

# Chapter 5: Rescuing Urban Regions: The Federal Agenda<sup>1</sup>

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## **An urban nation in denial**

Australia has long been, and remains, an essentially urban nation. Presently, nearly two out of every three Australians resides in one of the large urban regions that centre on our state capitals, and there is no sign that this proportion is diminishing. Most Australians prefer to live in the major metropolitan regions, which continue to offer the greatest opportunities for economic, social and cultural satisfaction.

'Seachange' and 'treechange' migrations are of great national significance because they are occurring in areas that appear ill equipped, in a variety of ways, to accommodate major population increases (Burnley and Murphy 2003). They are also raising demands for social and physical infrastructure which may not be viable or sensible to provide in these areas for a variety of reasons. These reasons include the difficulty of providing major new infrastructure networks in environmentally sensitive regions.

Ex-urban migration also partly signals that not all is well in our cities, or at least some of them, and that growth pressures in combination with urban mismanagement are literally driving some households away. Nonetheless, cities and large settlements still occupy the centre fields of Australian life.

The Australian geographer, Clive Forster, reminds us:

It is in city environments that most of us make our homes, seek employment, enjoy recreation, interact with neighbours and friends, and get education, health care and other services. Our cities determine how we live (2004:xvi).

For much of our European history, however, the material significance of Australia's cities has tended to be ignored or understated in public discussions. Public denial of our continuing deep commitment to city living is nothing new. Anti-centricurbanism is a heart murmur that the nation was born with. In 1897, the NSW Government Statistician, T.A. Coghlan, lamented 'the abnormal aggregation of the population into their capital cities', viewing this as 'most unfortunate element in the progress of the colonies'.<sup>2</sup>

The refusal to recognise our seemingly innate urbanity, and the pleasure and productivity that we have derived from our cities, is one national trait worth

abandoning. It weakens us because it keeps us in constant denial about the true state of our settlement patterns. Disavowal of Australia's deeply urban character reduces our willingness and capacity to understand the shifts that are always transforming our cities. It doubtless helps to explain why the 'seachange' phenomenon has been rhetorically overplayed in political and social discussion, without much reference to the continuing overwhelming demographic significance of the cities.

The long term working of our federal system has also tended to overlook the political and policy significance of cities and urban regions. There has been very little, and only episodic, explicit attention given to the cities by Commonwealth Governments (Orchard 1995; Parkin 1982). This record of neglect has been justified and reinforced by political leaders, scholars and jurists who have asserted that the national government has no authority and no power to intervene in urban affairs (Troy 1978).

There has not tended to be an equally theoretical counter-position which has asserted that the Commonwealth does, in fact, have the power and/or the duty to act on urban matters. Even the supporters of a national urban policy agenda have tended to acknowledge, if implicitly, that the authors of the constitution did not appear to anticipate a Commonwealth interest in the cities (Troy 1985: 265).

There have, however, been several important instances where political advances have simply gone around the Maginot Line of constitutional objection to claim urban policy for the Commonwealth. The most notable of these were the urban and housing development initiatives of the Whitlam Government (1972-5)<sup>3</sup> and the Hawke-Keating Governments' Building Better Cities program (1991-6).

Nearly two decades ago, the urban scholar Patrick Troy (1978) made the distinction between theoretical and practical federalist positions when examining the history of Commonwealth intervention in the cities. The pragmatic position is that the Commonwealth can do what it likes in the field of urban policy if it is prepared to mobilise the many fiscal and policy levers at its disposal. The theoretical federalist imagines a constitutional impediment to national urban policy. Troy noted that:

... the argument that the commonwealth lacks the constitutional power to become involved in urban and regional development, while legally correct, is an argument which has only been used when it has been politically convenient. The 'constitution' has been the last refuge of the rationalist (1978:7).

## Two conclusions about the Commonwealth's urban interests

There are two possible conclusions to be drawn from the Australian Government's intermittent record of involvement in urban affairs. First, whilst the Commonwealth may not be obliged and directly empowered to intervene in the cities, there are no practical barriers to it doing so. Episodic federal intervention has mobilised a range of direct and indirect levers to influence urban development, often successfully. The Whitlam Government's urban and regional development program, for example, produced many material improvements to urban infrastructure and amenity that would not otherwise have occurred. Consider one possible list of federal direct and indirect interventions in urban regions since the World War Two (Table 5.1):<sup>4</sup>

