THE REDFERN-WATERLOO AUTHORITY: SYDNEY’S CONTINUING USE OF DEVELOPMENT CORPORATIONS AS A PRIMARY MODE OF URBAN GOVERNANCE

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ABSTRACT

The paper analyses the forces that have led to the NSW government’s creation of another urban development corporation in Sydney, the Redfern-Waterloo Authority. It firstly examines the concept of New State Spaces as a primary mode of urban governance in the post-Fordist era, involving the application of neo-liberalism to major urban projects using public-private partnerships. The paper then reviews the use of urban development corporations by the NSW government since the 1960s as a potential exemplar of new state spaces, and suggests reasons for the frequent adoption of such corporations as a governance mechanism for urban development and redevelopment in Sydney. The local conditions in inner city Redfern-Waterloo that have prompted the creation of the Authority are then examined. After outlining the powers and roles of the Authority, the paper analyses the specific political and institutional contexts that drove the decision to create the Authority at the end of 2004. The extent to which the Authority illustrates the new state spaces thesis is analysed. Finally, possible reasons for the unabated use of urban development corporations by the NSW government in relation to their lessening use in other areas such as the UK are put forward.

INTRODUCTION

The role of the state in post-Fordist urban development has been subject to extensive analysis and critique. While the end of the welfare state might suggest that contemporary urban development is now subject to less state control and to more market control, the reality is that the state’s role has changed but not lessened. Central to this has been the creation of ‘new state spaces’ (Brenner 2004), involving the production of new state forms at a more fragmented, localised level to facilitate the capture of global accumulation via major urban projects based on the re-valorisation of real estate. This paper discusses this rescaling of state space in the context of a new state space in Sydney, the Redfern-Waterloo Authority.

URBAN DEVELOPMENT CORPORATIONS AND THE RESCALING OF STATE SPACE

The Fordist era of capitalism has been succeeded from the late 1970s by a post-Fordist era of flexible accumulation and intensified global competition for economic activity. This transition was paralleled by corresponding shift in state organization and operation. The Fordist era was supported by a Keynesian welfare state marked by administrative conformity, equalisation of state support, centralisation, and scalar singularity (Brenner 2004, p. 106). With the end of the Long Boom, the
welfare state ran into a fiscal crisis, and support for a new neo-liberal form of governance grew, most strongly in the Anglophone countries.

The neo-liberal state has not simply ‘rolled back’ state functions to unleash market forces. Rather, new forms of state-economy relations, including urban development corporations, have been constructed at various spatial scales. These new forms have responded to two primary forces. Firstly, they have been constructed to allow neo-liberal policies such as deregulation, privatisation and labour market flexibility to guide urban development (Moulaert, Rodriguez and Swyngedouw 2003, p. 34). Secondly, they have been seen as a means of capturing surplus value in the new era of increasing globalization of the primary circuit of capital (Brenner 1997). New stronger forms of urban governance could allow the ‘territorialisation’ of surplus value realisation in the secondary circuit of landed property, by channelling capital into the built environment to allow new elites to mine land rents (Brenner 1997). In doing so, the new governance structures could also address the tax problems caused to local government by the hyper-mobility of capital (Moulaert, Rodriguez and Swyngedouw 2003, p. 249).

Thus new state spaces have been produced. Brenner (2004, p. 106) has characterised their key features as administrative customisation, differentiation, decentralisation, and scalar multiplicity. While this rescaling can operate at the level of newly ‘metropolitanised’ spatial planning policies (Brenner 2004, pp. 218-219), the focus has been on rescaling to facilitate specific major urban development projects. The new state forms here involve partnerships, privatisation of public funds, real estate development, flagship projects, and spatial targeting and localisation (Moulaert, Rodriguez and Swyngedouw 2003, p. 34). The particular form of rescaled state space is contingent and contested. The decentralisation emphasis present in Europe was absent in the UK during the 1980s and 1990s: in the latter, new market-oriented institutions such as urban development corporations and enterprise zones were imposed by the central government. Overall, there is much variety in the form of new state spaces between localities. This reflects the indeterminate character of neo-liberalism, and the hybrid, multiple and contradictory of its political projects (Larner 2003; McGuirk 2005).

