Inquiry into Local Economic Development Initiatives in Victoria

Evidence for Economic Development and Infrastructure Parliamentary Committee

Dr Alan March
University of Melbourne, Faculty of Architecture, Building & Planning
Melbourne Sustainable Society Institute
alanpm@unimelb.edu.au
8344 7077

31 October 2012
### Contents

1 - Short Biography of Alan March  
2 - Response to Terms of Reference  
3 - Urban Planning in Victoria  
4 - Economics and Urban Planning  
5 - Local Government Urban Planning  
6 - The Planning Context of Local Economic Development Initiatives  
7 - Barriers and Impediments  
8 - Towards Planning Models for Economic Development  
9 – Conclusions

Supplementary Information Provided:  
1 - Short Biography of Alan March

I am an urban planner and designer. My research covers topics such as urban planning processes, urban design tools, democratic planning governance, resilience, disaster preparation and professionalism of planners. My formal qualifications are:

- Corporate Member, Planning Institute of Australia
- PhD (Urban Planning) Melbourne University, Australia
- Masters (Town and Country Planning) University of Newcastle upon Tyne, England
- BA dist. (Urban & Regional Planning) Curtin University, Australia

I have practised since 1991 in a broad range of private sector and government settings and have had roles in statutory and strategic planning, advocacy, and urban design. I have worked in Western Australia, the UK, New South Wales and Victoria. My early career included projects as diverse as foreshore protection plans, rural to urban subdivision approval and design, the Mandurah Marina and Urban Design Guidelines for the Joondalup City Centre. In England, I have worked in brownfield and inner city redevelopments, including land assembly and urban regeneration projects. I have extensive experience in inner city redevelopment projects in Melbourne since 1996, working mainly as a consultant.

I am now Senior Lecturer in the Melbourne School of Design and coordinate the Urban Design & Planning Major in the Bachelor of Environments. I have twice won the Global Planning Education Network’s prize for “Best Planning Paper” (2007, 2011). My teaching includes urban design, planning law and planning theory subjects. I have successfully supervised over 50 students’ theses encompassing a range of urban design and planning research topics. I am an executive member of Melbourne Sustainable Society Institute and have been the Leader of the research theme “Risk, Resilience and Transformation”, and am now the leader of "Cities and Towns". I am Director of a small urban planning and design practice DemosPlan.

My publications and research include examination of the practical governance mechanisms of planning and urban design, in particular the ways that planning systems can successfully manage change and transition as circumstances change. My 2012 publications include the following:

2 - Response to Terms of Reference

I have read the Terms of Reference provided to me. I have sought to focus particularly on matters that are relevant to my expertise and experience. Accordingly, I have primarily responded to item d) “identify the barriers to local economic development, including compliance costs for business and planning delays, in operating in local municipalities and develop solutions to address these barriers”.

Specifically, my evidence seeks to address matters that relate to the urban planning system in Victoria, although I will refer to other aspects of the Terms of Reference, as appropriate.

3 - Urban Planning in Victoria

It is common for a view to be held that urban planning is simply “what planners do” in a given place, such as Victoria. However, it is often useful in situations of reappraisal, such as this one, to establish some first principles, and I respectfully ask your indulgence in doing so.

Urban planning as a discipline is concerned with influencing the spatial arrangements of cities, towns and urban regions. This includes the form and locations of human made structures and buildings and the activities that occur in, around and between them. This encompasses transport systems of all kinds, and the locations of people, housing, factories, recreation, shops, farming and the wide range of other human made structures and activities that are key aspects of our lives. It also includes seeking to manage favourably impacts upon and interactions with the non-human aspects of our world, such as habitats, ecological processes, non-human species, meteorological processes and other aspects that might be grouped under the broad category of “the environment”.

While perhaps simplistic, urban planning can be reduced to a fundamental “element”: the act of making decisions about the spatial arrangements of cities, towns and regions. These decisions, large or small, cumulatively result in outcomes of various kinds. These might be described as social, economic and environmental outcomes (as reflected in the objectives of Victoria’s Planning and Environment Act, 1987: s 4) and can be measured in various ways. It is worth noting that in different planning systems these decisions can be made or influenced by various people or entities, whether or not they are planners or with business interests.

If I were required to offer a definition of the act of urban planning it would be:

*Establishing the conditions for, and making, decisions while seeking to predict the future effects of those decisions.*

The way this is undertaken in Victoria is enabled by the Planning and Environment Act 1987, primarily via the Victoria Planning Provisions which are the basis of local government planning schemes.