**Table 5.1. Federal Involvement in the Cities since World War Two – A Select Summary**

1	Federal investment in state and territory urban road systems	1920s-30s
2	Creation of Commonwealth Housing Commission	1943
3	Commonwealth-State Housing Agreements	1945-
4	Commonwealth pressure on States to sell public housing to sitting tenants	1950s-
5	Creation of Commonwealth Department of Works and Housing	1945
6	First home owners scheme	1960s-
7	Major commitment to building Canberra and establishment of National Capital Development Commission (1958)	1954-
8	Similar commitment to building Darwin reflecting Commonwealth responsibility for territories, including the Australian Capital Territory and the Northern Territory	1970s-
9	Creation of Commonwealth Bureau of Roads to examine urban and rural roads needs	
10	Creation of the National Urban and Regional Development Authority (NURDA) that became the Cities Commission under the subsequent Labor government	1972
11	Creation of the Department of Urban and Regional Development and allied initiatives including the Area Improvement Program, the Australian Assistance Plan, the Sewerage Backlog Program, local traffic calming programs and the creation of Land Commissions	1972
12	Creation of Department of Environment which had urban responsibilities including development of Environmental Impact Statements	1972
13	Expansion of federal assistance to local governments via reconstituted Commonwealth Grants Commission	1973
14	Commonwealth creation of Heritage Commission which had concern for built (i.e. urban) as well as natural heritage	1975
15	Creation by Fraser Government of Department of Environment, Housing and Community Development	1975-83
16	Hawke-Keating Governments' Building Better Cities Program	1991-96
17	The development of national Building Code of Australia	1990
18	National Competition Policy directions that have restructured urban service provision.	1995-

A second insight that emerges from inspection of the historical record is that federal urban policy ambitions are not simply the preserve of the Australian Labor Party. The decision to eschew responsibility for urban affairs is governed by political not constitutional considerations. Both major political blocs have made this decision at different periods.

And yet, both have also produced urban policy initiatives. Labor is remembered for the scale of its national urban policy ambitions; notably during the Whitlam and Hawke-Keating eras. Much less recalled in public and scholarly debate are the urban initiatives of conservative national governments, including the creation of the National Urban and Regional Development Authority by the McMahon Government in 1972. The decision of the current Howard Government (1996- ) to eschew urban policy commitments is not a natural or inevitable consequence of the conservative political position.

Political obstacles to federal urban policy occur both within and beyond the national political frame. Opposition also emerges from other points in the federal system, notably from the States, which may, for a variety of reasons, resist Commonwealth urban policy ambitions. This resistance from within the federal system itself has frustrated the pursuit of national urban policy at different historical periods. The Whitlam government's 'new federalism' approach was designed to engender new federal relations that would support its urban and regional development program. Parkin wrote:

Part of the Whitlam 'new federalism' vision was a sub-state 'regionalisation' of public administration to stand between (and perhaps eventually to replace) state and local government. Regionalisation was seen mainly as a means to bypass the other, allegedly incompetent or uncooperative, levels of government ... (1982:123).

To this end, some 76 new regionalised municipal groupings – Regional Organisations of Councils – were identified 'to pursue co-operative planning and to serve as conduits for Commonwealth funding' (Parkin, *ibid.*). As Parkin notes, the program, encountered resistance from the States, particularly and predictably those with conservative governments. And yet, there was broader resistance amongst the States to initiatives that were seen to threaten their traditional policy prerogatives, including those that redefined the basic constitution and conduct of local government.

By contrast, the later urban initiatives of the Hawke-Keating administrations were not predicated on a deeper attempt to transform or overhaul the federal system. The Building Better Cities Program, launched in 1991, was marked by 'a more flexible approach to Commonwealth/State relations emphasising a range of processes and outcomes to achieve the objectives of the program rather than rigid Commonwealth control over the States' (Orchard, 1985:72).

## **The prospects for Commonwealth urban policy**

As the preceding discussion showed, there are no constitutional barriers to national urban policy in Australia. Neither has urban policy been completely embraced or completely opposed by either end of the national political spectrum. Federal Labor Governments have undertaken the boldest urban policy

interventions but have also demonstrated lapses of commitment to this policy setting. The record of conservative governments is far more modest yet several have produced a range of policy interventions that have shaped urban development directly and indirectly (Table 5.1). All national governments are surely also mindful of the indirect influence they inevitably bring to bear on urban development. As Parkin pointed out, ‘No Commonwealth Government, not even one devoutly committed to ‘non-interference’, can avoid its activities having an urban impact’ (1982:117).

