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### **Place management: why it works and how to do it**

**John Mant**

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# **Place management: why it works and how to do it.**

**A paper on the theory and practice of place management,  
based on lectures given for the UTS Planning Program in 1997.**

**By  
John Mant**  
Adjunct Professor of Planning  
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April, 1998

### **The lecture series**

The four lectures on which this paper is based were given under the general title, 'Urban management, land management - what's working, what isn't?' The lectures were delivered in the Faculty of Design, Architecture and Building, UTS, on 13 May, 10 June, 8 July and 24 October, 1997.

### **The author**

Professor Mant is a lawyer and urban planner, originally working for governments as an executive or consultant, and now increasingly for the private sector as a lawyer and consultant planner. He has been responsible for the reform of urban and land management organisations and legislation in most states. He has consulted for AusAid, the Asian Development Bank and the World Bank. In NSW he has played a role in the new local government legislation and in the reform of public housing. Recently he headed the former Prime Minister's Task Force on Urban Design.

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# Foreword

One of the highlights of UTS Planning in 1997 was a series of four public lectures given by John Mant, Adjunct Professor of Planning. The many practitioners and others who attended were treated to a distillation of Professor Mant's current thinking about government, organisational reform and resource management. Many of these themes were brought together in the final lecture, on place management.

John Mant has been advocating and delivering reforms in urban and land management for some time. I recently rediscovered a paper of his published in 1980, in which he analysed the inadequacies of land use master plans, and argued instead for 'a forecasting, programming, budgeting arrangement which would permit decisions to be made incrementally, against a background of up-to-date information and well researched views of alternative futures' (Mant 1980, p. 47). That was the kind of urban management which he had championed as Director General of the SA Department of Urban and Regional Affairs, and which was the aim of the City of Adelaide Plan, with its innovative statements of *desired future character*.

In this paper, Professor Mant identifies a number of fundamental changes in the operations and structures of government which make strategic planning and place management more likely and more feasible. The use of financial mechanisms in government administration, rather than how-to commands accompanied by supervisory controls, encourages innovation and shifts attention from routine processes to ultimate purposes. It allows managers to use goal-oriented administrative mechanisms such as contracts, performance measures, rewards and penalties. These mechanisms in turn require that objectives (outcomes) be specified. Managers responsible for these objectives will increasingly use their budgets to 'purchase' the traditional products and services (outputs) provided either by the rest of the organisation or by internal or external contractors. When budgets are framed in this way it will no longer be feasible to structure the organisation around the old engineering/planning/building/health specialisms (inputs). Nor will it be feasible to regulate urban development in this fractured way.

Urban management is one of the most complex tasks performed by governments. There has been a dramatic rise in the expectations of the public concerning urban and environmental quality and efficiency. There has been a corresponding improvement in the sophistication of urban management by government agencies and councils. There is, however, a very long way to go. It is clear, from Professor Mant's analysis, that the shift in public administration to contracting, and to purchaser/provider structures, presents great opportunities for strategic planning and place management (by whomsoever it is carried out.) Professor Mant has led the move towards place management. There is none better able to explain the rationale behind place management and to provide practical advice on its implementation.

The bulk of this paper constitutes a detailed guide to the practice of place management. It is thus a timely and invaluable contribution to the pressing task of building urban environments which meet human needs and are ecologically sustainable.

**Jeremy Dawkins**

Planning Program Director, UTS

## Reference

Mant, John. 1980. Keeping plans up in the air: good versus bad - plans and pragmatism. *Royal Australian Planning Institute Journal*, Vol. 18, No. 2, pp. 44-47.





# Introduction: Outputs and outcomes

Those pursuing efficiency objectives have emphasised the use of competitive mechanisms to ensure that government obtains 'value for money' for the provision of *outputs* - the goods and services provided by government. In addition to achieving efficiency gains, there are opportunities to improve the effectiveness of government in achieving *outcomes* - specifically, for the purposes of the lectures, the quality of cities, towns and catchments.

The distinction between outputs and outcomes is important. For those who consider that the essential purpose of government is to provide goods and services which are not profitable for the private sector to supply, the emphasis will be on outputs and the need to satisfy customers. Those who consider government has an important role to play in achieving a civil society and the protection of the environment, the emphasis will be first on outcomes, and then on the efficient provision of outputs.

