THE VALUE OF PLANNING

August 2017
Planning delivers quality places that grow wealth and jobs and strengthen urban and regional communities. Planning enables economic growth to be achieved alongside environmental goals and community aspirations.

Australia is growing faster than any other OECD nation with a population over 10 million. Our population is expected to reach 40 million by 2050, and Sydney and Melbourne are both forecast to reach 8 million before mid-century. A much higher proportion of older people will be represented in our community. In an expanding knowledge economy, jobs are likely to be increasingly concentrated in our major cities. Planners express visions for the future and work with the market to shape the structure and function of our cities and regions.

The Planning Institute of Australia (PIA) proudly promotes the value of planning to government, the private sector and the community at large. We are working to make the profession more effective and to be recognised as a trusted voice for planning.
THE ROLE OF PLANNING

Planning is the way decisions are made on the use of our land, resources and investment in infrastructure to provide the best results over the long term.

Planning generates value by making great places. Planners understand the spatial relationships between places, their communities and how they interrelate with each other and the economy into the future. Strategic thinking and the integration of economic development, infrastructure and design are distinctive characteristics of planning.

These capabilities are essential in a world in which cities compete as places to live and do business. Planners are trained to see the whole picture, especially the role that people play in making long-term choices on the way we use our resources and enjoy places.
EVIDENCE-BASED STRATEGIC PLANNING FOR SYDNEY’S CENTRES AND CORRIDORS

The way space is used and connected across Sydney makes a difference on how productively we use our human capital and our ability to improve living conditions.

The planned future distribution of growth is based on a ‘networked centres and corridors’ model reinforced in successive Metropolitan Plans for Sydney - and developed further through the ‘three cities’ structure outlined in the Draft Greater Sydney Region Plan (2017).

CONCEPTUAL URBAN STRUCTURE FOR SYDNEY (NSW GOVERNMENT 2010)

This structure is supported by evidence from the performance of alternative growth scenarios for Sydney (CIE 2010 & 2012). Spatial planners working with economists and engineers have designed plausible growth paths and monetised the potential benefits and costs of future transport networks, housing stocks and social and environmental outcomes.

Initial analysis revealed that a growth path locating at least 70% of new housing growth in existing urban areas would offer an $5 billion net cost saving over locating 50% in greenfield areas (CIE 2010). Furthermore, the net benefits (around $1,800 for each new dwelling) of distributing growth among many accessible centres outperformed scenarios that concentrated growth in inner areas or dispersed growth across the metropolis (CIE 2012).

Integrated metropolitan planning is required to realise the value of a well-structured city. This translates into planning initiatives to:

- deliver growth precincts as part of an integrated design, land use control, infrastructure prioritisation and governance regime;
- create and link spaces for employment growth;
- enable the more effective operation of freight and distribution networks;
- better connect population in Western Sydney with jobs in growing industry sectors;
- create incentives for the supply of a diversity of housing types in accessible places; and
- recognise and fund infrastructure to improve community wellbeing.

In Sydney, this has resulted in the strengthening of the Global Economic Corridor, an expanded radial transport network, the growth of Parramatta (and other strategic centres) and integrated planning of the Growth Centres and renewal precincts/corridors. Future progress is needed to strengthen transit cross connectivity, improve housing affordability across all markets, invigorate job growth in Western Sydney centres and boost the liveability of areas being transformed by growth.
PLANNING BUILDS ‘PUBLIC VALUE’ AND EMPOWERS THE COMMUNITY

Good planning creates value for the public by:

- setting out what results should be achieved for a place in the future;
- strengthening legitimacy and authority behind the actions to achieve the stated results; and
- building capacity and enabling action by industry, the community and government to channel growth effectively.

Planning enables communities to be heard – and to confer their authority in contested decisions around development, infrastructure investment and the shape that growth may take.

The process of planning has a civic role to ensure transparency and fairness – so that even those who disagree with a decision can still support the fair basis on which it was made.