What, then, are the prospects for Commonwealth urban policy in the future? Whilst theoretical (i.e., constitutional) opposition to national urban policy lacks credibility, there remains a practical objection that has the capacity to stymie development of any future federal urban agenda. The next barrier might simply be the position that while federal urban policy is possible, it is simply not needed: the States and local governments are readily equipped to handle the task.

There are two classes of rationale, in my opinion, which make urban policy an essential, not optional, feature of the federal agenda. The first is the unyielding need for a nation of cities to have a national urban policy framework. Urban living is a national trait, and therefore must be a preoccupation for any national government. The love of urban life appears thus as a national value and needs to be recognised as such by national governments. Recognition of this national value does not dictate the form of Commonwealth commitment to urban affairs, but underlines the need for federal policies that safeguard the welfare, productivity and sustainability of Australia’s cities and urban regions.

Then there are a range of fiscal reasons why the Commonwealth should assume part of the responsibility for safeguarding the health of our urban regions. The national government raises the lion’s share of tax and excise revenue, a vast amount of it generated and collected in the cities. The wealth generated by the cities flows from their innate urbanity not from the mere aggregation of economic activity in particular places. This ‘productive urbanity’ derives from the capacity of urban structures to supply opportunities for social and economic advancement that cannot be offered outside cities. For example, the efficient concentration and connection of high order educational, industrial, commercial and recreational opportunities is a form of productive urbanity possessed by most successful global cities (Property Council of Australia 2002). The chances for economic success are greatly diminished when this productivity is compromised by urban dysfunction – for example, an ineffective transport system.

All governments, including the Commonwealth, therefore, are obliged to spend part of the ‘tax take’ in ways that protect the uniquely productive qualities of urban areas. A range of commentators (e.g., Forster 2006) and lobbyists have pointed to the recent and continuing failure of state governments to manage Australia’s urban regions adequately. Arguably however, the increasingly

manifest urban management problems besetting state governments reflect more than simple incompetence. The failings of urban management also highlight the inability of state governments to fund the constant improvements that cities need.

Sydney, for example, is a vastly important national asset. As a second-tier global city it generates a large share of national income and a host of other positive externalities for the nation (Property Council of Australia 2002). Efficient circulation of people and capital is critical in global cities. In the context of environmental pressures, our urban circulation systems also need to be highly ecologically sustainable. It is increasingly evident that Sydney's circulatory systems need dramatic improvement and renewal, to make them more effective and more sustainable (Newman 2006). This essentially is a nation-building task, beyond the capacity of a state government alone. There is a clear case for Commonwealth investment in this great task of urban renovation. As the *Sydney Morning Herald* pointed out in 2005:

... the Federal Government's absence from funding the future of Australia's cities has not gone unnoticed. Its return to the table by purposely funding cities, and recognising their importance to the national interest, is critical to fixing the problems facing the Prime Minister's home town.

The failure of the Commonwealth to assume this responsibility perhaps partly explains what the *Sydney Morning Herald* has termed 'The Great Carr Crash' (Davies, 2006). This refers to a decade of controversial and crisis-prone urban governance coinciding with the tenure of the Carr State government (1995-2005). In particular, transport management during this era was characterised, amongst other things, by use of a range of increasingly impulsive governance mechanisms that attempted to overcome a lack of funding for urban improvements. These included the Public Private Partnerships (PPPs) used to build roads projects; many of which proved to be expensive and controversial. These unconventional mechanisms, especially PPPs, are harder to extend to public transport and partly explain why it has fared the worst during an era of general under-investment. Peter Newman, urban scholar and former Sustainability Commissioner for New South Wales, sees federal funding as the key to reducing state government reliance on PPPs in Australian metropolitan management:

If the Federal Government participated in funding urban infrastructure, then the States could again manage transport infrastructure without the need for private funds and the conditions that inevitably accompany them (Newman 2006).

The second and more contemporary rationale for federal urban policy derives from the external pressures and opportunities that have manifested in the last

30 years. The most important of these are economic and cultural globalisation and global ecological breakdown. The global economic system that has emerged in the past few decades is essentially urban. Cities are the pivots and the engines of the global economy. They have also, to varying extents, decoupled themselves from their national and regional economic contexts and compete directly as discrete economic entities. This urban economic competitiveness occurs both within nation states – think of the tussle between Sydney and Melbourne for urban supremacy – and across national boundaries.

Cities also connect, and not simply compete, in complex ways across national boundaries, outside the normal currents of diplomacy. A key example is the circuitry of global finance, which acts simultaneously to connect cities and set them in contest. It is important therefore from a national perspective that cities are supported and sustained as key engines of economic and cultural opportunity in a challenging global environment (Property Council of Australia 2002).