The lectures summarised in this paper describe some of the ways in which the drive for efficiency in government can assist in substantially increasing the effectiveness with which government manages cities and catchments.

The move to financial management rather than centralised command and control, and the consequent role of contracts as a management discipline, provide opportunities to enhance the central role of strategic planning. If budgets are to be defined in terms of the achievement of outcomes and the purchase of outputs, rather than the purchase of inputs, then strategic planning is required to identify and justify those outcomes and outputs. No longer will it be acceptable to use plans as *ex post facto* justifications of input expenditure.

The move to contracting necessarily will divide organisations into those who purchase and those who provide. This and the disappearance of control and command management will see the end of traditional hierarchical structures, each usually the preserve of some body of specialists or a 'guild'. Competitive pressures will often lead to the corporatisation or privatisation of provider functions. Freed from the need to justify the continued existence of input organisations, the purchaser side of government can range over the full means of achieving the outcomes identified in the strategic plan. Responsibility and accountability for achieving complex outcomes will be enhanced.

The organisational changes flowing from the end of the command and control structures enable a reconsideration of the regulatory and resource allocation systems that have played such a central role in the attempts so far to manage cities and catchments. The replacement of input guild structures by purchaser responsibilities reduces the main driving force for proliferating regulatory systems - the need for each guild organisation to have a regulatory system the operation of which is the preserve of the guild. In their place can be guild neutral regulatory systems with the potential to integrate a range of expertise and value judgements. The imposition of regulation can be seen properly as one of a number of potential strategies for the achievement of a public policy objective, rather than a mechanism necessary for the advancement of the interests of a particular guild within the structure of government.

The paper focuses on the issues and mechanisms involved in 'place management,' one of the outcome responsibilities likely to be identified in strategic plans for the management of cities. Consideration is given to the potential for the success of this approach to the management of cities, both within the traditionally structured government and in a reformed structure.

# Towards place management (1)

## The consequences of contracting

Contracts are at the centre of the moves to open up the provision of goods and services to competitive pressures.

A contract requires someone to identify *what* is to be provided, *when* it is to be provided, at what *quality* and for what *price*. The first three factors need to be identified before an assessment can be made on whether a supplier is providing value for money. The price can be obtained by opening the provision of the goods or services to tender, or it can be assessed by comparing the cost of provision with the costs of other organisations providing similar goods or services - *benchmarking*. A contract discipline is required whether value is assessed through a tender or benchmarking. Benchmarking is only worth doing when like is compared with like. The four elements that are necessary to write a contract need to be defined if a useful comparison is to be made.

The use of a contract discipline requires an organisation that is responsible for the delivery of outputs to divide its responsibilities between the person who specifies and manages the performance of the contract and the person who performs the contract. Where the task is put out to tender then the two sides of the contracting relationship necessarily will be at arm's length. Where the cost is to be compared to the costs of other organisations the process will gain substantially in credibility if responsibilities are similarly separated.

### **Organisational responsibilities**

The use of the contracting discipline can drive major changes to the nature of authority and responsibility within an organisation, even if the provision of goods and services is not contracted out.

Once a contract has been entered into it is not necessary to control the performance by the traditional hierarchical command and control mechanisms. In the place of the day to day direction and control of subordinates organised on input lines, a contract can contain performance measures and use financial rewards and penalties to encourage performance.

The shift to financial mechanisms through the use of contracting disciplines can lead to a substantial increase in autonomy for those responsible for both the specification and management of contracts and the performance of those contracts. Those responsible for administering a contract do not need to be concerned about the detail of how the contractor goes about performing the contract. Given the specifications in the contract, performance can be assessed by measuring achievement against those specifications. The level of performance is rewarded financially rather than by personal rewards or sanctions. Those responsible for fulfilling the contract can be freed from the detailed direction and control that accompanies work of the traditional multi-levelled hierarchical structures. Within the law, they have the freedom to decide how to most efficiently fulfil their obligations.

Of course, increasing the autonomy of provider organisations to fulfil contracts will depend on how contracts are written. Where there has not been a real separation of purchaser and provider there can be a tendency for contracts to be written as detailed instructions on how to produce the desired output rather than the definition of what is to be produced.

