



**Committee
for
Sydney**

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Jo Hutchinson
A/G Assistant Secretary
Cities and Suburbs Unit

Australian Government Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Dear Jo,

Re: Submission on the Draft National Urban Policy for Australia

The Committee for Sydney welcomes the Federal Government's renewed focus on urban policy and is grateful for the opportunity to provide feedback on the Draft National Urban Policy for Australia (the NUPF).

We support the NUPF's goals and objectives to enable urban areas to be liveable, equitable, productive, sustainable and resilient. However, our submission highlights that the Policy, in its current draft form, fails to recognise the specific policies and/or policy levers the Federal Government can pull to help achieve these outcomes and instead focuses on a level of policy detail more suited to (and often already embedded in) the policies of state and local governments.

There is tremendous opportunity for Federal Government policy to address urgent challenges facing our cities, such as housing, productivity, social cohesion, and decarbonisation. We hope the Federal Government will continue to engage industry, community and stakeholders for input as specific policies are identified for implementation.

Who we are

The Committee for Sydney is an urban policy think tank. We are a not-for-profit approved research institute. We are advocates for the whole of Sydney, focused on developing solutions to the most important problems we face. We are proud to have over 150 members that represent key business, academic and civic organisations across Sydney.

We advocate for policy and investment outcomes that shape the future of Greater Sydney. Our work has both catalysed and influenced the development of key city-shaping agendas led by the NSW Government, including but not limited to fast rail between Sydney and Newcastle, the State Disaster Mitigation Plan, transport-oriented development and low to mid-rise housing reforms, and vibrancy reforms.

The primary roles of national urban policy

The Federal Government is to be commended for the re-establishment of the NUPF. Australia's capital cities will be critical engines that drive forward Australia's economy. They are home to two in three of people and jobs and contribute approximately 70% of Australia's GDP. They serve as the gateways for global talent, incubators of innovation, concentration of capital and deep, highly skilled labour markets.

Australia's national prosperity and global competitiveness requires the collective economic and social might of our capital cities to be leveraged in support of national economic priorities. This requires a collaborative approach between all levels of government to align national economic and industry policy with urban policy in order to unleash the collective capital of Australia's capital cities.

The Draft NUPF covers a number of themes pertinent to urban policy and we agree with the intent of the principles that the policy framework outlines.

However, the Committee for Sydney believes that the NUPF focuses on micro issues regarding design, engagement and local outcomes that are already embedded in the way the state and local governments approach urban policy. The NUPF substantively misses articulating the role that the Federal Government can play in enabling and delivering urban policy outcomes.

While this is alluded to in the introductory framing (particularly the diagram on page 14 of the discussion paper that illustrates the respective roles of federal, state and local governments) the substantive focus on the policy directions throughout the NUPF address issues that sit in the state/territory government and local council areas of policy influence, rather than addressing the important role federal policy plays in cities that state and local government cannot.

The importance of the principle of subsidiarity

The principle of subsidiarity in governance contends that the level of government closest to both the issue and the solution is the level of government best place to address the issue. From an urban policy perspective, the place-based nature of urban policy *implementation* rests most suitably with State and Local Governments.

As Spiller notes, “...as one moves up the subsidiarity scale, from local to national and supra national spheres of governance, jurisdictions become less concerned with, and less competent in meeting, the needs of the citizen in place... This means that, typically, the activities of government have a programmatic or sectoral focus at the upper end of the continuum with the emphasis on universality, equal access and economies of scale in delivery.”¹

What this means is that the upper end of the governance scale – national government – should be focused on issues that require a whole-of-country perspective, policy position or level of intervention. For national urban policy, this means focusing on areas of policy that state or local government are not able to influence effectively.

The role of the Commonwealth in national urban policy

The Committee for Sydney believes that the NUPF should focus instead on six key factors that specifically focus on the role that the Federal Government needs to play in ensuring urban policy is effective.

1. Identify where nationally-consistent guidance, targets or regulation is needed

There are a number of policy priorities that require a nationally-coordinated approach that the NUPF can provide. These include (but are not limited to) the following:

- **Develop a nationally-consistent definition of social and affordable housing.** To ensure that the social and affordable housing is effectively and consistently delivered across Australian cities, the Federal Government should define what social and affordable housing is at a national level. There are currently different ways in which it is defined from a user (household income cohort) and typology perspective (for example whether essential work housing is or is not included). A national definition will help state governments and local councils, as well as developers and community housing providers to speak the same language.

¹ Spiller, M 2018 ‘Australia’s Metropolitan Governance Challenge’

- **Setting national targets for cities.** Cities are concentrations of people and activities. Effectively deployed policies within cities can achieve significant economies of scale in achieving nationally significant policy priorities. Targets are an important way to set expectation and to direct funding. Targets relevant to cities at a national level that may inform the NUPF include:
 - **Decarbonisation.** Cities are significant contributors to carbon and other emissions through industry, residential energy consumption and transport. They are also where decarbonisation policies can have significant impact through rooftop solar, home and communal batteries, zero-emission transport and increased energy efficiency of housing stock. The Federal Government can set nationally-consistent targets or policies for Australian cities to assist in achieving our net zero commitments and priorities funding and grants to projects in cities that assist in achieving this.
 - **Social and Affordable housing.** The national challenges regarding housing affordability are felt acutely across all of Australia's cities. Setting nationally-consistent targets for social and affordable housing is essential (nominally in the range of 15-20% to bring us in line with comparable countries across the world).
 - **Transport mode share targets and road user charges.** Cities have the highest levels of connectivity and public transport accessibility in the country (although this varies from city to city). Setting national targets for mode share (the proportion of trips taken on public and active transport) and road user charging is an important signal to state governments about the priorities of reducing car-based travel in cities.

