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To whom it may concern,

City of Sydney Submission on the National Urban Policy consultation draft

The City of Sydney ('City') welcomes the Australian Government's commitment to updating the National Urban Policy ("Policy"). The consultation draft of the Policy is [here](#).

The purpose of this Policy is to enable government, industry and community to work together and achieve long-term improvements to cities and suburbs across Australia by making them liveable, equitable, productive, sustainable and resilient.

A national urban policy is an important planning framework which was last considered in 2011. A new policy is needed to achieve long-term urban policy goals in a cohesive manner and align resourcing and approaches. Without a national policy, local, state and federal governments are responding to the same long-term challenges without any coordination and with differing levels of urgency.

In addition to having a policy, clearly articulated goals and targets are required as well as a method of measuring progress and funding linked to milestones. Without these components, a national urban policy will be ineffective at addressing urban policy challenges in Australia, because it will not be implemented through state and local government actions, investments and strategic alignment.

A policy also creates a framework to support regular and longer term regional and local planning throughout Australia.

The City has a comprehensive suite of community strategic planning documents and policies and makes the following recommendations in line with those strategies and policies.

Introduction

The City supports the goals (p16-17), objectives (p20-36) and principles (p40-43), of the Policy.

The role of local government

The Policy correctly identifies the importance of local government to deliver many of the goals and objectives of the Policy. It acknowledges that local government operates differently across states and territories and within each state.

Given the importance of local and state government in shaping urban policy, the Policy should include an action that establishes a formal ongoing dialogue for the three tiers of government. Such a mechanism should include the Urban Policy Forum and should have direct representation from the larger city councils, as well as Council of Capital City Lord Mayors and the Australian Local Government Association. It is essential that local government leaders form a direct part of this ongoing dialogue, in addition to peak bodies and that local governments are supported by other levels of government to deliver the goals and objectives of this policy.

In addition to local government, the Policy should consider how the emerging fourth tier of government, owners corporations that manage large developments can be engaged in achieving its goals and objectives.

Consultation and co-ordination

The Policy highlights the need for collaboration between levels of government which is welcomed. The Policy must be specific about the processes for consultation and co-ordination, not just in the development of the Policy, but throughout its implementation, and these processes must include local governments and communities.

Consultation should be aligned to best practice IAP2 engagement and undertakings like the Coalition for High Ambition Multilevel Partnerships entered into at COP28. Given the critical role for local governments as implementers of policy and strategic intent coming from other levels of government, it is important that the actions of the Policy are informed by co-design processes.

The quality and consistency of engagement with local government and with communities will determine the effectiveness of the proposed policy at supporting the aims of the Strengthening Democracy Taskforce - to protect our democracy as a national asset through trusted institutions, credible information and social inclusion. A formal approach to quality engagement in the implementation of this Policy is encouraged.

Improvement is required

The Policy has a number of shortcomings that must be addressed before it is finalised.

The Policy must address all the Australian Government's policy and regulatory levers that affect urban Australia

The Australian Government is responsible for significant areas of policy and regulation that affect urban development. Many of these are not addressed in the Policy. Its role in a national urban policy must extend beyond the department responsible for urban planning and integrate key commonwealth departments and agencies.

The current issues in the housing system highlight a wide range of areas in which the Australian Government's policies and regulations affect housing that are not addressed in the Policy including:

- commonwealth taxes that affect how the private sector direct their capital and investments;

- price of dwellings – regulations and policies that affect interest rates, lending regulation, taxation (for example, capital gains tax, negative gearing, first home owner incentives, etc) consumer confidence in the construction sector, employment and income levels;
- finance availability and cost;
- construction labour availability and cost;
- materials availability and cost;
- non-market rental housing availability (social and affordable housing);
- population growth predictability and level including immigration rates;
- other factors including cost associated with the National Construction Code / BCA; and
- structural taxation approaches to property investment trusts and mechanisms that would, for example, support expansion of the Community Housing Provider Sector.

Similarly, in relation to transport, the Australian Government's regulation and taxation have reinforced the situation where private vehicles are the most convenient and economical way to get around urban areas for most people, putting pressure on our streets and other areas as some people unnecessarily drive into and out of the city centre.

These two issues demonstrate the diversity of issues facing policy affecting urban areas and the diversity of departments and agencies that are involved.

Two simple examples

With regard to housing, the Australian Taxation Office, the Reserve Bank of Australia and the Australian Prudential Regulation Authority have a critical role in availability of finance for housing. Key examples of reform that could improve access to housing include review of negative gearing so that it only applies to new dwellings and access to finance for purchase of smaller apartments.

With regard to immigration, the Department of Home Affairs has a role in shaping immigration rates and consequently markets and the demand for housing. For example, a large increase in student numbers following the pandemic has caused acute issues near tertiary institutions. However, the NSW Government does not recognise 'non-private' housing, such as student housing, in its new housing targets, thereby disincentivising the delivery of purpose built housing to meet a need for diverse housing.

The Policy could include actions to identify the interaction between types of immigration and urban development. The intention would be to ensure that different levels and sections of government are responding to the housing needs generated by immigration.

These examples illustrate that all agencies of the Australian Government must examine how activities and regulation under their control are affecting urban development and urban life, including activities of the private sector.

The Policy must point to the use of best practice regulation to achieve its goals and objectives. A good example is the mandatory disclosure of energy efficiency framework implemented in the commercial property sector that has driven steep reductions in energy use.

Australian Government activities and regulations must be modified to achieve the goals and objectives of the Policy otherwise many of them will remain out of reach. These numerous and diverse activities and regulations must be identified and specifically included in the Policy's implementation plan.