### **The future of guild structures**

As a consequence of a move to a contracting regime, the traditional profession (guild) based input organisations are no longer relevant as core management structures.

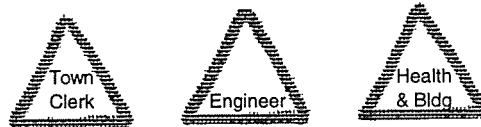
Guild structures are those where the fundamental building block of the organisation is a division where some particular professional qualification is a prerequisite for employment; where the qualification is 'essential' rather than merely 'desirable'. From their colonial beginnings, both state and local government organisations in Australia have been structured along guild lines. For example, legislation creating local government established statutory positions for the engineer, building inspector and clerk, identified specific powers and duties for each position and required each office holder to have a qualification certificate that generally could only be acquired following an apprenticeship in local government.

Necessarily the core task of a guild structure is the provision of the particular input over which the guild claims a statutory monopoly. Other organisation activity is secondary to this primary objective.

Given the apprenticeship nature of the guild qualifications, guild structures tend to be

# A history of local government organisations

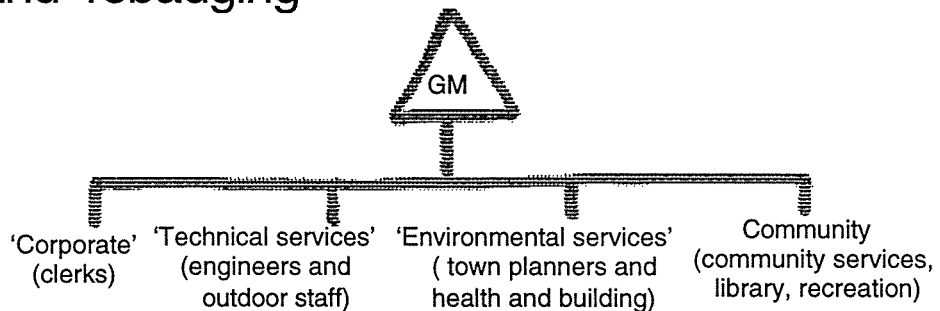
## 19th Century - the basics



## Mid 20th Century - new guilds



## 1993: bracketing and rebadging



multilevel with length of employment being a prime determinant for advancement from level to level.

A contracting regime requires a managerial hierarchy of only one or two levels of responsibility - someone responsible for specifying and managing the contract and someone responsible for undertaking the contract.

With the move to a contracting regime, traditional guild structured organisations will become provider organisations contracting the provision of professional services (inputs) to the decision core of the organisation which will be concerned about the achievement of outcomes and the delivery of outputs. If the core of the organisation is to be freed to concentrate on outcomes and outputs rather than the continued supply of particular inputs, it must be structured on other than guild lines. That is, positions in that part of the organisation should not require a particular professional qualification, although particular skills may well be specified.