The changed role of planning is critical to the operation of the new state spaces, involving new planning methods, tools and institutions. The comprehensive plan of the Fordist age is set aside in favour of controls favouring large, emblematic urban projects that allow targeted yet flexible planning while providing high symbolic capacity (Moulaert, Rodriguez and Swyngedouw 2003, p. 248). The latter is associated with an eclectic planning style where design and aesthetics are paramount. In general, the major urban projects involve special plans and quasi-autonomous institutional structures that relegate statutory norms and procedures to a subsidiary level. In this way the projects are part of the trend to a new local mode of regulation of urban (re)development, involving shifts from traditional government structures to a more diffused, fragmented and flexible mode of governance (Moulaert, Rodriguez and Swyngedouw 2003, p. 264).

At the same time the by-passing of traditional democratic accountability mechanisms means that the new governance structures for urban development have significant downsides. The leveraging of state land and infrastructure usually cause privatisation of project benefits in favour of elite investors (Moulaert, Rodriguez and Swyngedouw 2003, pp. 40, 250). There is a diminished role for the public in general. Urban development project-based strategies can act as an exclusion mechanism for deprived communities (Moulaert, Rodriguez and Swyngedouw 2003, p. 43). They show a significant deficit regarding accountability, representation, and formal rules of inclusion or participation (Moulaert, Rodriguez and Swyngedouw 2003, p. 250). This situation is legitimised by discourses of elite coalitions (including professional experts) that present the projects as both helping to overcome social exclusion, and as being essential to maintain urban competitiveness (Moulaert, Rodriguez and
Swyngedouw 2003, pp. 256, 259). But the focus on the speculative production of higher land rents often leads to the creation of islands of wealth in an impoverished environment (Moulaert, Rodriguez and Swyngedouw 2003, pp. 260).

As the new governance structures are confronted by social protest, the structures adjust or transform to maintain their legitimacy and political support (Moulaert, Rodriguez and Swyngedouw 2003, p. 251). In the UK, the intractability of many area-based problems to economic-led solutions has led to more holistic, ‘joined-up’ governance interventions (Beer et al 2005, p. 50). Similarly, in a number of western European states, the problem of urban socio-spatial polarisation has been met by new rescaled, neighbourhood-based responses in the 1990s (Brenner 2004, p. 268).

**URBAN DEVELOPMENT CORPORATIONS IN SYDNEY**

The forces leading to the emergence of new urban governance structures since the 1980s, outlined above, have been strongly manifested in Sydney through the creation of a number of urban development corporations (UDCs). However, UDCs in Sydney date to before the 1980s, to Fordist times, pace the constructions the literature cited above that this is a quintessentially post-Fordist, neo-liberal phenomenon. An early version of contemporary UDCs, the Sydney Cove Redevelopment Authority, was set up in the late 1960s. This was intended to increase the values of government harbour frontage land at the Rocks through redevelopment for offices. The original scheme was thwarted by strong resident-labour protests and a building union Green Ban (Jakubowicz 1984). In 1974 a prototype of British New Town development corporations, the Macarthur Development Corporation, was set up under the Growth Centres Act with special planning and development coordination powers to establish a new urban sector in south-west Sydney for 500,000 people. The Macarthur Development Corporation was a late welfare state instrumentality for effecting the implementation of a comprehensive urban plan.

The first of Sydney’s post-Fordist UDCs was the Darling Harbour Authority, modelled on the London Docklands Development Corporation. The Authority was established in 1984 to redevelop surplus state government land in Darling Harbour for discretionary consumption, notably gambling, conventions and exhibitions. This was intended to generate international tourism spending as part of the state government’s strategy to attract global investment and spending in advanced economy sectors to Sydney (Searle 2002). The Authority was neo-liberal in character, with its own planning and development approval powers and significant private sector representation, although the state government itself was managerialist rather than neo-liberal.

After the election of a full-fledged neo-liberal state government in 1988, there was increased use of public-private partnerships to bring about major urban development projects in Sydney. The most important of these involved private sector funding of new motorways, the use of reserve planning powers removing development consent from local councils to the state government to facilitate the development of large-scale ‘global’ consumption, entertainment, and infrastructure facilities such as the Sydney Casino and Fox Studios (Searle and Bounds 1999), and the establishment of further UDCs. The City West Development Corporation was set up in 1992 under the Growth Centres Act to coordinate the redevelopment of Pyrmont and Ultimo, on Sydney Harbour just west of the CBD. The Corporation was also responsible for master planning of significant government waterfront land, intended to revalorise state properties in order to reduce public debt (Searle and Byrne 2002). The staging of the year 2000 Olympic Games generated emblematic urban development, and special legislation was enacted (and existing reserve powers applied) to establish the Olympic Coordination Authority with full control over the development of Olympic facilities. The authority, renamed Sydney
Olympic Park Authority, has been given post-Games responsibility for implementing a master plan to intensify development around the main Olympic stadiums.

