heritage and Minister for Industry, Tourism and Resources, *Solar Cities programme moves step closer*, 15 April 2005.

8 Department of Environment and Heritage, *Solar Cities Programme Guidelines* <http://www.greenhouse.gov.au/solarcities/pubs/solarcities-guidelines.pdf> p. 3.

9 Department of Environment and Heritage, *Solar Cities Programme Guidelines* <http://www.greenhouse.gov.au/solarcities/pubs/solarcities-guidelines.pdf> p. 8.

- 3.26 The Australian Government provides financial assistance directly to local governments under the Local Government (Financial Assistance) Act 1995, which is administered by the Department of Transport and Regional Services. In 2003-04, the grants provided around \$1.5 billion to local government. The grants are untied and councils can spend according to their communities' priorities, with the objective of strengthening local government to 'enable it to provide a wider range of services and to promote equity between councils and certainty of funding'.<sup>10</sup>

### The Australian Government influence on development

- 3.27 Many Australian Government policies have impacted on the structure of Australian cities, and continue to do so, although these impacts are often not coordinated to promote harmonised and sustainable development.
- 3.28 In addition to specific programmes such as the Better Cities initiative, Australian Government policies have always indirectly influenced urban development. Examples include road funding, immigration policy and the First Homeowner Grant; however, in the absence of national urban policies and integrating urban impacts into policy-making, cities have developed as 'chaotic responses to discrete programmes and policies'.<sup>11</sup>
- 3.29 Local councils identified several 'missed opportunities' where it was suggested that Governments did not pursue opportunities to promote sustainability alongside achieving other policy objectives.<sup>12</sup> An example is the First Homeowner Grant, which appeared to lack a formalised national urban agenda and policy framework, and could have incorporated a sustainability rating.<sup>13</sup>
- 3.30 Councils also commented on policy outcomes with unintended adverse environmental costs, such as the Fringe Benefits Tax on cars with its criterion of 'kilometres travelled', and the tariff reduction on four wheel drives (this will be discussed in more detail in chapter 5). Mr Wallace Wight, Coordinator of the Northern Subregional Organisation of Councils in Queensland, referred to these as 'counterincentives' and commented that 'the public is getting mixed messages'.<sup>14</sup> He told the committee that,

10 Department of Transport and Regional Services, *Submission 140*, p. 22.

11 Mr Marcus Spiller, *Which Way on a Better Cities Policy for Australia*, see [www.sgs-pl.com.au](http://www.sgs-pl.com.au)

12 See for example Townsville City Council, *Submission 161*, City of Port Phillip, *Submission 40*; Northern Subregional Organisation of Councils, *Submission 21*.

13 Mr Peter Marshall, Wodonga City Council, *Transcript of Evidence*, 16 March 2004, p. 104; see also Councillor Elizabeth Johnstone, Mayor of the City of Port Phillip, *Transcript of Evidence*, 16 March 2004, p. 84.

14 Mr Wallace Wight, Northern Subregional Organisation of Councils, *Transcript of Evidence*, 6 April 2004, p. 33.

to avoid unintended, counterproductive consequences, any such tax decision should meet sustainability criteria and it should be determined whether its imposition would lead to more or less sustainable behaviours.<sup>15</sup>

- 3.31 The committee recognises that policy decisions made in relation to industry or economic objectives may well impact adversely on city conditions.
- 3.32 The committee agrees with Mr Kevin Breen from the City of Darebin that more integrated approach across the three levels of government and a more active role taken by the federal government is 'critical for the future prosperity of the nation'.<sup>16</sup>

## **The National Summit of local government and planning ministers**

- 3.33 The committee agrees that sustainable urban development requires the cooperative approach of the three tiers of government. Most local planning issues are made at the local government level, and constitutional responsibility for local government lies with the States and Territories.
- 3.34 In 2003, the Council of Australian Governments (COAG) established the Local Government and Planning Ministers' Council (LGPMC). The inaugural meeting of the LGPMC was in mid-2003 and discussed the priority issues of:
- Urban Water Reuse and Recycling;
  - National Charter on integrated Land Use and Transport Planning; and
  - Urban Sustainability.
- 3.35 The LGPMC was responsible for the National Summit on the Future of Australia's Cities and Towns, which was held in Canberra on 3 -4 June 2004, with planning ministers, representatives of local government, officials from Australian Government and State agencies, industry, academia and social service groups.