### **Outputs and outcomes**

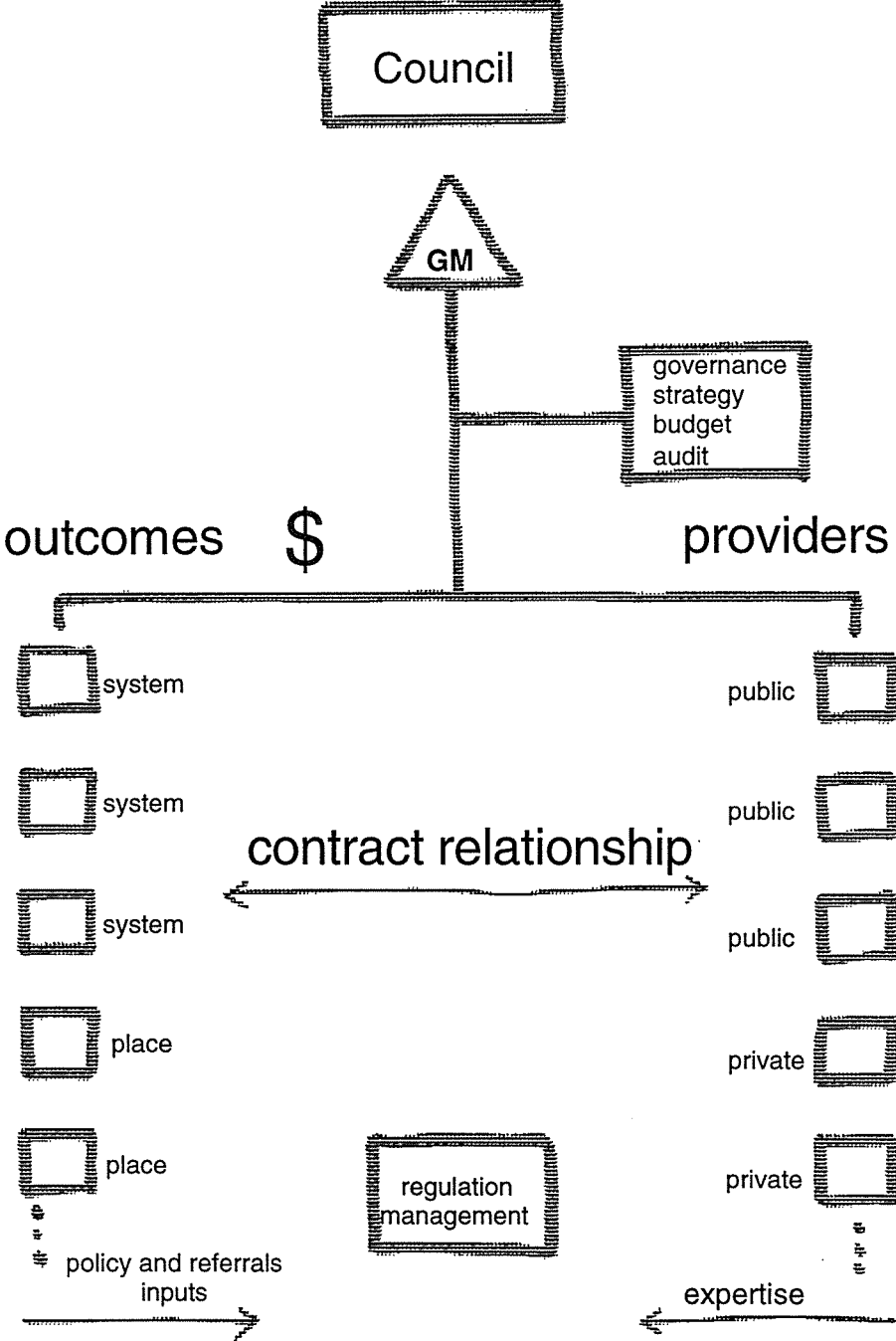
As is evident from the above, the distinctions between *input*, *output* and *outcome* are central to the design of public sector organisations.

- Input - salaries and materials (for example, teachers, classrooms and books; or engineers, dozers and tarmac).
- Output - the good or service (for example, pupil places and roads).
- Outcome - the objective sought from the provision of the good or service (for example, literacy and accessibility).

Efficiency will be assisted by purchaser/provider organisation structures designed to achieve *outputs*. Beyond efficiency, a purchaser/provider structure responsible for *outcomes* will be able to pursue effectiveness (for example, literacy may be achieved by outputs other than the provision of pupil places in schools; access between activities could be provided by a range of transport and communication systems or by land use decisions that co-locate activities in the first place).

While interested in the more efficient provision of traditional outputs, those responsible for urban and catchment management are essentially about improving effectiveness in the pursuit of complex outcomes. Urban and catchment management has been poorly done

# In the 21st Century - Outcomes and providers



to date because the guild based input organisation does not permit responsibility to be allocated for the achievement of complex outcomes. Everyone wants to be involved but nobody is prepared to let any one organisation be in charge.

Further, guild structures do not permit the easy employment of emerging specialists not represented by one of the existing guild organisations. The solution relies on the creation of additional guild structures to employ the missing specialty. For example, the traditional surveyor guild structure of Crown lands departments could not accommodate foresters leading to the creation of separate forest departments. At the state government level a range of specialist development control departments accommodate separate guilds of building, planning, pollution, heritage, biologist and botanist specialists.