2. Where federal regulatory change is needed to address specific urban issues

Demand-side factors are a significant influence on levels of housing affordability and equity of access to home ownership. It is an increasing truism that it is easier to buy a second home in Australian cities than it is to buy a first and this is leading to Australian cities becoming increasingly unequal. This is causing people to choose to move out of cities. In Sydney, the Committee's [2023 report](#) estimated that this is costing the economy \$10 billion per year in lost productivity.

While supply-side measures are already in the Federal Government's sights through the national housing accord, there are demand-side tax factors that also play a role in housing unaffordability. While the states and local government are able (to some extent) to manage supply through planning reforms, they are not able to influence taxation levers. Recognising this and exploring how regulatory factors can be refined to address major urban challenges such as affordability are an important role that the Federal Government can play in urban policy.

3. Where excessive inter-state competition compromises national priorities

Urban policy is an important driver of economic development. Metropolitan and state governments are developing their own long-term vision for urban economies. Cities are vital engines of economic activity in Australia, accounting for 70% of Australia's GDP. Increasingly, states are separately developing economic strategies and industry policies that set up the states to compete with one another for emerging industries and international investment.

While competition is good, there is a risk of 'excessive competition' between the states as they position themselves for economic development without a national view of economic priorities. This is where the states compete with each other or duplicate industry development programs in a way that is detrimental to Australia's global economic development ambitions, or the effective deployment of Australia's

relatively small labour and business market through unnecessary duplication.

The NUPF can be a place-based policy mechanism to facilitate national industry policy by providing direction to the states about the anticipated roles cities (and regions) will play in the growth of key industries. Using national urban policy as a mechanism to deliver industry policy outcomes will help to prioritise where Federal Government funding is directed towards enabling infrastructure across Australia's cities.

4. Where there is a need for a whole-of-country vision to drive state-level planning

- **Migration policy.** Migration policy is a fundamental driver of city growth and economic development. Cities are the primary entry point for new migrants who arrive and settle in Australia and bring with them the skills that they will use in the economy. Aligning migration policy with the needs of cities (to maintain growth, to bring in new skills) is one way that the Federal Government can use their policy levers to influence urban policy.
- **Leading co-ordinated settlement and economic development strategy.** A national view (developed in coordination with the states and territories) on Australia's long term settlement patterns will have significant influence on urban policy and is something that must be nation-wide in its view. Aligning this with a place-based understanding of key regions' roles in national economic development objectives enables housing and job planning to be aligned.

5. Establish clear expectations of other federal departments in delivering urban policy

Ascribing accountability for policy implementation will be essential for a successful national urban policy framework. As the draft framework stands, it does not have accountabilities built in. While the guidance is suggestive, it is unclear how state and local governments, or other federal departments, will be held to account for implementation.

The Committee suggests that the NUPF include the ascribing of specific outcomes and expectations to different levels of government – including federal government departments – to ensure that there is a focus on implementation.

6. Aligning Commonwealth funding with the achievement of targets or alignment with priorities and expectations

Beyond regulation and target setting, one of the key levers that the Federal Government has at its disposal is the strategic deployment of funding streams to state and local governments. The Federal Government can tie the granting of funds for major urban projects to a demonstration that they meet targets set by national policy or align with national priorities.

While this is not a direct urban policy setting, it is one of the most profound ways that the Federal Government can influence urban policy because of the scale of infrastructure and programmatic funding that they are able to deploy.

Illustrating the relationships within the National Urban Policy Framework

To illustrate the Committee's suggested revisions to the NUPF, we have provided an indicative diagrammatic representation of how the link between national priorities and place-based implementation could work.

This serves to demonstrate how priorities of Federal departments can be translated to place-based outcomes through the NUPF. This is documented in appendix A of this submission.

In conclusion

The Draft NUPF says all the right things about what cities should aspire to. The Committee agrees that the six objectives outlined in the NUPF are objectives that to which all cities should aspire and we commend the Federal Government for articulating this shared vision and objectives.

But these are already known by those in State, Territory and Local Governments who develop urban policy. The approach proposed by the Committee does not impact the shared vision, goals or principles. These can frame the policy framework. However our view is that the substance of the policy document should be focused on articulating the role the Commonwealth can play in cities that no other level of government can.

The Committee for Sydney welcomes the opportunity to continue to work with the Department of Infrastructure, Transport, Regional Development, Communications and the Arts as you progress in the development of this important part of national policy.

Your sincerely,



Jeremy Gill
Head of Policy
The Committee for Sydney

APPENDIX A: ILLUSTRATION OF NATIONAL URBAN POLICY FRAMEWORK