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15 Mr Wallace Wight, Northern Subregional Organisation of Councils, *Transcript of Evidence*, 6 April 2004, p. 17.

16 Mr Kevin Breen, City of Darebin, *Transcript of Evidence*, 16 March 2004, p. 82.

3.36 The Summit identified major issues facing Australia's cities and towns, and concluded that:

to be successful into the future, the vision for Australia's cities and towns must:

- Be diverse, vibrant and inclusive communities
- Be globally competitive
- Reduce ecological impacts
- Enhance equity of access
- Demonstrate good quality design.<sup>17</sup>

3.37 The Summit also developed a number of strategic areas where actions were required in order to achieve this vision. Actions included the need for a national shared vision; an integrated governance framework; an improvement in the information base; development of a national settlement policy; improving infrastructure; and a sustainability audit of taxes and charges.<sup>18</sup> These strategies are to form the basis of a National Action Framework. The draft Framework has the following 11 components:

- A shared national vision
- Benchmarking framework
- Office of sustainable communities
- National information exchange and analytical tools
- Community engagement
- Reduced car dependency
- Equitable broadband connectivity
- Managed growth and decline
- Cities for climate protection
- National infrastructure funding program
- A signed Kyoto protocol<sup>19</sup>

3.38 The Framework is to be considered at the next Ministerial Council meeting on 4 August 2005, and the committee looks forward to the outcome.

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17 Australian Local Government Association, Communique, *National Summit on the Future of Australia's cities and towns*, Canberra, 4 June 2004.

18 Australian Local Government Association, Communique, *National Summit on the Future of Australia's cities and towns*, Canberra, 4 June 2004.

19 Australian Local Government Association, Communique, *National Summit on the Future of Australia's cities and towns*, Canberra, 4 June 2004.



## The national agenda – a policy and governance framework

### National leadership on urban policy

- 3.39 In terms of direct intervention, earlier models of Australian Government activity are no longer appropriate in a post-GST environment, nor are they necessarily the most effective means of driving sustainability.
- 3.40 However, evidence to the committee suggests that there is certainly a central role to play by the Australian Government in relation to urban policy and in developing a national urban agenda. The Australian Government is able to provide leadership and put in place systems of governance to coordinate urban issues, and ensure that national policies facilitate sustainable urban practices, at the very least at the broad strategic policy level.<sup>20</sup>
- 3.41 The critical issue therefore is to reconceptualise the Australian Government's role through a new policy framework and cooperative governance that enables, rather than prescribes, a path towards sustainability. There needs to be a fresh policy approach that is relevant to the economic, environmental and social drivers of today:
- We need to look beyond the previous models of Commonwealth involvement in urban policy ... and look at engaging all three spheres of government to work more cooperatively to achieve the sorts of outcomes that are implicit in the terms of reference of the inquiry: sustainable cities and towns, socially, economically and environmentally.<sup>21</sup>
- 3.42 Jurisdictional boundaries and the responsibilities of different levels of government mean that a cohesive and integrated approach to urban frameworks is essential. A coordinated national approach needs to underpinned by an overarching policy framework.

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20 See for example Mr Richard Hancock, City of Latrobe, *Transcript of Evidence*, 16 March 2004, p. 98.

