

## Walter Burley Griffin Memorial Lecture — Canberra 25 September 1968

### Responsibilities for Urban and Regional Development

By E.G. Whitlam, Q.C., M.P.

#### Abstract:

*Gough Whitlam's paper is concerned for distribution justice for our cities, and for community buildings. He is concerned for the processes by which the available financial resources can be effectively distributed through appropriate political and administrative structures. After Robert Macnamara, he advocates a cost benefit analysis as an essential pre-condition for public spending. He advocates the establishment of a Department of Urban Affairs to assist government's establishment of urban priorities, and views the United States Department of Housing and Urban Development as a case study.*

Writing in *Architectural Town* three years ago, Professor J.K. Galbraith said:

Economists and politicians still measure accomplishment by indices relevant to the popular concerns of 30 years ago ... If the gross national product grows adequately and unemployment declines, this, pro tanto, means success. If our cities, at the same time, become unlivable in part as a product of this growth and the smoke, sewerage, trash and traffic that it spawns, that is unfortunate but not highly relevant.

Australian politicians, in general and hitherto, have exhibited the indifference to urban problems which Professor Galbraith identifies as a mark of their calling. Economists, by contrast, have joined with architects, planners and the nation's most eminent and enlightened developers to establish the Australian Institute of Urban Studies. Research conducted under the auspices of that Institute will shape the lives of generations of Australians yet unborn. Addressing the founding conference of the Institute a year ago, the Director of the Canadian Council on Urban and Regional Research, Mr Humphrey Carver, said:

Building cities is far the most difficult, complex and majestic thing that men do. In this we come nearest in scale to what God does in creating the landscape, the stars, the hills and the forests.

I for one would like to see Mr Carver's words inscribed on the lintel of our nation's new Parliament House — above, beside or beneath the lake as men and events may place it.

Australians already are the most highly urban people on earth. Already cities contain 81.9% of our population and produce about 80% of the population of Britain, 69.9% of the population of the United States, 69.6% of the population of Canada and 63.5% of the population of Japan live in cities. The trend to city dwelling as a way of life is, moreover, inevitable and irreversible. Cities are the place where most Australians choose to live. Our aim should not be as some urge to prevent the exercise of that free choice, but to create

the conditions in which it can be exercised with maximum advantage, pleasure and happiness. Again, the Minister for Primary Industry said on 20 September, as he has said repeatedly in recent weeks, that the Government sees no solution to the problems of low-income farmers but for them to leave the land. Even those Australians who would not choose to live in cities increasingly, it seems, must find themselves obliged to do so.

### **Neglected Cities and Regional Centres**

Despite our unique level of urbanisation, governments in Australia pay less attention to the problems of the nation's cities and regional centres than to those of its rural areas. The Commonwealth Government in particular allocates each year tens of millions of dollars for rural research and rural subsidies, but a fraction of that amount for urban research and urban services. The Commonwealth, in addition, allows the States total discretion in the proportion of its grants which they expend in cities, but stipulates maximum levels of expenditure in rural areas.

Forty per cent of funds allocated to a State under the Commonwealth Aid Roads Act must be spent on rural side-roads, but no minimum whatsoever is specified for spending on roads in urban areas. The States, therefore, with impunity devote to rural roads more than 80% of the road funds they receive from the Commonwealth. Roads which carry 80% of Australia's traffic in cities where 65% of Australia's motor vehicles are garaged receive between 10 and 15% of the Commonwealth's allocation.

By default of effective Commonwealth intervention, the burden of new urban development and the provision of basic urban services falls more and more on those least able to support it. Local government, which relies on rates and charges, State governments, which rely on indirect taxes and charges, and land developers, who pass on rising costs in rising land prices, together provide the finance for most of our new urban development and most of our basic urban services. All these indirect taxes and charges are inherently unfair in their incidence. They fall most heavily on those with smaller incomes and larger families.

Moreover, differences in the standard of living Australians enjoy arise increasingly from their access to hospitals, schools, recreation facilities, public transport, roads and sewerage. Only governments can provide these services. Under present arrangements, they are provided with a growing geographical discrimination against those who live in the cities and regional centres. Sewerage is the most basic and essential of urban services. Yet, between 1946 and 1966, the percentage of persons living in sewered homes declined in Melbourne by 18.5% and in Perth by 33%.