This idea is well understood by the urban development industry – though it appears not to have been grasped by the present federal government. This position is supported by most leading business lobbies that may have in the past been sceptical of most urban regulation, let alone national urban intervention (see Dennis 2006; Property Council of Australia 2002).

The emergent conventional economic wisdom on federal urban policy sees it as a vital national policy function in the global age. What this perspective does not tend to embrace, however, is the further rationale for national urban policy arising from globalisation – the need to manage the cities in the national interest and ensure that some of the fruit of their new productivity is redistributed to less economically potent regions. There is nothing essentially radical about this idea, which sees a role for urban policy in the maintenance of national cohesion. The tendency of some super city states in the new globalism to see themselves as apart from, and without particular commitment to, their regional and national contexts also needs to be checked. Urban imperia always seem to collapse at some point, and need to be protected from themselves.

Finally, global ecological dysfunction is a new and pressing rationale for national urban policy. Much of this dysfunction is sourced in the growth feast unleashed by globalisation and in its urban pivots. There is simply no prospect of Australia addressing global and regional environmental problems without intervening in and reshaping the course of urban development. Happily, the 2005 federal parliamentary enquiry into sustainable cities demonstrated bipartisan recognition of this issue, at least amongst the political ranks if not hierarchies. The report produced by this inquiry very firmly stated that urban policy was a federal responsibility (House of Representative 2005).

As McManus (2005) argues, Australia's cities urgently need a vast environmental renovation if they are to be made sustainable. This task of ecological renovation

can align with many pressing social imperatives in our urban regions. For example, the extensive commutes forced upon many households in Sydney by increasingly disconnected housing and labour sub-markets are a major source of social stress (Flood and Barbato 2005). This stress is doubtless at least partly responsible for the out-migration of professional and key workers from major metropolitan regions, especially Sydney. It is also a profound cause of ecological stress, with lengthy commutes driving up average vehicle journeys and thus greenhouse emissions. This is a complex problem that will need well resourced and decisive intervention across a range of fronts to achieve better jobs-housing balances across urban subregions, by improving housing affordability and public transport services and coverage. It is a task that surely extends beyond the competencies of state governments.

### **Towards a new urban regionalism?**

Finally, it is hardly sensible to simply add a layer of federal-urban intervention without some finer tuning of multi-level governance of the cities. The admittedly limited history of national urban policy in Australia points to the vulnerability of interventions that are linked to a deeper ambition to transform federalism. And yet, the need for new regionally-based approaches to urban management seems evident given the complexity and scale of Australia's principal urban conurbations. The larger metropolitan areas, especially Sydney, Melbourne and Brisbane, are now set within extensive, multi-nucleated urban regions, that include formerly independent regional towns and even cities. Brisbane is part of a larger South East Queensland conurbation that includes Ipswich and the Sunshine and Gold Coasts. Sydney is increasingly seen as part of a larger, connected urban landscape that includes the Hunter and Illawarra regions. Effective management of these extensive urban regions invites some new thinking about regional governance. An expanding international literature has pointed to the heightened significance of metropolitan regions in the globalised economy and to the need for governance structures that can maintain their productivity and sustainability (Dodson and Gleeson 2003).

An opportunity exists to respond to these global imperatives, and to the increasingly manifest sustainability pressures on Australia's cities, through the creation of new structures to manage urban regions. These new regional structures could focus on urban management, without becoming urban governments. They would have some governance qualities, if supervised by elected state and local government representatives, but no direct political authority or responsibilities. The governance of new regional urban management bodies would be strengthened by representation from the Commonwealth, which would also contribute funding. A precedent for this model existed in the cooperative processes that coordinated planning in South East Queensland (SEQ) during the 1990s. Until superseded by a new state based framework in 2005,



the *SEQ Regional Framework for Growth Management* was a governance partnership involving the Queensland State Government, the South East Queensland Regional Organisation of Councils and the Commonwealth. Whilst it lacked the directive powers needed for sound urban management, and which now exist in the framework that replaced it, the *SEQ Regional Framework* pointed to the possibilities for cooperative urban regional governance, involving all three tiers of Australian Government. This chapter concludes by briefly considering what a new approach to urban regional governance might look like.