21 Ms Di Jay, Planning Institute of Australia, *Transcript of Evidence*, 8 June 2004 p. 82.

## A national sustainability policy

- 3.43 Many organisations have called for a national sustainability policy and have drawn parallels between national competition policy and sustainability reform. For example, the Australian Conservation Foundation (ACF) called for a commitment by all Heads of Government to a national sustainability policy, similar to the national competition policy.<sup>22</sup> Similarly, the Planning Institute of Australia (PIA) views national competition policy as a sound model to connect the work of all Australian Governments in relation to urban policy.<sup>23</sup>
- 3.44 The PIA explores the comparison with national competition policy and refers to studies that have shown the boost to the NSW economy by improved urban structuring of the Sydney metropolitan region:
- When considered across the whole of urban Australia, this economic pay off from good urban management is likely to be of a scale comparable to National Competition Policy.<sup>24</sup>
- 3.45 By contrast, the cost of poorly managed urban development is significant: neighbourhoods that face spatial barriers to employment and training may result in successive generations trapped in welfare dependency. Per capita health costs are also likely to rise in poorly planned urban areas where active transport options are minimal due to planning, safety, or distance barriers.
- 3.46 The PIA endorses the subsidiarity model, based on international examples, as an approach to sustainability governance in Australia. Subsidiarity essentially means that policy development and implementation is undertaken by the lowest possible level of governance – the level closest to the local community, but is:
- ... consistent with the discipline that such policy development does not compromise agreed objectives at the regional, state and national levels.<sup>25</sup>

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22 Environment Victoria and the Australian Conservation Foundation, *Submission 162*, p. 4; see also *Transcript of Evidence*, 16 March 2004, p. 4.

23 Ms Di Jay, Planning Institute of Australia, *Transcript of Evidence*, 8 June 2004 pp. 82-83.

24 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 7.

25 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 14.

3.47 Again, the National Competition Policy (NCP) model is appropriate:

... the Council of Australian Governments (COAG) signed off on a set of overarching principles to boost the openness of, and level of competition in, Australian markets. The Australian Government established a system of incentives by which the States and Territories would be encouraged to accelerate legislative and administrative reforms in line with NCP principles. But, in the end, it was left up to the States and Territories to determine their programs for implementation and to decide whether reforms to open up competition in particular markets within their jurisdictions were warranted in social cost benefit terms.

In this context, the debate about whether deregulation and competition are good things is not relevant. The key observation is that the Commonwealth led national reforms in a host of areas which were the constitutional responsibility of the States and Territories, without direct intervention and with due respect for the other jurisdictions in the federation. A similar approach is required for effective Commonwealth involvement in urban and regional policy.<sup>26</sup>

3.48 Alexandra and Associates Pty Ltd also calls for Commonwealth leadership on settlement patterns and for a COAG based agreement to achieve more ecologically sustainable development in urban areas:

The Commonwealth government needs to exercise leadership to induce urban development reform. The directions that are set are of national strategic significance. They will literally set in concrete patterns of consumption for the foreseeable future. COAG-based agreement on urban form and settlement patterns which empowers the utilisation of strategic and statutory planning controls, as well as other policy mechanisms is required in order to enhance state and local governments' capacity to ensure sustainable patterns of settlement.<sup>27</sup>

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26 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, pp. 14-15.

27 Alexandra and Associates Pty Ltd, *Submission 22*, p. 7.

## A national sustainability charter

3.49 The PIA proposes an 'Australian sustainable development charter', signed off by COAG. Underpinning this charter, the PIA suggests that:

... COAG would set time bound triple bottom line targets, so there would be targets and objectives set around economic, social and environmental outcomes.<sup>28</sup>

3.50 The PIA also provides some specific examples of such targets and criteria under the objectives of environmental, social and economic sustainability.<sup>29</sup>

3.51 The PIA explains that the targets would be defined by measurable outcomes, over a certain period, with intermediate milestones:

The essential point is that progress towards the targets must be capable of independently verifiable measurement.<sup>30</sup>