Sydney over the same 20 year period was able to increase the proportion of its population in sewered premises by only 0.4%. Brisbane, under a Labor Mayor and a Labor Council, has made great progress in the provision of sewerage facilities, yet a third of homes and other premises in Brisbane are still unsewered. In no other Western nation is the level of urban sanitation so primitive as in the cities of Australia.

Again, far from achieving better communities in any meaningful sense of the word, we in Australia are moving in the opposite direction. Sydney and Melbourne, the cities in which

most Australians choose to live or are obliged to live, are becoming less and less genuine communities and more and more conurbations — agglomerated, sprawling masses of housing units, inhabited by people forced by the pattern of urban growth to travel further and further to work, taking longer and longer to get there, sharing less and less in common with their fellow citizens, knowing and wishing to know less and less of the common problems and interests of those around them.

The Biblical question "Who is my neighbour?" has always been a difficult exercise in philosophy. Hundreds of thousands of people today in each of Australia's major cities could not answer the question even in its most literal sense. Literally, they could not give their neighbours a name. This alienation and spiritual separation from our fellow human beings at home contributes in no small measure to our lack of real concern for the sufferings of our fellow human beings abroad.

Australians in their cities have concentrated too much on the mere building of more and more housing units. We have devoted far too little effort and attention to building communities within the cities. In this respect, governments and private enterprises are equally negligent, equally guilty. The Commonwealth has been concerned mainly with statistics which show how many units of housing the finance which it provides can build. The States have been concerned mainly with the number of units of housing which they in fact squeeze out from funds they receive from the Commonwealth. Private enterprise has been concerned mainly with the number of units of housing it can sell. No authority recognises or accepts responsibility for the creation of communities.

Consequently, we have achieved quantitative housing but not qualitative living for the populations of our expanding metropolitan and provincial centres. The social cost of unplanned urban expansion has been as exorbitant as its fiscal cost. When outer suburbs are allowed to grow without paved roads, without proper sewerage or proper drainage, without convenient shops or nearby work places, without meeting halls or nearby schools, without sports grounds, parklands and entertainment facilities, it is not surprising to find in these same areas the highest incidence of vandalism, delinquency and social alienation; the highest incidence of hepatitis and — perhaps — the greatest prevalence of private neuroses. These are but a few of the private consequences of our public failure to plan for and build communities.

### **Role of the Commonwealth**

It suits Liberals to assert that urban facilities and urban services are matters for the States. Liberals appreciate and are appalled by the inevitable increase in government expenditure involved in providing better urban facilities and better urban services. They know that the best way to restrict government expenditure on any activity is to classify that activity as one for the States, which have fewer financial resources than the Commonwealth. It would be naïve and erroneous for Australians to accept the proposition that their national government has no responsibility for the cities and regional centres in which a majority of the nation's population make their homes. Labor believes that efficient functioning and fair financing of urban facilities and urban services will be achieved by our national government taking an increasing share of the responsibility for such functions, as all comparable national governments are already doing. The Commonwealth has a monopoly

of direct taxation and most forms of indirect taxation — customs duties, excise duties and sales tax. It floats all government loans. The States depend on the Commonwealth for most of the funds for their current expenses and all the funds for their public works. The Commonwealth has the dominant role in deciding the size and nature of the borrowings by semi-government and local government bodies. It has, directly or indirectly, control over 90% of all money spent on housing, and constitutional power to make grants to the States under such terms as it may stipulate.

The financial power and constitutional power of the Commonwealth combine to make it the most effective and appropriate instrument for ensuring that proper urban development proper urban planning are implemented in Australia. It must accept the responsibilities which these great powers confer.

At the same time, the Commonwealth cannot require less of the States and of local government than that they justify on a cost/benefit basis all proposals involving the expenditure of Commonwealth funds.

The proposition that public expenditure must be as rigorously justified as private business expenditure is now generally accepted in academic and executive circles. If there is a fixed budget available then the public official who advises his Minister on its spending must be able to say "The funds can be spent on projects A, B or C. In terms of a stated set of social objectives I can advise you, Mr Minister, that Project A yields a rate of social return which exceeds the returns available from projects B and C."

This type of "cost benefit" approach to public spending first gained prominence in the U.S. under President Kennedy, with Mr Robert Macnamara as its most notable protagonist.