A range of urban commentators and urban advocacy groups believe that responsibility for everyday urban management should be shifted from state governments to new metropolitan planning authorities, preferably with direct representation from local government. Mark Spiller, president of the Planning Institute of Australia, argues that the States are in a better position than they have been in for a long time to undertake large-scale urban interventions (Spiller 2005a). Their fiscal independence and strength has been greatly enhanced by the GST revenue they now receive from the Commonwealth. Leaving aside the inequity of the specific tax in question, the situation demonstrates the opportunities for improved governance generally when the lower levels of government (state and municipal) are guaranteed some measure of fiscal autonomy; minimising the possibilities for blame and cost shifting between political layers. Spiller argues that the States and territories should use their newfound strength to increase their investment in cities and to effect improvements to urban governance.

The Planning Institute of Australia has proposed new metropolitan planning commissions with a clear and well-resourced brief to manage the cities sustainability and in the collective interest (Spiller 2005b). This would contrast very favourably with the present situation, too often marked by weak or under-resourced state planning departments that leave urban management largely to state road agencies and ill-equipped local governments.

In the governance model proposed by the Planning Institute, the States would continue to provide overall policy guidance on urban and regional affairs, whilst the new metropolitan authorities would undertake everyday management, including planning, in a much less politicised context. The authorities would need to be well-resourced and able to undertake the sorts of urban improvements our cities urgently need, especially in the face of mounting sustainability pressures. The Institute envisages a substantial injection of Commonwealth funds to support the projects of urban improvement by new metropolitan authorities.

The Melbourne Metropolitan Board of Works (1891-1991) provides one example (minus the federal support) of the broad urban governance model that the PIA has in mind. During its century-long tenure, this institution arguably provided some of the best periods of urban management witnessed in Australia. The Board

was an effective, if imperfect, model of cooperative urban governance, based upon direct representation from the municipal layer over which it presided.<sup>5</sup>

Ultimately, state governments could greatly improve their management of the cities without transforming their governance arrangements in the manner suggested by the Planning Institute. As Parkin observed some time ago:

... the development of coherent urban policy is not necessarily dependent on largesse of funds. It requires, more importantly, a consciousness of the urban dimension, of the interdependent forces at work within cities, of the distributive impacts of public policy in housing, transportation, public health, welfare, education, urban planning, employment and so on. *It is as much a question of policy orientation, policy priorities and policy organisation as of budgetary capability* (1982:82, emphasis added).

These insightful comments underline how much could be done to improve the governance of Australia's urban regions, if state governments simply gave higher priority to urban policy and approached its objects with imagination and energy. In the decades that have passed since Parkin's observations were recorded, there has been little evidence that state governments are willing to apply his advice consistently. This suggests that the independent metropolitan commission model has substantial practical merit. Further, the cumulative effects of prolonged under-investment in urban infrastructure and services, together with the new challenges arising from globalisation and ecological threat, mean that substantial national investment in the cities is both necessary and urgently required.

There is substantial merit in the Planning Institute's (2005) accompanying proposal for a new national urban investment fund, which the metro-authorities would draw from – perhaps competitively. Importantly, management of the fund would be guided by sustainability principles, not simply by the contemporary obsession with infrastructure enhancement. The political economist, Frank Stilwell (2006), argues that that these funds should come, at least in part, from the enormous pool of superannuation resources that are, arguably, not presently being put to the best use we might make of them.

Overall, this restructuring should work to clarify and make more effective the governance of our cities rather than making that critical task more complex. It is hard to imagine it ever happening without the Commonwealth recommitting itself to a direct interest in the cities and urban regions. As argued earlier, there are no real barriers outside the realms of political preference to the Commonwealth's re-entry into urban affairs. And within the realms of the political, it is perhaps as Parkin observed for the States, only a lack of ambition and imagination that continues to stymie this most vital national endeavour.

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## ENDNOTES

<sup>1</sup> Some passages of text in this chapter are taken from my recent book, *Australian Heartlands: making space for hope in the suburbs* (Gleeson, 2006)

<sup>2</sup> In Forster (2004:3). Anti-urbanism was of course rife in nineteenth-century Europe and its new worlds. In the United States, Thomas Jefferson (1743-1826) declared, 'The mobs of great cities add just so much to the support of pure government as sores do to the strength of the human body'. What is distinctive about Australia's anti-urbanism is our deeply embedded tendency to deny that we are even urban.

<sup>3</sup> Many of these initiatives, such as the Land Commission Program, outlasted the Whitlam Government.

<sup>4</sup> I am grateful to Patrick Troy AO who helped me to compose this list

<sup>5</sup> Although, as Parkin (1982) observes, the quality of municipal representation was degraded in the latter years of the Board's existence.