3.52 The PIA suggests that the charter would cover all aspects of regional and urban policy making, and through it all governments would commit to this framework and to the development of sustainability plans and programmes. Public policy action might extend to, amongst others, improved administrative arrangements for infrastructure projects, better development approval arrangements, and marketing and education campaigns.<sup>31</sup>

3.53 The committee envisages that the charter and its associated targets as measures of sustainability progress would take into account the concerns raised by the CSIRO with regard to reporting frameworks. The CSIRO recommends improved benchmarking and reporting processes, as well as the upgrading of State of Environment reporting across all levels of government.<sup>32</sup>

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28 Ms Di Jay, Planning Institute of Australia, *Transcript of Evidence*, 8 June 2004 p. 83.

29 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 2.

30 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 14.

31 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 15.

32 CSIRO, *Submission 91*, p. 6.

- 3.54 The committee believes that the State of Environment reporting framework is an ideal mechanism to report on urban sustainability indicators in order to provide benchmarking and monitoring data. The framework could therefore be adapted and improved to form the basis for the development of targets and measures of sustainability progress under the Australian Sustainability Charter.
- 3.55 The CSIRO's proposal of a sustainability matrix which would form the basis of greater accountability is also pertinent in this context. The CSIRO recommends that:
- ... Australia's three tiers of government proceed towards development and use of a total capital accounting framework for budgeting and reporting.<sup>33</sup>
- 3.56 The evidence suggests that it would be appropriate to establish an Australian Sustainability Charter that sets national targets across a number of key objective areas, following consultation with State, Territory and local governments, as well as peak industry and environmental groups.
- 3.57 The committee also wishes to note that the charter would need to be regularly reviewed and updated; it must be a 'living' document in line with the definition of sustainability as a journey and a set of principles and practices.

## Recommendation 1

- 3.58 **The committee recommends that the Australian Government:**
- **establish an Australian Sustainability Charter that sets key national targets across a number of areas, including water, transport, energy, building design and planning.**
  - **encourage a Council of Australian Governments agreement to the charter and its key targets.**
- 3.59 The committee considers that new relevant policy proposals should be evaluated as to whether they would impact on urban sustainability and if so, be assessed against the agreed sustainability targets. Such assessment would provide a 'checklist' of major issues and ensure that the proposed policy would not have unintended and adverse impacts on sustainable development.

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33 CSIRO, *Submission 91*, p. 7.

- 3.60 In this manner, it may have been possible for example to add additional criteria to the First Home Owner Grant scheme to leverage more awareness and competitiveness for eco-efficient housing.
- 3.61 Similarly, any transport programmes would need to provide analysis on the impact of car usage or public transport options. It is not intended that the sustainability analysis necessarily block a new policy proposal. It is intended that the requirement for a sustainability analysis ensure that, wherever appropriate, leverage is used to encourage sustainable options.
- 3.62 In addition, it is intended that the sustainability analysis ensure that all criteria and options are considered and that the long term public good is fully taken into account through reference to sustainability objectives.

## Recommendation 2

- 3.63 **The committee recommends that all new relevant Australian Government policy proposals be evaluated as to whether they would impact on urban sustainability and if so, be assessed against the Australian Sustainability Charter and the COAG agreed sustainability targets.**

## A national sustainability commission

- 3.64 Many organisations have proposed, or endorsed the concept of, a national body that can drive sustainability, and engage all levels of government in their decision making processes.<sup>34</sup>
- 3.65 The ACF lists the establishment of such a body, reporting to COAG and with powers similar to that of the National Competition Council (NCC) as a key recommendation.<sup>35</sup>

Competition and regulation of anti-competitive business behaviour have been key drivers for economic and social reform in the late 20th century. Sustainability reform should be seen as a key driver of environmental, social, and economic reform at the start of the 21st century. One of the best ways to achieve this would be to

34 See for example Mr Justin Sheppard, Environment Business Australia, *Transcript of Evidence*, 29 April 2005, p.3; Dr Hugh Ralston, Warren Centre for Advanced Engineering, *Transcript of Evidence*, 29 April 2005, p.4; Mr Marcus Spiller, Planning Institute of Australia, *Transcript of Evidence*, 29 April 2005, p. 71.