The bulk of public expenditure in Australia is determined by the time-honoured device of Treasury saying "Give each department 5% more than last year and spread what remains among those Premiers and Ministers who make the most noise". However, the Treasury's seminal Information Bulletin on "Investment Analysis" two years ago foreshadowed a more rational approach. Through that Information Bulletin, the Commonwealth in effect served notice on States and semi-government authorities that in future it would expect their requests for funds to be backed by "cost/benefit" analysis.

The cost/benefit approach is rational from a social point of view simply because it looks at ultimate social objectives, rather than at intermediate, instrumental goals. In a statement on "Budgeting for National Objectives", the United States Committee for Economic Development — an organisation of impeccable conservatism — two years ago commented

... the budgetary process is intimately associated with every phase of planning, from the implementation of major national goals to the selection of immediate priorities.

The Committee went on to criticise the traditional budgetary process, saying:

Most spending plans focus on the agencies and their subdivisions rather than on the functions performed and the programs projected.

It made the recommendation that the Bureau of the Budget, in its role as the presidential staff unit, should

... expand its efforts in reviewing broad program alternatives, co-ordinating functions scattered among separate agencies, giving attention to administrative reorganisation, evaluating program achievements and appraising and improving agency management performance.

In other words, we must focus our planning procedures on the ultimate objective and, from this, determine the precise sequence of steps necessary for its implementation. For example, in each of our major cities we spend a great deal each year on building and maintaining roads and on operating systems of public transport. The objective of all this expenditure is to improve an urban transport system. The value of spending on any particular project, such as a free-way, a ring-road, an underground railway or a new bridge, can only be determined by looking at the effect of that particular project on the operation of the whole urban transport system.

In practice what happens is that each year the main road authority gets funds to build roads, and the railway has capital for certain improvements to rolling stock and permanent rights-of-way. In many cases road funds are also arbitrarily placed in the hands of local government, with its own local network of roads to maintain. Does anyone have a brief to spend where the money will do most to upgrade the total system? Or, in other words, does anyone ask themselves whether it would be better to concentrate on, say, a rail extension this year and hold back on roads, or vice versa? It was this point that the C.E.D. Committee was making when it said "most spending plans focus on the agencies and their subdivisions, rather than on the functions performed".

The Melbourne underground railway and the Sydney eastern suburbs railway provide two illustrations of projects which have been conceived for reasons other than total system considerations.

On the basis of such limited analysis as has been made of these projects, it appears that the Sydney eastern suburbs line can be justified as a useful addition to the metropolitan transport system, while the Melbourne underground seems to be merely an expensive solution to a short-term problem facing a sub-system; i.e. it will make life easier for the Victorian Railways, but at a very high cost in capital funds which could have been spent more effectively on other parts of the total urban transport system, or even on other parts of the railway system.

### **A Department of Urban Affairs**

Tonight's paper is mainly a discussion of a systematic approach to urban and regional development. In order to get the right allocation decisions, one must have the right set of institutions. The goals of institutions must be related to social goals in a direct and visible way.

The big problem with urban and regional planning in Australia is that, with the exceptions of Brisbane and Canberra, the planning organisation is not the organisation which spends the funds, and the organisations which spend the funds see their responsibility as running trains, generating electricity, supplying water, building schools and so on. The organisations which spend the funds have instrumental goals which they quite rightly pursue in the way that seems most efficient from their own sectional point of view. The Loan Council allocates these organisations investment funds which they spend in the way which suits their own sub-system best.

Whether the objectives of the main roads authority are consistent with those of the water supply and sewerage authority is a question which no-one in particular has a responsibility to examine. Whether their objectives are consistent with those of the local planning agency is, equally, a matter of chance. If there are inconsistencies, it is the people who spend the money, not the planning agency, who prevail.

This is the crux of the matter. Choose any city or regional centre. If its population is growing, then surely the objective is to create urban environments for those people in the most efficient way possible. It is to create a total urban environment, not to create a set of unco-ordinated sub-systems. Is such a goal utopian? The existence of Canberra suggests that it is not. In Canberra we are creating urban facilities of a higher quality than are found in the outer suburbs of any metropolitan capital, and it appears that the cost to the community is less.

This can be achieved in Melbourne, Sydney or any of the smaller cities. The basic requirement is that, before a State or local authority comes to the Loan Council for funds for urban services, it should prepare an integrated or "program" budget which covers the whole list of requirements for a city or region. The very process of co-ordination required at the local or metropolitan level to construct a total specification of requirements will force the local planners to take into account the varying interests of the instrumentalities which will construct and operate the facilities.