Planning rules are designed to strengthen the validity of land use decisions in the eyes of the community and other stakeholders including development proponents. Good planning achieves this at minimal cost in comparison to the public value generated. A positive planning culture is demonstrated when planning processes are used proactively to achieve a strategic outcome.

The legacy of good planning is a predictable basis for investment in housing, employment and other beneficial uses which reflect community values for a place.
PLANNING SYSTEM REFORM

PIA places great significance on how planning reform delivers the chain of decision-making needed to:

- enable community expression on long term decisions;
- improve urban form and design to create great places to live and work; and
- foster infrastructure investment and resource use which promote prosperity and the fair distribution of resources and opportunities.

The integrity of the way planning decisions are made is essential to both make the best decisions and strengthen community trust. In contrast, examples of weak strategic planning objectives, limited accountability for outcomes, post hoc community consultation, unfunded infrastructure needs, the gaming of the approval process and the delay of appropriate development opportunities are signals of a planning system under repair.

Planning System Reform – Intended Shift in Planning Effort (Productivity Commission 2011)

PIA has provided important insights to the planning reform process throughout Australia and specifically in NSW in relation to:

- A clear hierarchy of strategic plans to link state regional, sub-regional and local planning;
- Statutory recognition of district and regional strategic plans;
- Early community engagement principles;
- Rationalisation of state policies;
- Simplifying development assessment pathways;
- Broader use of Independent Hearing and Assessment Panels (IHAPs);
- Affordable housing goals;
- Improving the integrity of voluntary planning agreements (VPAs); and
- Expanding the potential of ePlanning.
PLANNING SUPPORTS THE MARKET AND DRIVES PRODUCTIVITY

Planning assists the property market to work more efficiently and effectively by improving the way we share and allocate the use of land – promoting competition and reducing negative external effects. Poor land use decisions can restrict the enjoyment and productive use of land for generations, while good planning can generate spill-over benefits which can both strengthen economic output and improve social and environmental quality.

Planning has a key public interest role preventing land market failure leading to wider community costs. Planners can share insights into how the benefits of an intervention (e.g. an incentive or a regulation) outweigh its costs across economic social and environmental dimensions.

A classic example is planning for urban services. The demand for land for batching plants, bus depots, materials recycling facilities and sub-stations is rarely strong enough to be competitive in the market. Planning schemes enable these essential goods to locate where they are needed rather than be marginalised to the city fringe where they may be ineffective or incur high costs on users.

A role for planning in the public interest anticipates losers as well as beneficiaries, while ensuring that overall community welfare is maximised. Planners understand this and can identify the impacts on various groups and provide evidence to inform and support the political process. Good planning ensures that the benefits and costs of growth and investment are fairly shared across cities and regions and prevent clusters of disadvantage.

Planning also contributes positively to wealth creation and productivity. Dr Ken Henry (Former Secretary of the Treasury) appreciates a role for government in “creating the conditions for integration and specialisation, by getting infrastructure and planning decisions right.” This includes making the structure and form of cities deliver more value for business by intensifying and better connecting job agglomerations.
PLANNING FOR AGGLOMERATION

Boosting agglomeration economies is one way planning can contribute to city productivity.

This means increasing the density and connectivity of economic activity to offer higher levels of labour productivity and improve the ease with which firms interact (World Bank 2009).

Mapping of ‘effective job density’ represents the concentration of jobs and the extent to which clusters are linked in terms of travel time. The figure below contrasts the central clustering of Melbourne’s jobs with the more disjointed pattern in Sydney.

Effective Job Density in Melbourne and Sydney (SGS 2012)

SGS (2012) reported that a doubling of ‘effective job density’ in major Australian cities has the potential to boost business productivity by 8% increase (even more in industry sectors most reliant on knowledge exchange). This reinforces the value of providing capacity for the growth of employment clusters, linking them together and ensuring that they are accessible to housing.

Planning for employment growth in Sydney’s CBD, the Global Economic Corridor and better linking Parramatta, Sydney Olympic Park and Macquarie Park with other job concentrations can boost Sydney’s ‘effective job density’.
PLANNING FOR GREAT PLACES AND STRONG COMMUNITIES

Much economic and social policy is blind to how it affects places. Strategic planning influences the way public policies and development interact to transform our cities and towns as places to live and work.