35 Environment Victoria and the Australian Conservation Foundation, *Submission 162*, p. 6.

create a similar body to the National Competition Council to commit governments to, and to monitor implementation of, sustainability reform.<sup>36</sup>

- 3.66 The PIA is also in favour of such a body, which would administer and certify appropriate plans and policies under the Australian Sustainability Charter. The commission would be an independent Commonwealth body that would audit policies and:

... monitor actual progress towards the sustainability targets and milestones in each jurisdiction. The Commission would report directly to Parliament.<sup>37</sup>

- 3.67 Similarly, the ACF went on to suggest that the committee consider the establishment of a sustainability commissioner:

State and territory governments need to have clear strategies in place to demonstrate how they are going to deliver sustainability reforms. Equally importantly, there needs to be a strong mechanism for the ongoing monitoring of the expenditure of those funds to ensure we are getting environmental outcomes for that funding. For example, you may have a sustainability commissioner who performs an ombudsman role.<sup>38</sup>

- 3.68 The Local Government Association of Queensland supported the idea of a national body, but emphasised the need to engage all levels of government and the Commonwealth should not unilaterally decree what should happen.<sup>39</sup> A number of Queensland local governments also expressed strong support for a sustainability commission-type body and a national charter for sustainability.<sup>40</sup>

- 3.69 The committee agrees that the Australian Government should not prescribe regional solutions. Rather, any such body would facilitate coordinated planning that achieves demonstrable progress on the path to sustainability.

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36 Environment Victoria and the Australian Conservation Foundation, *Submission 162*, p. 5.

37 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 3.

38 Mr Wayne Smith, Australian Conservation Foundation, *Transcript of Evidence*, 16 March 2004, p. 5.

39 Mr Greg Hoffman, Local Government Association of Queensland, *Transcript of Evidence*, 6 April 2004, p. 37.

40 See for example Ms Dyan Currie, Toowoomba City Council, *Transcript of Evidence*, 6 April 2004, p.24; Mr Bill Forrest, Nillumbik Shire Council, *Transcript of Evidence*, 16 March 2004, pp. 103-4.

- 3.70 A similar proposal for a national sustainability commission has been developed by the PIA and the Property Council of Australia (PCA), in association with a number of contributory organisations, to ‘create a much closer and more efficient nexus between policy making and implementation’.<sup>41</sup>
- 3.71 In the PIA’s model, the commission would have responsibilities and powers similar to those of the NCC, the Australian Competition and Consumer Commission (ACCC) and the Auditors General at the State/Territory level:
- Its role would be to scrutinize and endorse (or otherwise) the sustainable development plans and policies proposed by signatory governments and to rigorously monitor progress towards the agreed sustainability outcomes in each jurisdiction.<sup>42</sup>
- 3.72 The proposed body would be headed by an independent Chair who would ‘report directly to the parliament of Australia, as do the State Auditors General’.<sup>43</sup>
- 3.73 The committee notes that the choice of Chair would be integral to the success of the proposed Australian Sustainability Commission. The committee believes the person would need to be an excellent communicator, negotiator and have high level advocacy skills.

### Accountability and funding

- 3.74 The PCA emphasised the need to adequately fund and ‘join-up’ the levels of government. Responsibilities should be linked to accountability and funding. Rather than changing the relationship between the Australian, the State and Territory and the local governments, the PCA is looking for a new agreement about who does what.<sup>44</sup>

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41 Mr Peter Verwer, Property Council of Australia, *Transcript of Evidence*, 11 March 2004, p. 14.

42 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 16.

43 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, p. 16.