Armed with such a brief, representatives of the States and local government could come to Canberra and say

We have looked at a number of alternative methods of coping with the next 5 years' population growth in this capital city, or that provincial centre. We think it can best be done this way. The cost will be so much in year 1, so much in year 2, and so on.

A Department of Urban Affairs would scrutinise all proposals and advise the Treasury that, for example, "Proposal A is well conceived and appears to be an efficient scheme, while proposal B should be sent back to the State for reworking". Once a scheme was approved, a financial commitment would be made, extending over a number of years into the future. The local planners and the instrumentalities would then know what finance they could expect, and within that limit could proceed to spend it as their technical capabilities permitted.

## **Organisation of the Department**

A Department of Urban Affairs thus would have three main functions. First, the Department would analyse and evaluate applications or proposals for each city and region submitted to the Commonwealth by the States and by local government. It would provide those authorities with the results of its evaluations, and submit its analyses to the Treasury, the Prime Minister and the Standing Committee on Urban and Regional Development.

Second, the Department would assume major responsibilities for research and development. It would advise the Bureau of Census and Statistics on data required for the preparation, evaluation and administration of programs for urban development. It would assist the States by providing information and by co-ordinating information already in their possession to enhance its value. It would commission inquiry by universities and by independent groups into problems which concern all our cities and regional centres and into problems of concern to particular cities and regional centres. It would itself undertake research projects or undertake them jointly with the Australian Institute for Urban Studies.

Finally, the Department would provide a service organisation with a role in many ways similar to the role played in rural enterprise by the Snowy Mountains Authority, the Northern Development Division of the Department of National Development, the C.S.I.R.O. and the Bureau of Agricultural Economics. This service organisation, consisting of engineers, economists, town planners, statisticians and other expert analysts would, on request, advise and assist the States and local government in their preparation of plans for cities and for regions.

In order to avoid prejudicing the executive role of the States and of local government, the analysis and evaluation functions of the Department would need to be kept separate from its functions as a research and service organisation.

The Department would hope to become a centre to which planners, public servants, academics, architects and other expert persons could come on study leave both from within Australian institutions and from institutions overseas. Such visitors, operating in particular through the Research and Service Divisions of the Department, would have a unique opportunity at once to bring themselves abreast of new trends in the field of urban affairs and to make their own practical contribution to the development of those trends. The Department would, in addition, make short-term appointments or retain on a contract basis the services of both local and overseas authorities with skills or knowledge relevant to particular policies and projects.

## **United States example**

The Congress of the United States declared, in establishing the United States Department of Housing and Urban Development:

The general welfare and security of the nation and the health and living standards of our people require, as a matter of national purpose, sound

development of the nation's communities and metropolitan areas in which the vast majority of its people live and work.

President Johnson said:

We must make sure that every family in America lives in a home of dignity and a neighbourhood of pride and a community of opportunity and a city of promise and hope.

Liberal adulation of the United States would be more admirable and more credible if Liberal governments more often followed the example of America's best institutions and echoed the aspirations of America's noblest spokesmen.

Australia's cities are younger, less populous and more uniformly prosperous than the cities of the United States. Yet they exhibit in embryo all the problems of cities in the United States except the overtly racial problem. If we act promptly, we can solve those problems without resort to the draconian measures which are required in a Chicago or a New York. A Labor government would learn from the successes and the failures of the United States Department of Housing and Urban Development.

H.U.D. makes grants to local communities for the development of adequate water and sewerage facilities. Schemes, in order to qualify, must be designed in conformity with the plans or facilities for adjacent areas, and with provision for foreseeable increases in demand. I have noted already that in no other Western nation is the level of urban sanitation as primitive as in the cities of Australia.

H.U.D. pays up to 75% of the cost of community centres and buildings for youth clubs, health centres and other social or recreational activities. Such buildings in Australia's newer suburbs are provided by the voluntary effort of residents or, more commonly, not provided at all.

H.U.D. assists cities to carry through programs of urban renewal. To qualify for such assistance, cities must first develop feasible plans which include, inter alia, "provision for the relocation of families and individuals displaced as a result of governmental action into decent, safe and sanitary housing at prices or rentals within their means".

Urban renewal programs in Australia benefit from no specific allocation under the Commonwealth-State Housing Agreement, and languish accordingly. Persons displaced by such programs are obliged to choose between costly accommodation in the area undergoing transformation or accommodation only marginally less costly in outer suburban estates remote from friends, family and employment.