Until a new guild structure can be created, it is difficult for the specialty to be made available. (Until recently, the rigid nature of local government guild structures deprived councils of an important range of science based environmental specialists.) When a new structure is provided, the number of guild structures is increased leading to further complexities in coordination.

Instead of the clear allocation of responsibility and accountability for outcomes, a range of necessarily sub-optimal mechanisms have been used to achieve coordination between the necessarily proliferating guild/input organisations. These generally have taken the form of coordinating committees of guild representatives where solutions are driven essentially by the need to preserve the monopoly which each guild organisation has over some particular input. A Cabinet of ministers of departments structured along guild lines is a typical example of a sub-optimal coordinating mechanism.

With a shift to outcome rather than input (or even output) responsibilities, strategic plans for cities, towns or catchments can be less about justifying the continued provision of the services and skills provided by the traditional guild organisations of government, and more about a fundamental examination of how a vision for the area can best be achieved.

### **Strategic planning**

Strategic plans should set out the objectives, strategies and actions necessary to achieve a vision - the desired future character of the area or catchment.

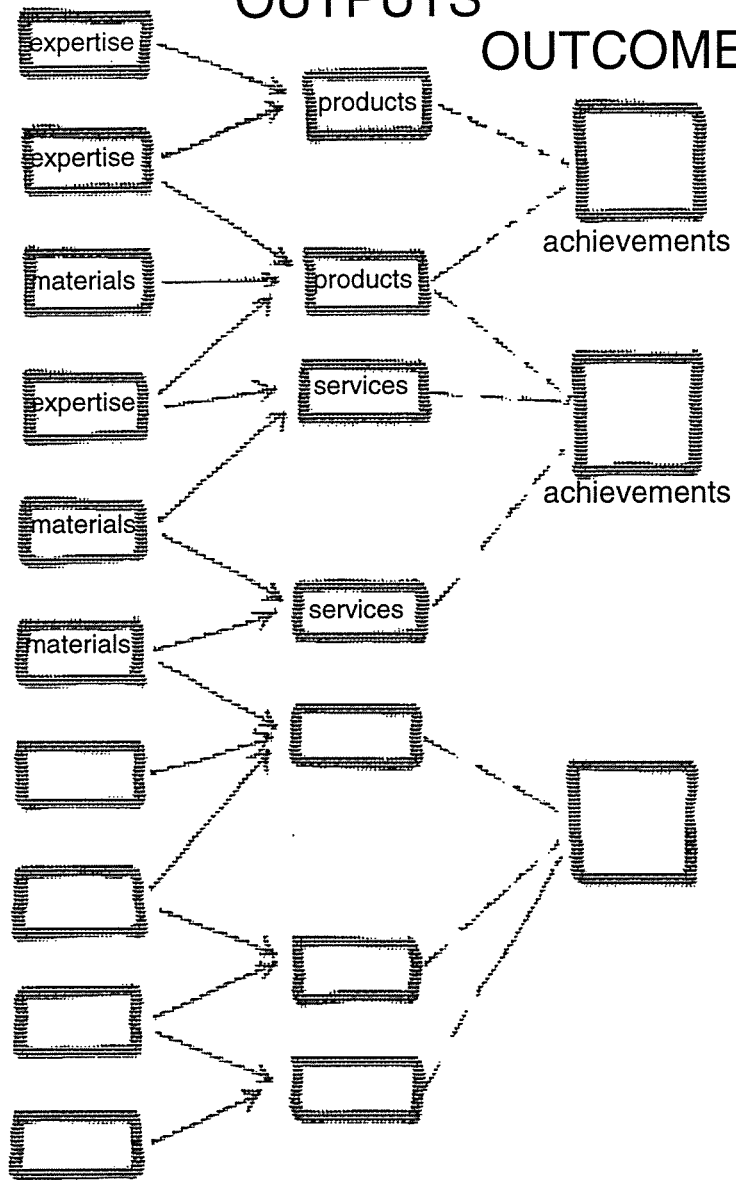
*Objectives* are those things that need to be achieved if the strengths are to be built on, the weaknesses overcome, the threats dealt with and advantage taken of the opportunities. Objectives identify the *outcomes* to be achieved.