44 Mr Peter Verwer, Property Council of Australia, *Transcript of Evidence*, 11 March 2004, p. 16.



- 3.75 The committee was impressed by the comprehensive proposal submitted by the PIA which includes the principle, level and use of funding.<sup>45</sup> The Institute argues that the new governance structure and funding model is more appropriate than earlier interventionist styles of Commonwealth involvement in urban planning.<sup>46</sup>
- 3.76 The proposal from Environment Victoria and the ACF also emphasises 'a bucket of money for a substantial national sustainable cities programme' and ensuring that this 'is linked to the broader sustainability reform agenda through a national sustainability council'.<sup>47</sup>
- 3.77 The PCA had earlier commissioned two reports from The Allen Consulting Group on 'Recapitalising Australia's Cities' and 'Funding Public Infrastructure'. The research from these reports has formed much of the basis for the current policy recommendations regarding governance and funding arrangements, linked to a Sustainable Communities or Sustainable Development Commission.
- 3.78 The PCA has worked on a joint policy statement 'Capitalising Sustainable Communities'. The committee understands that the recommendations are consistent with those put forward in the PIA submission and 'Liveable Communities' National Policy Statement.
- 3.79 According to Environment Victoria and the ACF, funding, where those funds come from, criteria for receiving funding, and measurable outcomes are key issues in the consideration of national leadership and gaining State and Territory cooperation. While there was already a large amount of Federal money going to environmental programmes, there was a need for:
- . . . better monitoring the allocation of that funding, ensuring that there are clear environmental outcomes for both environment programs and other programs that have potential environmental outcomes.<sup>48</sup>

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45 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, pp. 19-20.

46 Planning Institute of Australia, *Liveable Communities*, National Policy Statement, February 2004, pp. 4-5.

47 Mr Wayne Smith, Australian Conservation Foundation, *Transcript of Evidence*, 16 March 2004, p. 5.

48 Mr Wayne Smith, Australian Conservation Foundation, *Transcript of Evidence*, 16 March 2004, p. 4. Examples of Federal environmental funding include the Natural Heritage Trust; the National Action Plan for Salinity and Water Quality; Roads to Recovery; and AusLink.

3.80 According to Environment Victoria and the ACF, the success of a national sustainability agenda was reliant on the mustering of funding under that framework, and demonstrable outcomes on sustainability reform. The ACF spoke of stronger performance indicators and outcome measures in existing funding; as well as funding to the States that is tied to outcomes, similar to competition policy, because:

State governments need to demonstrate that they are delivering greater sustainability through the use of Commonwealth funds.<sup>49</sup>

### Recommendation 3

3.81 The committee recommends that:

- the Australian Government establish an independent Australian Sustainability Commission headed by a National Sustainability Commissioner;
- task the Commission with monitoring the extent to which Commonwealth funds and State and Territory use of Commonwealth funds promotes the COAG agreed sustainability targets; and
- task the Commission with exploring the concept of incentive payments to the States and Territories for sustainability outcomes along the lines of the National Competition Council model.

## Summary

3.82 The importance of this inquiry and its outcomes is reflected in the substantial structural reform which the committee is considering. Such reforms represent a crucial first step in establishing the right processes and setting the right direction for Australian cities.

3.83 It is also the view of the committee, and of many of those who gave evidence to the inquiry, that sustainability must not be regarded as a discrete objective. Rather, it must be integral to all policy development.

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<sup>49</sup> Mr Wayne Smith, Australian Conservation Foundation, *Transcript of Evidence*, 16 March 2004, p. 4.

- 3.84 The reform to governance structures and the introduction of sustainability as a criterion for new policy are essential if we are to recognise sustainability as more than an optional add-on. Sustainability is integral to our future economic wealth and well-being. The recommendations set out in this chapter represent the means to make real Australia's commitment to sustainability.
- 3.85 The committee urges in the strongest possible manner that these recommendations be implemented in totality in the shortest possible timeframe. The time is right and as a nation we need to make the right decisions.