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Mr Tony Shepherd AO  
Chair the Commission  
National Commission of Audit  
C-/ Department of Finance  
**CANBERRA ACT 2600**

email - [submissions@ncoa.gov.au](mailto:submissions@ncoa.gov.au)

Dear Mr Shepherd

On behalf of the Lord Mayors of Australia's capital cities I welcome the opportunity to provide a submission to Phase 1 of the National Commission of Audit, specifically in regards to the scope of government and the division of responsibilities between governments.

The Council of Capital City Lord Mayors represents the interests of the Lord Mayors (and Chief Minister) of Australia's eight capital cities. Collectively, Australia's capital cities drive national economic growth, creativity and innovation:

- some 14 million Australians – two thirds of our population – live in a capital city<sup>1</sup>
- our cities generate over 60 per cent of Australia's GDP<sup>2</sup>
- together, the capital city councils administer around \$35 billion in assets and injected over \$4.7 billion into the Australian economy in 2012/13<sup>3</sup>

Australia's capital cities are global magnets for talent, innovation and prosperity. Productive cities bring economic benefits far beyond their borders and are fundamental to a nation's success. As Lord Mayors of capital cities we share a collective interest in securing a prosperous, sustainable and equitable future.

Local government, perhaps unlike other tiers, operates at a spatial level delivering services directly to the community, cognisant of the need to deliver holistic solutions rather than responses born of policy silos. More than any other tier of government, we manage the creation of physical places where industry operates and people live; the efficiency, effectiveness and accessibility of Australia's urban environment is our priority.

The economic and population load faced by Australia's cities is set to grow into the future, with our capital cities forecast to grow by 10 million people more by 2056.<sup>4</sup> Managing this growth and maximising opportunities will require cooperation and partnerships between Australian governments. In particular, governments will need to work together to plan and fund major infrastructure.

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<sup>1</sup> ABS *Labour Force Survey (Cat:8291.0.55.001)*, June 2012 – Excludes ACT and NT due to unavailability of city data

<sup>2</sup> SGS Economics *Australian Cities Accounts 2011-12* Nov 2011, REPLAN 2011

<sup>3</sup> Combined Capital City operating and capital budgets 2012/13

<sup>4</sup> ABS *Labour Force Survey (Cat:8291.0.55.001)*, June 2012 – Excludes ACT and NT due to unavailability of city data

Infrastructure investment is vital to productivity, driving national income growth and consequently impacting the well-being of all Australians. Transport congestion, just one impediment to productivity, is an 'avoidable' cost expected to exceed \$20 billion by 2020<sup>5</sup> with capital cities feeling the greatest impact.

Through a renewed focus on innovation and efficiency in our cities we can address obstacles like congestion and make our nation more productive. Our capital cities can be at the heart of a national productivity drive, that will impact the greater metro areas in which they sit and in turn the Australian economy.

To achieve this we need partnerships between governments and a commitment by the Federal Government to invest in capital cities. Significant untapped potential exists for joint venture partnerships between Local, State and Territory and Federal Government on projects of national significance. This collaboration must take centre stage in our national policy framework and political debate. Australia's next major economic structural reform needs to be a focus on cities.

The Lord Mayors believe strongly that a Federal understanding of urban issues and engagement point is needed to foster relationships across and between governments in regards to cities. The achievement of national priorities is optimised as a result of the Federal Government utilising its understanding of cities to shape programs and fund infrastructure.

Earlier this year the Council of Capital City Lord Mayors commissioned three pieces of research that illustrate how greater infrastructure funding, innovative financing and smarter planning for cities bring national benefits:

- **Nation building projects for Australian capital cities<sup>6</sup>** (research by Allen Consulting, 2013): Federal Government investment in critical infrastructure projects could bring ongoing national benefit. An investment of \$5.44 billion in 11 nationally significant urban infrastructure projects, would return \$1.81 billion to the economy every year.
- **Infrastructure financing solutions for Australia's capital cities<sup>7</sup>** (research by EY, 2013): Australian governments are facing a growing demand for public infrastructure projects coupled with a diminishing capacity to pay for this infrastructure through government debt. New, innovative financing mechanisms are available to help build the infrastructure our nation needs.
- **Unlocking smart growth in Australian capital cities** (research by Urbis, to be completed in coming months): Major changes in policy, governance structures and a precinct based approach in planning, managing and investing in cities are vital to create successful, livable cities of the future.

Based on these findings, the Lord Mayors make the following observations:

1. **Investment in nation building urban infrastructure** will build Australia's competitiveness and improve the wellbeing of all Australians
2. **Partnering between Federal, State and Territory governments and capital cities** could unlock innovative funding solutions to deliver infrastructure projects

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<sup>5</sup> Bureau of Transport and Regional Economics

<sup>6</sup> Nation building projects for Australian Capital Cities (Allen Consulting 2013)

<sup>7</sup> Infrastructure Financing Solutions for Australia's Capital Cities (EY 2013)

3. **Smart Growth in Australia's cities could be achieved by:**
  - **Recognising the importance of Australian cities** through a formal dedicated national policy
  - **Adopting a precinct-based approach for new investment in cities**
  - **Enhancing Federal Government funding for cities** via a Smart Growth paradigm
  - **Investing in and using strong evidence based knowledge about Australia's cities** to improve the effectiveness and efficiency of infrastructure investment
  - **Locating new urban growth in the right places** to optimise infrastructure investment, productivity, sustainability and improved quality of life
  - **Making connectivity and accessibility a key component** for all new urban development
  - **Creating a cycle of value capture and re-investment in cities** based on the Smart Growth model
  
4. **A formal, dedicated mechanism could guide federal policy direction in relation to city issues** Local, state or territory and Federal Government need to establish a tripartite coordinating arrangement focusing on capital cities.

We would be delighted to discuss this research and our observations with you in more detail. Please contact [REDACTED], Executive Director, Council of Capital City Lord Mayors on [REDACTED] if you would like further details on issues raised in this submission.

Complete copies of the reports referred to above are available at: [www.lordmayors.org](http://www.lordmayors.org) and enclosed are high level summaries of this research.

We look forward to contributing to future phases of the Commission's work.

Yours sincerely

[REDACTED]

[REDACTED]  
Lord Mayor of Brisbane  
Chair – Council of Capital City Lord Mayors