The construction of the airport-Central line for the Olympic Games provided an opportunity for large scale urban consolidation to be achieved on old industrial sites around the rail line. To plan and coordinate development of higher density housing for 25,000 people as well as 15,000 jobs in the zone around Green Square station, the state government established the South Sydney Development Corporation in 1996, again using the Growth centres Act. Unlike the City West Development Corporation areas, the local council in Green Square was allowed to keep basic planning and development control powers though planing received resources from the government and its land development agency (Landcom) through the Development Corporation (Searle 2005). The corporation’s powers were constrained so that it operated as one element of a partnership with local and State government under a joint memorandum of understanding. Larger development applications are referred by the council to the corporation for review. This partnership arrangement between Corporation and council responded to criticism of the City West corporation’s lack of community participation, as well as to the control by the ruling state government party (Labor) of local politics (Searle 2005). While the City West Development Corporation and subsequent development corporations in South Sydney and Sydney’s new outer urban sectors (see below) focusing on residential development do not appear to directly align with the recent competitive city rationale in Europe for new state spaces to facilitate major urban development projects (Brenner 2004), they nevertheless generate the revalorisation that is critical to the success of the new state spaces. Discourses constructed around the urban consolidation form of residential development in particular also legitimate such development in terms of efficiency and environmental gains that increase Sydney’s competitiveness (Searle 2004).

From the mid 1990s the state government increasingly directed the urban governance of Sydney to the production of a globally competitive city (McGuirk 2004). This was carried out through the refashioning of key state agencies to an active partnership with business investors and developers. It emerged in a number of institutional forms and interventions. One of these was the creation in 2001 by the state government of the Cooks Cove Development Corporation, once more using the Growth Centres Act. State intervention to facilitate the development of open space adjacent to Sydney airport for a ‘gateway’ high tech manufacturing and export hub had been proposed by a development company. Creation of the Corporation gave the government the powers necessary to coordinate the development of a site with a number of state, local government and community land owners. The Corporation has now prepared a master plan to guide development.

In 2004 the state government announced two new urban development corporations. One was the Growth Centres Commission. This is to be responsible for the identification of release areas in the two new urban sectors – northwest and southwest - in the current metropolitan strategy (DIPNR 2005). The extent to which the Commission’s role might be widened to a fuller development corporation role as envisaged under the Growth Centres Act is uncertain at this stage, although the government’s intention that developers will fund all local infrastructure plus 75 per cent of regional infrastructure (DIPNR 2005, p. 25) suggests that there will be a need for sector-level coordination of infrastructure funding and provision. The other new corporation announced in 2004 was the Redfern-Waterloo Authority, discussed in the remainder of this paper.

**CONTEXT FOR CREATION OF THE REDFERN-WATERLOO AUTHORITY**
The NSW government made it clear that the rationale for establishing the Redfern-Waterloo Authority (RWA) lay primarily in the need to do something about what it saw as the social problems of this inner south city area. The Redfern-Waterloo area has traditionally been one of Sydney’s poorest. It contained heavy industries, railway workshops and sweatshops from the late 1800s (Fitzgerald 2005). Later the area was also a major source of workers for Sydney’s early twentieth century industrial heartland, the Central Industrial Area immediately to the south. Redfern-Waterloo was the focus of the city’s post-war high rise public housing development. Until recent gentrification incursions, the area provided a significant supply of cheaper private sector housing in addition to its public housing. It also contains a small concentration of Aboriginal population around Redfern station, dating back to the pre-war period.

This context has produced a socio-economic structure that contains significant levels of deprivation. In 2001, Waterloo was the fifth poorest of Sydney’s 526 suburbs. Twelve per cent of Redfern’s households had incomes below $200 a week. Nearly 60 per cent of Waterloo’s residents were unemployed and were dependent on state welfare benefits (Sartor 2004). Much of this deprivation was associated with the concentration of public housing, which represents 50 per cent of Redfern-Waterloo’s total housing stock.