H.U.D., in addition and with no less relevance to the needs of Australian cities, makes grants towards the cost of:

- public building land and public open space;
- urban mass transportation;
- housing retired persons;
- preservation of historic sites and buildings.

It operates a national clearing house service on urban information, provides graduate fellowships in urban studies, arranges mortgage insurance for specified categories of citizens and subsidises rents for low-income families.

### **Emasculation of State and local government**

Australian federalism should not be less vigorous in these matters than the federalism of the United States. A Labor Government would not emasculate federalism as it has been emasculated under successive Liberal governments. A Labor Government would not deny State governments and local government finance adequate for the functions which they are incomparably best able to perform, or by default impose upon them functions better performed at a national level.

In the last 15 years, the indebtedness of the Commonwealth has diminished. The debts of State governments have risen three times, of local governments four-and-a-half times and of semi-government authorities seven-and-a-half times. Within five years, the combined indebtedness of Australia's 900 local government authorities will exceed the combined debts of the States. The present crisis in financial relationships is as much a matter of the pressures on local and semi-governments as of the squeeze upon the States. Local government must be accepted as a partner with the States and the Commonwealth in future financial arrangements. Residents of the newer suburbs suffer from the squeeze on local government and semi-government authorities more than they suffer from the squeeze on the States. The financial agreement under a Labor Federal Government would become a tripartite agreement including the three tiers of government in Australia.

The heart of the present crisis in Commonwealth–State financial relations is the refusal of the Liberal Federal Government to accept any direct responsibility for hospitals and schools, the greatest burdens on State budgets, and its refusal to become involved in the plight of local government and semi-government authorities which bear the whole burden of the provision of services for cities and regional centres. The national government of every comparable country already accepts these responsibilities.

### **Labor's Alternative**

A Labor government would accept a share of direct responsibility for hospitals. It would base its national health system upon hospitals, the field of health in which the greatest costs are incurred by individuals and in which the greatest costs are involved in the provision of skills and equipment.

A Labor Government would assume responsibility for co-ordinating and financing university education and teacher training. It would accept responsibility for the siting of new tertiary institutions.

Relieved of these crushing and inappropriate burdens, State governments and local governments would be free to take up the challenge of urban and regional development. I envisage that instrumentalities responsible for roads, railways, water supply, sewerage and other services would submit their investment proposals to urban and regional planning

authorities, which would assess and integrate them in the light of wider planning goals. State governments and local governments as representative bodies could then reach informed decisions on investment priorities, and communicate a plan in its final form to the Commonwealth. The Commonwealth would be concerned not with the substance or priorities of particular plans but with their internal consistency. It would be inappropriate and unacceptable for the Commonwealth to interfere with the substance or priorities of any internally consistent State or local government plan.

### **A role for private enterprise**

Private enterprise, at the level of the great finance corporations and at the level of the private builder, has a great role to play in this plan for community development. In informal conversations with leaders of the housing industry, I have been impressed by their earnestness in wanting to play a truly constructive role in the business of construction. They are ready and willing to co-operate in planning which would enable them to use their skills and experience for the public profit of the nation as well as their private profit.

We can and must harness the accumulated experience and expertise of those engaged in private enterprise. They want to accept a higher degree of community responsibility than hitherto, but they cannot do so until the Commonwealth accepts its responsibility to the community.

Since the direct participation of members of the community would be needed in the preparation of plans for cities and regions, I would expect that the current sense of alienation and apathy which Australians display towards the problems of their environment would be dissipated.

The important issue for Australians is not whether the Commonwealth or a State should discharge a particular governmental function, but that the governmental functions should be well discharged.

Australians will continue to suffer in the quality, availability and equity of government services so long as they allow themselves to be fobbed off with the contention that such basic functions as education, health, urban planning, housing and transport are solely or primarily matters for the States; they are no longer regarded as solely or primarily State or local matters in any country with which Australia compares herself.

We are gathered tonight to honour the memory of Walter Burley Griffin in the city he created. Canberra exemplifies how one man's vision can be taken up and, through its internal logic and consistency, produce a city of which Australians are justly proud. There could be no better tribute to that man than for his ideas of planned development to be taken up and applied throughout Australia, raising up new regional centres to surpass the beauty and the efficiency of Canberra itself.