Our major cities are growing faster and changing at a rapid rate. For example, Sydney will need to plan to accommodate another 725,000 dwellings to 2036 (i.e. more than 35,000 a year based on Draft District Plan targets). The strategic planning effort is focussed on shaping this growth mostly in existing urban areas in ways that:

• increase productivity, by making jobs and housing more accessible;
• ensure that infrastructure delivery is timely and servicing costs are not prohibitive;
• protect the environment and increase the value of our natural resources; and
• meet community needs and expectations for future living conditions.

Planning is critical in improving the capacity of communities to accommodate growth in ways that fulfil a ‘social contract’ for urban renewal. The community need to see a positive dividend in terms of amenity – rather than growth being associated with a decline in living standards and quality of life.

To do this, planning disrupts the ‘business of usual’ incremental model of urban renewal. Planners, with the community, need to prepare a vision of what new settlements can look like, what function they perform and what cost might need to be incurred in meeting the needs of future communities. Strategic planning maps the way forward by establishing:

• a precinct’s development potential, bringing together agencies to integrate the timing, location and delivery of key infrastructure – not just roads and public transport, but broader community needs for schools, public places and affordable and diverse housing;
• future land use and development controls; and
• a basis for decision making and funding for infrastructure and amenities.
PLANNING FOR PLACES – ROUSE HILL REGIONAL CENTRE

Boosting agglomeration economies is one way planning can contribute to city productivity. This means increasing the density and connectivity of economic activity to offer higher levels of labour productivity and improve the ease with which firms interact (World Bank 2009).

Mapping of ‘effective job density’ represents the concentration of jobs and the extent to which clusters are linked in terms of travel time. The figure below contrasts the central clustering of Melbourne’s jobs with the more disjointed pattern in Sydney.

Rouse Hill Regional Centre, GPT 2016

Long term planning for a regional centre, transit connectivity and the adoption of high environmental and social planning standards has resulted in a vibrant mixed use centre for Sydney’s North West. The retail hub is based around an open street and square layout enabling street activity to invigorate the centre and sustain a variety of higher density housing forms.
PLANNING RESPONDS TO LONG TERM MEGATRENDS

At the national level, PIA has published a series of documents under the heading of *Planning Matters: Shaping the World Today for Tomorrow.*

One part of this was *Journey towards Australia @ 50M,* a project focusing on what planning is; the history of planning in Australia; where we are now; the megatrends that will shape the future and what a responsive and effective planning system would look like.

The overarching megatrend is population growth and change. Australia’s population passed the 24 million mark earlier this year and is projected to reach 40 million by 2050. The Commonwealth Government has demonstrated a renewed recognition for planning and managing growth. Never before has the value of planning been more important or more potentially demonstrable at the national level.

In NSW population is projected to grow substantially by about 1.5 million between 2016 and 2031. The population of Sydney is expected to exceed 5 million this year and grow by about 1.35 million by 2031 – a level adding almost another third to the existing population. The scale of growth of Melbourne is comparable. This poses challenges for all city makers where congestion, density conflicts, social inequities and infrastructure provision are crucial issues.
Add to population other megatrends - including: declining workforce participation with an increasing proportion population over 65, resource dependency, climate change, digital disruption and the rise of collaborative consumption – and there are significant challenges for the planning profession.

But planners’ skills and long term vision make the profession well equipped to manage urban growth, determine infrastructure needs and shape places which can generate economic conditions to improve the wellbeing of future communities. In regional areas, planners play a very pragmatic role in enabling economic growth in support of key industries and centres.

Planning can contribute to long-term changes to city form that enable greater physical activity and contribute to improved health and wellbeing outcomes of an ageing population.
PLANNERS ADD VALUE IN DIFFERENT WAYS

The industry which PIA represents includes the following roles of planners in the property industry, local and state government and consulting. Planning involves collaboration among many different types of professionals to create better cities, towns and regions. We share many common skills such as:

- Anticipating the future, defining goals and managing the means to achieve them;
- Engaging the community and industry and resolving competing interests;
- Coordinating multi-disciplinary teams to achieve cohesive results; and
- Understanding how policy influences communities and places.

