

Productivity Commission Better Urban Planning Inquiry

Response to key aspects

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Overview

Thank you for the opportunity to offer a submission on this Report.

I have a number of concerns about the *Better Urban Planning Enquiry*.

Philosophy vs Urban Science

The Report's direction and content appear to be heavily influenced by an overall philosophy that a more market-led approach to decisions on land use will deliver better outcomes for urban economies. In particular, that more efficient and sustainable urban economies and urban form outcomes would result from the aggregate of individual land use decisions, rather than through more holistic decision-making by communities. I quote from the key points on *High performing cities*:

"Cities increase in size as a result of innumerable decisions that individuals and their families make, and that firms make, about where best to locate. The benefits of growth arise mostly from the complex and unpredictable collective outcomes of these individual decisions, and not from the deliberate choices of planners to promote urban growth and density."

This is in essence a statement of philosophy, based on the notion that individuals know what is best for themselves and therefore what is best for society as a whole, and that commercial markets would deliver the best land use outcomes. Therefore, a greater weight on commercial market imperatives in the planning legislation would deliver better outcomes for New Zealand's urban economies.

However, that view is based on a philosophy, as distinct from urban science. It runs counter to the collective experience and knowledge of many urban geographers, economists, and others. It also runs counter to the experience at the Parliamentary level in New Zealand, as evidenced by the decision to enact the RMA (and previous planning legislation). The RMA assigns very considerable responsibility and power to central government, regional councils, and local authorities to be the final arbiters of land use outcomes. The underlying rationale of the RMA is that commercial markets left to themselves would not deliver the (land use and other) outcomes which society prefers. If commercial markets did deliver these outcomes, then there would be no need for an RMA.

This philosophy runs through the Report – in similar vein to the Commission's earlier studies. Another apparently key foundation statement is that:

"The choices of people and firms are the driving force behind how cities grow and evolve" (Overview, p2).

This is once more a statement of philosophy, rather than science. The key word in this statement is “the” as applied to the driving force. While the choices of people and firms are certainly one of the drivers of urban growth, there are other key influences, including the choices of communities (usually through local government). This is particularly the case for urban economies, where there are many externalities which are seldom able to be dealt with by commercial markets.

That is a key reason why the RMA is specific about “people and communities” to recognise that there are requirements from individuals and the community as a whole, and that both need to be considered in decision-making.

Very Wide Scope

A further concern is that The Report has given itself a **very broad scope**. It states at the start (Context p i) that *“Development proposals are broken down into economic, infrastructure and environmental components, and examined separately according to relevant legislation. This disconnect can make it difficult to achieve quality integrated urban development.”* This quote appears drawn from one of the Commission’s own earlier reports.

Importantly, I consider that is not an accurate representation of the established planning structures in New Zealand. Much more commonly, the economic, infrastructure and environmental components are examined on an integrated basis, usually under the ambit of the RMA.

That lack of integration is not my experience of planning, from 60+ cases before the Environment Court. This is especially in regard to urban planning which because of the nature and key drivers of urban economies must be multi-faceted simply because so many types of people activity are grouped together, affecting each other and the biophysical environment. While urban planning is by no means perfect, it is not fundamentally fragmented and unintegrated as a consequence of the planning legislation.

As before, this appears as a further statement of philosophy, rather than evidence.

The Report Espouses very limited roles for urban planning

From the start, the Report sets very limited roles for planning. Because *“people and firms are the driving force”* planning is allocated a limited place, with only 3 roles, as follows:

- *The first contribution [of planning] is to ensure that people and firms appropriately consider any negative impacts on others and the natural environment. [One implication of people living and working close to each other is that decisions about land use can affect others. Urban planning can help manage conflicts between people, by setting up rules and policies to minimise significant harms on others and by setting up processes to reach decisions on competing interests.]*
- *Second, urban planning can also create the opportunities and conditions that enable people and firms to make their decisions. This is seen most clearly in the organisation*

and provision of infrastructure, where the supply of water pipes and roads is needed before development can take place.

- *Third, urban planning can ensure that communities have access to the public spaces, facilities and amenities that help support wellbeing and vibrancy in cities*

That scope of what planning should be involved in is very narrow. The obvious weakness in this approach is that it assumes there are mechanisms in place to take account of the feedbacks and externalities in urban economies, and it ignores the implications and consequences of cumulative effects. These proposed roles for planning seem to be primarily to give scope for decisions and actions by individuals and firms – again in the belief that the aggregate outcomes of many individual decisions will deliver suitable outcomes for society as a whole.

My concern about that approach is that it ignores key matters which are fundamental to urban economies. One critical issue is that urban economies are characterised by many externalities, which are driven by the co-location of private, business and government activity. In order to avoid negative outcomes, the effects of these externalities need to be examined at both the specific and the aggregate level, into the medium and longer term. Individual decision-makers seldom have the resources to identify outcomes at the aggregate, medium or long term level. More significantly, where there are conflicts between shorter term benefit to the individual vs longer term cost to society, even if these effects are understood, there is little incentive for an individual or a firm to reach a decision which is based on societal rather than individual benefits.

This is nothing new. The structures which are in place to deal with these trade-offs – including statutory planning mechanisms - have not evolved simply by accident.

Urban Form strategies may be harmful

The Report warns against the potentially harmful effects of urban form strategies.

“However, there are limits to what planning can achieve, and attempts to steer cities in particular directions can be harmful.”

Again, this statement espouses an approach which limits the role of planning to making the way clear and easier for individuals and firms to make their decisions, which will lead to a better urban form outcome.

I do not agree with that view. Urban form is a fundamental driver of urban efficiency and sustainability, and of the management of externalities. Different urban form outcomes can be readily anticipated, evaluated and compared. This provides the basis for pursuing more societally efficient and sustainable urban form outcomes, and avoiding less efficient outcomes.

The notion that the outcomes of decisions are “*complex and unpredictable*” is to ignore the body of research over many years into the economic drivers of urban economies, and the urban form outcomes which have resulted from the interaction of these drivers, the demographic context, and the physical environment.

I struggle to think of one instance across New Zealand's urban economies where an outcome could be legitimately described as "*unpredictable*".

It is also apparent that the Report's stance pays little attention to some basic characteristics of urban economies, in brief:

1. towns and cities form in the first place because economies of scale and scope make it efficient to co-locate; and
2. this co-location means there are significant externalities which are not handled by commercial markets; and
3. therefore (urban) society organises to manage the externalities while still gaining the benefits of the market forces.

There is a constant tension between the rights of the individual and the needs of the community – which is why the RMA contains the critical reference to people and communities being able to meet their needs (such that individuals and the community must be considered together) – quite a bit of this is urban economies 101.

However, the stance through the Report is that societal safeguards and perspectives should be minimised.

Summary

My concerns focus on the fundamental starting points of the Report, rather than the detail.

Overall, I consider there is a clear mismatch between the philosophies expounded in the Report as facts or principles, on one hand, and the nature of urban economies and societies, on the other.

From the beginning, the Report seems to have not clearly understood – or at least acknowledged - the core interactions which underpin why cities form and how they function, the relationships between urban communities and their urban economies, the significance of externalities, and the structures which society has developed to maintain sustainable urban living. A key aspect of this is the interdependencies within cities, and the importance of community as well as individual responsibility.

I recommend that the Report be revised, with an approach which is based on urban science rather than philosophy.

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