The state government started working towards a strategy to address the housing and related problems of Waterloo from the early 1990s. Eventually in 2002 the Redfern-Waterloo Partnership Project was set up under the auspices of the Premiers Department. It aimed to use a whole-of-government approach, working with the local community, to improve safety, crime prevention, human services and cross-agency coordination. Nevertheless a review in 2004 concluded that human services were still poorly coordinated and integrated (Redfern-Waterloo Authority 2005).

The most intense concentration of social problems was at the Block next to Redfern station, where the Aboriginal Housing Company had bought 102 houses for Aboriginal occupation. By 2004, all but 19 of these dwellings had been demolished by the Company because they housed drug dealers (Farrelly 2005). A long history of hostile relations between police and the Aboriginal community culminated in a riot outside Redfern station in February 2004, in which Molotov cocktails were thrown at police ranks. This flash point engendered a legitimation crisis that challenged the state government’s multicultural and law and order credentials. It was a principal trigger for the formation of the RWA.

While the Redfern riot provoked the government to set up a powerful ‘new state space’ to address the underlying causes, other contingent politico-institutional forces were operating in the same direction. One related to the state government’s policy priority to a globally competitive city (McGuirk 2004). In early 2004 the Department of Infrastructure, Planning and Natural Resources asked the NSW Government Architect to prepare a report with recommendations to improve the performance and viability of the South Sydney Development Corporation, which faced problems in financing development of a town centre. The report suggested restructuring the corporation, giving it government land, removing development approval powers from the local council (by now, the City of Sydney), and extending the corporation’s boundaries to include the whole development corridor from Central station to the airport. The corridor was a significant part of Sydney’s ‘global arc’, generating $13bn of Sydney’s annual gross domestic product (Dick and Goodsir 2004). The development corridor included Redfern-Waterloo. The City Council strongly objected to its potential loss of control over development along the corridor, and the report was withdrawn by the Department (Dick and Goodsir 2004). The competitive global city rationale for creating the RWA became clearer when background reports were accessed in late 2004 by the Sydney Morning Herald (see below).
Nevertheless the (Labor) state government’s relationship with the City Council had become strained after the government expanded the council’s boundaries to include South Sydney, in order to allow Labor to take control of the council. The election under the new boundaries in 2004 resulted in the local independent Member of Parliament, Clover Moore, defeating Labor and becoming Lord Mayor. She had previously had an adversarial relationship with the former independent Lord Mayor, Frank Sartor, who by 2004 had entered state parliament as a Labor member and been appointed to the ministry. The creation of the RWA was seen as achieving the Government Architect’s objectives in regard to the Redfern-Waterloo area, including the recommendation for development corporation assumption of the City Council’s development control powers. It was therefore no surprise that Sartor was appointed to take ministerial control of the RWA, although his government responsibilities in biomedical research were also influential given the inclusion of the Australia Technology Park within the RWA area. A more concrete government rationale for taking development control from the City of Sydney was its concern that the council would object to greater densities and heights for proposed developments in the area, and thus reduce development potential (Ryle and Jobson 2004).

The creation of the RWA would also potentially assist the finances of the Australia Technology Park (ATP) next to Redfern station. The ATP started in the early 1990s on government rail land, but the high tech crash of 2000 plus an unexpected remediation bill of $8m in a heritage workshop caused the ATP to run into deficit (Perinotto 2005).

THE REDFERN-WATERLOO AUTHORITY

In late 2004 the state government passed the Redfern-Waterloo Authority Act to set up the RWA. Minister Sartor explained the Act’s principle as being that ‘our efforts to renew the communities of Redfern and Waterloo must be comprehensive’ (Sartor 2004). Accordingly, the principal functions of the Authority would be to promote and undertake the economic development and use of its land, including the provision of infrastructure and improvement of public spaces. In this, the Authority would ‘pursue public-private partnerships’ according to the Premier (Carr 2004). A ten year Redfern-Waterloo Plan would be prepared by the Authority in stages from 2005 to provide the Authority’s vision and framework for development. The Plan will focus on ‘using infrastructure and commercial development as a driver for job creation and providing employment opportunities for local residents’ (Sartor 2004). It will be broader than a standard NSW local environmental plan, with the inclusion of a jobs plan, a human services plan, and an infrastructure and built environment plan. Cabinet papers indicated that the government’s intention was to double the area’s population to 40,000 and to create 20,000 new jobs, as well as give the Sydney CBD room to expand (Jopson, Ryle and Goodsir 2004). In parallel with the Plan, the RWA would administer the Redfern-Waterloo Partnership Program.