# INPUTS

# OUTPUTS

# OUTCOMES



*Strategies* are the way the objectives are to be achieved - in urban or catchment management these are likely to be demand side or supply side solutions. Pricing and regulation strategies or even propaganda may be needed to interfere in the market to influence either demand or supply. For example, a traffic congestion problem may be solved by supplying additional lanes, raising the price of travel during the times of congestion, or regulating to increase occupancy levels.

*Actions* or *outputs* are what is going to be done (purchased) to pursue the selected strategies. Actions in a strategic planning exercise are the reality tests. 'That is all very well, but what are we going to do tomorrow?'

If it is unlikely that the actions will in fact be taken then the strategy, the objective or even the vision may be unrealistic. For example, a strategic plan is unlikely to be considered viable if it is dependant for success on a minister announcing, in an election year, a substantial increase in motorway tolls.

A strategic plan for the management of an area, such as a city or a catchment, is likely to include objectives relating to the management of systems (for example, water, land corridors, air or access) and the management of places.

Objectives concerning the management of systems are likely to conflict in some respects with objectives concerning the management of places. If this conflict is to be productive it needs to be managed by central management.

## **Towards place management (2)**

### **The role of regulation and resource allocation**

In an outcome/provider organisation the role of regulation needs to be seen as a distinctly government function. While it is neither an outcome responsibility nor a provider function, those with outcome responsibilities need to be able to access regulatory mechanisms from time to time when the use of regulation has been selected as a strategy for the achievement of an objective. Those with provider skills may be employed by the regulatory function in a certifying role.

Regulation consists of approval, order and offences systems. An approval system is one where the law forbids something without approval first being obtained. An orders system is one where a certain standard is set and, if it is not complied with, then an order requiring compliance can be issued. Offences provide for a criminal sanction for breach of a standard.

In addition to operating regulatory systems, government is the custodian of natural resources which it makes available, on terms which can have much the same effect as an approval or order system. For example, under a leasehold title there is usually a use clause that governs the way the land can be used. Such a clause has the same effect as a development control system that restricts the use of freehold land.

#### **Resource allocation systems**

The allocation of land and of natural resources remain core functions of governments. The present Crown lands and natural resource allocation systems are inappropriate for a government organisation structured on outcome responsibility lines.

Modern day Crown land resource allocation systems are based on the eighteenth century philosophy that unallocated Crown land (and natural resources) were 'wastelands' until brought into production. Unallocated Crown lands were available for allocation unless they had been specifically 'reserved' from alienation. In the latter part of the nineteenth

century reserves were proclaimed for conservation purposes.

Essentially the 'reserve' system (that is, 'reserved' from alienation) is based on a museum/listing approach to conservation. The consequence of reserving or listing reduces the conservation status of non-reserved or non-listed areas or items. Allocating the management of listed items and areas to specialist organisations works against place or catchment responsibilities. Land and resource management responsibilities become a matter of tenure or lists, rather than requiring a natural systems approach which uses a range of tenure and development control strategies to achieve system (for example, catchment) objectives.

The colonial Crown land and resource allocation systems therefore should be integrated into a resource management system that is based on land and natural resources being finite resources to be managed on as sustainable a basis as possible. In effect all unallocated land should be reserved, just as every place should be important as part of a catchment. In the process of rethinking the Crown land and resource allocation systems, the opportunity should be taken to increase substantially the transparency of decision-making processes, thereby limiting the extent of capture of the present lands and resource allocation organisations by the industries seeking access to those resources.

### **Development control systems**

Guild based development control systems are equally inappropriate for a government organisation structured on outcome responsibility lines. Development control regulatory systems can be integrated with the resource allocation systems so that all aspects of a development can be considered at the one time or in stages that are appropriate to the nature of the development.

Integration of systems can be done by legislating a common administrative process for making applications for resources and for development. The various guilds that presently each operate their exclusive application systems can become referral or concurrence bodies under the single application process (for example, the New Zealand Resource Management Act). Effectively, power to grant or withhold concurrence is the same as controlling a separate approval system. A similar integrative approach can be taken on enforcement procedures (see the Approvals and Orders Part of the NSW Local Government Act 1993.)

Care should be taken to 'deguild' integrative legislation. The complex attempt to provide an integrated development control system in NSW through the 1997 amendments to the