The different roles and contributions of planners in the property industry, local and state government and consulting include:

- **Private land owners, developers and planning advisors**: There is no new housing, commercial or industrial growth without private investment in feasible well researched development proposals. This fundamental contribution is aided by a planning process that helps investors manage their financial and legal risks and which directs development along pathways that optimise the benefits to the community, environment and the wider economy.

- **Strategic planners**: Anticipate the nature of change and determine the capacity of land and identify specific needs to accommodate growth sustainably and with optimum economic performance. Strategic planning is the first stage at which the community and land owners are engaged in anticipating and managing future land use change. Strategic planners collaborate with urban designers, engineers, environmental scientists and economists to formulate sustainable development pathways.

- **Development assessment planners**: Maintain public trust in the way rights to the use of land are fairly allocated via the planning system. These planners are the front line of community engagement. Without the trust they generate and their skill in refining proposals, the validity and legitimacy of development can be broken down – with the result that there is no guarantee that community benefits can be achieved. A positive culture in which professionals are proactive in using planning processes to deliver a strategic outcome is an important element of this role.

- **Planning researchers**: Academics and researchers contribute to the rigour and evidence base to inform policy and land use decisions. This enables sound strategic planning and land use policy decisions to win the support of the community, stakeholders and elected representatives.
• **Infrastructure planner/engineers and planner/economists**: Identify project and program costs and benefits, formulate business cases, integrate land use decisions and infrastructure prioritisation, sequencing, funding and delivery.

• **Planning system reform and policy planners**: Set the standard for performance of future development by designing decision making pathways that both reduce compliance costs and deliver community benefits.

• **Specialist social and environmental planners and designers**: Engage with the community, evaluate their needs, integrate environmental insights to create great places and projects.

• **Local and State government politicians**: Communicate a strategic vision and broker the trade-offs necessary to deliver consistent decisions on land use/resource allocation supported by evidence and aligned with strategy.

The common thread is that planners deliver a public benefit. The planning profession's involvement in strategic and development planning, regulatory reform, community engagement and building the competency of the profession is all to this end.

Planning is a much broader activity than the narrow regulatory role often ascribed to it by economists and politicians. In the words of RTPI's Professor David Adams: “Planning helps to create the kinds of places where people want to live, work, relax and invest. Planning is about improving the economy and productivity of our cities and regions – by making places function better in the face of growth and change.” To do this well planners need to continually expand their skillset.

Planning graduates often have little exposure to the world in which economists and central agency resource allocators distribute funds and prioritise projects. The disconnect is a concern as Pat Fensham noted in a PIA award address in 2016: “Planners can be left behind in debates within government focussed on the economic merits of policies or investment.”
PIA is very active in the development of planning competencies and the improvement of professional course standards, including an emphasis on economics as it relates to resource allocation and development feasibility.

**REGISTERED PLANNER**
The Registered Planner qualification sets an industry benchmark for competency and will continue to raise the bar in professional development.

**CONCLUSION**
Planning is about outcomes, not processes. For this reason, planners need to have a “can do” attitude so game changing results can be demonstrated. The real value of planners is seen in successful projects on the ground, and in the legacy of integrated decisions and investment that continue to make great places and communities.

**END NOTES**
2. NSW Government (2010), Metropolitan Plan for Sydney 2036.
3. The CIE (2010) The benefits and costs of alternative growth paths for Sydney: economic, social and environmental impacts, for Department of Planning NSW.
4. The CIE (2012) The benefits and costs of alternative growth paths for Sydney, focussing on existing urban areas, for Department of Planning NSW.
11. Royal Town Planning Institute (UK) (2012), The, Value of Planning, by Professor David Adams, University of Glasgow and Professor Craig Watkins University of Sheffield.