Under the Act, the development of the Plan by the RWA would override normal planning processes under the main NSW planning act, the Environmental Planning and Assessment Act (EPA Act), with its provisions for local councils to make and administer plans and development controls for their areas. In addition, the principal state-owned sites have now been declared ‘state significant’, using new provisions enacted under the EPA Act. These provisions allow development approval on such sites to be streamlined and to short-circuit normal checks and balances under the EPA Act, and for the Minister to be the development consent authority. The RWA Act also allows the Authority to override heritage conservation controls under the Heritage Act. This would allow the RWA to ignore heritage considerations in redevelopment at Redfern Station, the ATP, and the public housing estates. The government justified this takeover of planning and development control in the area by arguing that planning certainty within a strategic planning framework was necessary to maximise social and economic returns from redevelopment (Jopson, Ryle and Goodsir 2004). To further ensure that the
Redfern-Waterloo Plan’s goals are achieved and development maximised, the RWA Act gave the Authority power to acquire land compulsorily.

It is clear that the RWA’s development activities are intended to be self-funding. Cabinet papers indicated that the market value of developments in the area was almost $5bn, and that almost one-third of the land is owned by the state government (Ryle and Jopson 2004a). Development of the principal state sites to realise income for the Authority will be significantly facilitated by their ‘state significant’ status. To sustain the RWA before it generated income from developing public land, the government gave it an interest-free state loan of $7.75m. The initial budget requires the RWA to generate ‘significant’ revenue in its first two years by selling or developing the police station at Redfern and railway land around the ATP. Minister Sartor now sees this goal as unrealistic due to public consultation, contamination and heritage problems. He has requested further loans of $36m and permission to draw on the budget of the Redfern-Waterloo Partnership project (Dick 2005).

A critical target for redevelopment is the Block. This would increase the value of nearby Redfern rail station land by 25 to 30 per cent. Without this, commercial development of the station would probably be impracticable, according to the Department of Commerce (Ryle and Jopson 2004a). Redevelopment of Redfern station applying ‘authority planning rules would generate a profit of nearly $18m for the government (Ryle and Jopson 2004a). A government strategy paper suggested that such redevelopment could allow Redfern to emerge as a satellite CBD office centre, relieving CBD congestion. More generally, the paper saw CBD expansion into Redfern as being needed for Sydney to become ‘a key world city serving the Asia Pacific region’ (Jopson and Ryle 2004a). Another strategy paper pointed to the existing low number of jobs within 500 metres of Redfern station, representing an under-utilisation of government infrastructure. Taking up such opportunities could allow the area to link in to the ‘knowledge economy’, given its location within Sydney’s ‘global arc’ extending from North Ryde to the airport. The paper claimed that ‘social dislocation’ was preventing this (Jopson and Ryle 2004a).

Such arguments constituted a discourse in favour of old-style slum clearances that would not only reduce ‘social dislocation’ in modernist planning style, but also yield government profits and a globally competitive city in post-Fordist planning style. The February 2004 riot and the perceived importance of Redfern station redevelopment for locking the area into Sydney’s global city role meant that the initial focus would be on redevelopment of the Block. The Aboriginal Housing Company has proposed that the Block be redeveloped for the Aboriginal community. Architect Col James has worked with the Company to produce a plan for 62 dwellings, plus an indigenous business college, a market, a museum and a rebuilt gymnasium, along with a major civic space (James 2005). Sartor has opposed this planned re-concentration of Aboriginal dwellings saying it would result in a concentration of ‘high dependency tenancies’, preferring instead that the 62 tenancies be spread across Redfern-Waterloo (Walker 2005). He has declared the Block a ‘state significant’ site, making him the sole development consent authority (Farrelly 2005).

The scale of the proposed Block redevelopment is dwarfed by proposed redevelopment of the NSW Department of Housing’s 3,519 dwellings, containing 7,000 public tenants. These tenants would be allowed to stay. Cabinet documents indicate that the government’s 23 ha land holdings would be offered for private development of 6,300 apartments with 12,500 private tenants and owners. This would be at no cost to the government, with existing limits on floor space in the area cancelled to provide a development incentive. Revenue from this development would be used to build new public housing and refurbish existing public stock (Jopson and Ryle 2004b). The aim is to reduce the overall proportion of public housing in Redfern-Waterloo to 17.5 per cent. Most of the existing high rise
public housing buildings, which represent two-thirds of the public stock, will need to be demolished. These will be the most difficult to refurbish to current standards and to allow mixing of different types of residents (Jopson and Ryle 2004b). Public housing residents have protested about the Minister’s powers to demolish their dwellings. All but one City of Sydney councillor supported a motion condemning the level of urban renewal power given to the Minister under the RWA Act (Pryor 2004).

