

Planning and social infrastructure

Context

The Market is the Mechanism

The NSW government said it will “enable the private sector development industry to deliver homes, workplaces, facilities” (Premier O’Farrell 2013). That approach is still in place today and government systems and processes have been adjusted and reorganised on that assumption.

Over several decades the government has moved from regulators and investors for the public good to a business profit-making model. Regulation has eroded in favour of self regulation or is thinly resourced and rendered largely ineffective

Government revenue from taxation has reduced as fewer taxes come in from big business and global corporations operating in Australia

Norway organised contributions from mining companies to its sovereign fund when it had significant growth in oil and gas production. Australia did not do this when we had our recent mining boom so we don't have savings from the good times to use in the less good times. The mining companies fought back with a scare campaign about jobs and won

Social Liberalism (balancing individual and corporate freedom to trade and make money with the Public Good) was accepted until the oil crisis in the 1970s. Monetarism (controlling money supply) and classical liberalism (individual freedom) gradually fused to become NeoLiberalism. This approach has become common practice in many countries over the last 40 years including Australia.

The practice grew from the idea that free markets and reduced government involvement is the best way to run a country. However Australian governments do not stick to the ideology entirely and offer gifts (subsidies/grants/tax breaks etc.) to well connected private businesses and organisations such as coal fire power federally and football stadiums in NSW.

NSW governments since 1988 have gradually implemented neoliberalism. Public policy is largely measured on revenue and return and government services the same. It is now common practice for a government to set up profit-making corporations to develop public land or provide services such as education and training.

As this way of seeing and understanding the world has developed the idea of the complex human being is moving rapidly to the notion that people are solely rational and self interested economic units - Homo economicus. This assumes and can create a very different societal dynamic to traditional exchanges based on reciprocity.

https://bcc.nationbuilder.com/the_market_is_the_mechanism

NSW has reduced and segregated social housing. Budget cuts, efficiency dividends, rules about ROI and on assets and bungled sales of public housing has impacted housing supply for society as whole over several decades. ROI asset management rules played a significant role in the sale of the Sirius building and consequent segregation as the funds from the sale were said to be reinvested in housing in the west of Sydney. Of course housing is needed in western Sydney but it is also needed in central and eastern Sydney for more than the wealthy.

<https://www.theguardian.com/cities/2017/feb/01/sydney-last-stand-gentrification-public-housing-sirius>

Housing associations and co-ops began in the '80s in NSW building on some overseas models, mainly UK for obvious reasons. The Local Government Community Housing Program and City West Housing are early examples both supported by direct government funding. CWH was set up by the NSW government. Prior to 1988 the Department of Housing had a unit with staff working to support and develop a range of social housing options. By 1990 the entire unit had been disbanded. Some groups survived the loss of government support for these emerging models.

<https://www.commonequity.com.au/wp-content/uploads/2018/11/CE-Annual-Report-web.pdf>

<https://www.commonequity.com.au/about/board/>

<https://www.citywesthousing.com.au/whoweare>

Investment in and government leadership in social and public housing has reduced and development plays by market rules.

Government attention is being drawn to social and affordable housing now as access to stable and secure housing is now affecting the middle classes and will impact NSW productivity; capacity affected by stress, health, tiredness, marginalisation etc.

<https://www.irishtimes.com/life-and-style/homes-and-property/housing-crisis-the-berlin-solution-and-the-vienna-model-1.3850647>

What productivity are we looking at?

I assume the scope of the productivity will be wider than just the measure of worker productivity in a work environment. Total Factor productivity (TFP) includes factors like changes in general or specific knowledge, management styles and techniques, the use of varying organisational structures etc. However this approach still focuses on the workplace.

The review appears to include aspects beyond the organisation. However it is not yet clear whether the review will focus on the productivity of say planning and social infrastructure from the perspective of shifts and changes to the current systems and processes with the assumptions that the market will 'solve' and Homo economicus will operate or whether it will also step into the social context of the complex human being in society and the reality of social exclusion and structured inequality

What is likely to be heard and acted on by government?

The context is complex and contains some apparently contradictory aims by government:

This paper explores the complexity, assumptions, what is delivered etc. and also looks at the idea of participative practice. This idea is also articulated by the NSW government however the same tensions as outlined below also exist here:

"the UK's 'modernizing planning' agenda speaks of the virtue of participative practice. But it also extols the purpose of greater decisiveness and speed in plan-making, without explaining how the equity and effectiveness of the former can be made compatible with the economy and efficiency implied in the latter. At a more universal level, there is an apparent paradox in the promotion of collaborative practice rooted in values of cohesion, solidarity and inclusivity in a world that can be seen as ever more individualist, socially fragmented, competitive, or in other words, uncollaborative.

From a practical perspective there are indications that government is more likely to listen to suggestions that shift and move the existing systems and processes rather than its underlying

assumptions. In the current context there are some approaches that can work more effectively than simply letting the market do its thing. “

In countries where there has been a long and unbroken history of supplying housing as a basic human need these tensions do not exist.

We started colonisation with the assumed desirability of private property as an asset and this became a cultural norm. There was a short term shift into housing as a basic human need after WW2 and alternatives during the 1970s and '80s that has since been disrupted.

Vienna did not disrupt its social housing and as a consequence renting public housing is affordable, stable and secure and not confined to 'losers' as it is viewed in Australia: Importantly social infrastructure is included in housing developments at the time of construction - an integrated not soloed approach.

<https://www.youtube.com/watch?v=d6DBKoWbtjE>

But we have disrupted and depend on the market to 'solve' housing. During the roundtables it became clear that current arrangements are ad hoc, disjointed and siloed.

An example of recognising the reality of the current neoliberal system and aiming to make better public interest decisions in this context exists in Scotland. The complexity of the market environment, changing demographics, stagnant wages, changing industry and jobs etc. are recognised'

“no single government agency, private corporation or professional discipline can deal with this complexity.”

<https://www.placesforpeople.co.uk/about-us/about-the-group/>

The government plays an active part in financing social and public housing through its housing infrastructure fund. it does not depend on developer contributions put into a fund that may or may not one day be sufficient to fund affordable housing in areas where there is a need for housing that people can afford and social housing has been sold off.

<https://www.gov.scot/policies/more-homes/housing-infrastructure-fund/>

The government does not build and manage all social and affordable housing. The inclusion of not for profits and for profits in building and managing social and affordable housing is common in Europe. However most countries restrict the amount of profits allowed in order to keep housing affordable. Some, as in Australia's affordable housing legislation allow the housing to revert to the market after an agreed number of years.

Unlike Australia there is not an ideological 'leave it to the market approach. We are finding that this approach is not and likely will not deliver a housing supply that is affordable for most.

productivity%202019/
Observatory_Financing%20SH_Final%20report_July%202013.pdf

it is time to move from ideology to practical solutions and public investment for future NSW productivity.