Infrastructure funding

The Policy should facilitate a co-ordinated approach to managing funding of infrastructure at all three levels of government. This may include different approaches to contributions frameworks, land taxes and value capture. The total picture of how we pay for infrastructure needs to be understood. While the Australian Government has Infrastructure Australia, which focuses on large-scale infrastructure, this Policy will also need to better co-ordinate smaller-scale infrastructure.

The Australian Government has the greatest capacity to raise funding followed by state and finally by local government. To maintain community support for intensification of urban areas, it is essential that infrastructure keeps pace with population growth. A coordinated funding approach across governments is required.

The Australian Government's *Infrastructure Policy Statement* outlines the important role of national involvement in transport infrastructure.

The City's recently adopted *Access Strategy and Action Plan* outlines the investment priorities required to support ongoing economic, social and environmental outcomes – creating a city for walking, cycling and public transport. There are likely to be similar priorities in other major Australian cities.

Australian cities are comparatively lacking public transport. Increased transport solutions including late night public transport are needed to support more housing and economic activity in urban areas. For example, Infrastructure Australia's priority list includes improved public transport capacity along Parramatta Road and enhanced transport from southern Sydney to Central Sydney, with light rail the City's preferred mode. Coordination between the three levels of Government is needed to secure delivery of well-located housing close to employment.

The role of housing in the Policy

Many worthy statements are made about housing in the Policy but there is little of substance that will address the market led failures in the housing system. The final Policy must clearly commit to the provision of housing as a human right and identify actions that ensure that all Australian's have access to housing in accordance with that right.

The section of the Policy that deals with housing does not commit to providing housing for all. It deals almost exclusively with strategic planning barriers to housing and while it mentions migration none of the actions relate to it or any of the other critical factors that affect the housing system listed above.

The National Supply and Affordability Council's report, '*State of the Housing System 2024*' and the recent AHURI report '*Towards an Australian Housing and Homelessness Strategy: understanding national approaches in contemporary policy*' outline the wide range of factors that the Australian Government must address. It is inappropriate for the Australian and state governments to undermine confidence in the Australian planning systems when it is very clear that housing system failures relate to a range of market and fiscal factors that government is not willing to address.

Address climate change and resilience to hazards and disasters

Recent major flooding and bushfire disasters have illustrated how vulnerable many regional towns and peri-urban areas are to disaster. These events have been enormously impactful but may be dwarfed by the impact of sea level rise that is now anticipated.

In cities, major economic and natural hazards risks are linked to serious health and consequences for a significant proportion of the population such as extreme heat, pandemics, bushfires and air quality. Changing climate conditions and events are already impacting the finances and economics of Australian cities – it is too expensive to do nothing in planning our cities for the climate reality.

A clear example of an issue arising is the increasing number of properties that are now uninsurable. The government needs to plan for and support the transition of people who are on land that has become or will become too great a risk to occupy. It must do this by making urban areas more resilient through meaningful sustainability targets and solutions such as water collection and recycling.

The Policy must create a framework for the community to engage with the challenges that all climate related hazards present for urban areas and build consensus around government responses.

Include an Implementation Plan with specific deliverable actions

The Policy lacks an implementation plan. To be effective one must be developed as a key component of the Policy, enabled with governance, timelines and renewal.

The lists of the current activities of the Australian Government in the draft Policy should be removed to ensure they are not confused with a properly formulated implementation plan.

The UN guide *How to Formulate a National Urban Policy* (available [here](#)) clearly sets out best practice for development of a policy including its implementation plan components. While the Policy's possible actions and principles are generally laudable, they are not Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART). A future implementation plan must have these features.

Include clear policy positions and commitments

Most of the statements in the Policy do not specifically rule out poor actions and outcomes.

At a minimum, the Policy must include explicit policy and implementation plan actions that the Australian Government will:

- establish a properly funded group to drive improved collaboration across the three tiers of government, and co-ordinate implementation of the Policy, and in doing so, make it clearer the roles of Infrastructure Australia, and any Major Cities Unit;
- fund a significant increase in the quantity and proportion of quality social and affordable rental housing and housing for people experiencing homelessness including using government land assets and introducing mandatory and coordinated affordable housing contributions schemes across local government areas to maximise the delivery of affordable housing as more development occurs to meet the National Housing Accord;

- review the effects of all the Australian Government's activities and regulation, including taxation and financial regulation, on urban development processes and the housing system including development and affordability;
- change regulations, taxation and fund programs to upgrade the sustainability and resilience of homes of vulnerable people, co-designed with local governments and key community organisations;
- establish an agreed funding framework for all levels of government that will deliver the infrastructure required to support urban (re)development;
- establish national carbon budgets for urban development and urban transport including development of a National Gas Decarbonisation Roadmap and assist states and local governments to develop their matching targets and not fund projects that are not consistent with meeting those targets;
- re-establishing the Australian Government's role in co-ordinated City spatial data particularly in relation to disaster /hazard risk;
- review the operation of Infrastructure Australia and determine if any process and priority adjustments are required to most efficiently deliver Policy goals and objectives;
- require only urban development and transport patterns that support active transport and consequently health outcomes as a condition of funding;
- significantly increase funding for active and public transport infrastructure and stop funding road projects in urban areas;
- update the Urban Design Protocol for Australian Cities and require its integration with state planning frameworks; and
- measure and publish progress on the Policy goals and objectives.

The City strongly encourages further consultation be undertaken with local government, including the City of Sydney before the Policy is finalised.

To speak with a Council officer about this submission, please contact Graham Jahn AM, Director City Planning, Development and Transport on 02 9265 9333 or at gjahn@cityofsydney.nsw.gov.au

Yours sincerely,



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