A third focus of redevelopment is the Australian Technology Park on former railway workshops site south of Redfern station. The ATP is seen as the most important site within Sydney for high tech research, but has not been able to achieve the government’s demands for it to be self-funding. The government is intending that the RWA take over the ATP from the successor agency to the City West Corporation, and its $38m debt be transferred to the government (Ryle and Jopson 2004b). The ATP would continue to receive state funding for five more years until it can be financially viable under the RWA. Cabinet papers indicate that the RWA will review the existing ATP master plan to increase the area of employment land, and increase floor space ratios for new buildings to achieve viability. The cabinet papers suggest that this could increase the number of jobs at the site from 6,500 to 15,000 (Ryle and Jopson 2004b).

REDFERN-WATERLOO AND NEW STATE SPACES

The Redfern-Waterloo Authority represents the most significant ‘new state space’ in Sydney since the Darling Harbour Authority was created in the 1980s. It displays the key features of recent new state spaces in Europe (Brenner 2004): public-private partnership, a new authority not accountable to the local community, the use of real estate revalorisation to fund redevelopment that will increase city competitiveness, legitimisation via claims that it will address the area’s social problems, and the lack of voice of the local community in the authority’s actions. The necessity for a new act of parliament to establish the powers of the RWA indicates the comprehensive nature of the changes intended by the government for the area, and the freedom it wanted from normal planning processes and checks under the Environmental Planning and Assessment Act (EPA Act) (which would have applied had the Growth Centres Act been used instead).

The local context is significant here. The local community is large, and is strongly supported by the City Council under its ruling community independents led by Clover Moore. The potential for the Council to stall proposed developments under the EPA Act in the interests of the community would have been significant, and had already been demonstrated in this regard in proposals on the rail workshops site. The increased local government resources now available to Redfern-Waterloo as a result of the expansion of the City Council boundaries have increased the Council’s potential to strengthen the community and garner support in return.

In this sense the formation of the RWA represents a step backwards from the model of the neighbouring South Sydney Development Corporation. The latter was set up under a tri-partite model in which the Corporation, state government and local government shared tasks under a memorandum of understanding (Searle 2005). However the SSDC had failed to achieve significant development of ‘global city’ jobs, while the lack of government land limited its ability to fund ‘magnet’ infrastructure such as the town centre. The SSDC thus illustrates the potential contradictions between community participation and a global city role, a situation recognised on various occasions in the previous decade by the state government in overriding local participation to achieve global city activity (for example, see Searle and Bounds 1999). The powers of the RWA act to resolve this contradiction by greatly reducing the potential for community participation in development decisions. The significant area of state government land in Redfern-Waterloo increases the state’s necessity to reduce participation, in
order to maximise its returns from its own land. Thus the role of ‘public’ land changes from being a necessary by-product of the welfare state to being an instrument for capturing global investment profits and generally facilitating intensification of development. In general, the RWA can be seen as an agency generated by Sydney’s hegemonic discourse of global competitiveness and associated narratives in favour of accelerated urban development (McGuirk 2004).

In terms of the ‘new state spaces’ thesis as put by Brenner (2004), the RWA fits uneasily in one important respect. The RWA involves a significant state centralisation of authority and power, unlike the decentralised model that characterises European (and, for that matter, US) new state spaces. Even the UK, which developed centralised new state spaces such as urban development corporations and enterprise zones under Thatcher, has now moved to more decentralised variants. This reflects the traditional meagre powers and resources of local government in Australia. But it also reflects a state government that seeks to control the political agenda and defuse periodic crises via high visibility projects that at the same time minimise the call on state funds. In addition, the role of the development industry as the main source of political donations to the ruling party, Labor, and the industry’s calls for major strategic initiatives by the government to promote development (for example, McGuirk 2004) also mean the Redfern-Waterloo project generates political capital with a key constituency. In the end, the role of the state remains critical in post-Fordist urban development, particularly in Sydney as the Redfern-Waterloo case illustrates.

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