A key challenge that confronts any planning system is that many future conditions and circumstances cannot be predicted with certainty. This means that flexibility is often desirable in certain ways, for example to adapt to changing markets or to population growth or decline.
4 - Economics and Urban Planning

Obvious parallels can be drawn between urban planning and economics. Economics can be understood in simple terms as seeking to find the most favourable systems and actions to allocate scarce resources. In the modern era, economics has increasingly focused upon financial and legal systems and ways of promoting business growth.

If we turn to examining current arrangements of resources in our cities and regions, it becomes apparent that investments in infrastructure and spatial distributions of urban services are highly uneven. This spatial “unevenness” means that vast areas are much less efficient and fair to live in, and that resources are not being used in efficient ways in these areas.

![Image: Disadvantage ranks in Community Adversity and Resilience study, Melbourne postcode areas, 2004]

Source: Melbourne Social Atlas 2006

While it is acknowledged that the nature of disadvantage and indeed of economic development are complex, it is increasingly clear that where one lives strongly impacts on accessibility to employment, education, services, and recreation. Further, it has significant impacts on life outcomes. These differences are becoming greater across spatial areas in Australia, and any attempt seeking to promote economic development needs to acknowledge this.

Unfortunately, planning in Australia (and indeed many other places) has often become locked into an unproductive tension that falls roughly along political lines: planning is equated with control and restriction of the market, versus facilitating the market via removing planning impediments.

This could be represented conceptually (and incorrectly, in my opinion) as a dilemma, depicted in Figure 1 below.
Numerous examples exist that demonstrate the economic and other failings of removing planning controls, just as it is possible to find examples of poor planning impacting negatively upon economic systems. I would suggest that rather than seeing planning and the market as opposed, that a more sophisticated understanding would be to see these elements as overlaid continua, as shown in Figure 2 below.

This understanding of planning then suggests that the type of planning and indeed economic growth or outcome are the matters we need to be concerned with. Further, I would suggest that in this conception of planning can enable and facilitate the market.

5 - Local Government Urban Planning

Two main processes occur in Victorian planning at the local government level:
- scheme amendments (plan-making), and
- development control processes, in which permits are given if appropriate.

Considerable resources are consumed by planning departments in local government, mainly allocated to staff salaries. The amount of staff varies considerably between local governments, depending mainly on population and whether the area is under development pressure.

To put this in context, in the City of Yarra, an vibrant active inner city local authority, an average of only seven scheme amendments have occurred per year for the last four years (excluding state government amendments). This compares with an average 1,400 planning applications per year in the authority to the year ending 2010. In the City of Moreland a local authority considered exemplary in citizen involvement, only 142 submissions were received in 2000 to the introduction of
its new-format planning scheme affecting the whole authority of 142 325 persons (Australian Bureau of Statistics, 2006). In contrast, 126 objections were received in response to a single application for redevelopment of a site for medium density housing in the period soon after adoption of the new planning scheme.

The City of Boroondara, with a population of 169,500 processed 1,214 planning applications in the 2010-11 year period (City of Boroondara, 2011: 75). It has a core staff of urban planners of 37 dealing with permit processing. When compared with a forward planning staff of 18, the emphasis upon processing of applications for development and land use inherent to the Victorian system becomes apparent.

Boroondara’s budget for 2011-12 puts the cost of planning in perspective. For every $100 of expenditure, Council delivered the following services during 2011-12:

<table>
<thead>
<tr>
<th>Service</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Works and Priority Projects</td>
<td>$35.86</td>
</tr>
<tr>
<td>Environment and Waste Management</td>
<td>$11.97</td>
</tr>
<tr>
<td>Parks, Gardens and Sportsgrounds</td>
<td>$8.64</td>
</tr>
<tr>
<td>Health, Aged Community and Family Services</td>
<td>$11.48</td>
</tr>
<tr>
<td>Roads, Footpaths, Safety and Drainage</td>
<td>$5.65</td>
</tr>
<tr>
<td>Planning and Building</td>
<td>$5.13</td>
</tr>
<tr>
<td>Library Services</td>
<td>$4.17</td>
</tr>
<tr>
<td>Local Laws Enforcement</td>
<td>$4.53</td>
</tr>
<tr>
<td>Culture, Leisure &amp; Recreation and Civic Centres</td>
<td>$4.01</td>
</tr>
<tr>
<td>Engineering and Traffic</td>
<td>$2.31</td>
</tr>
<tr>
<td>Communications and Customer Service</td>
<td>$2.31</td>
</tr>
<tr>
<td>Metropolitan Fire Brigade</td>
<td>$1.68</td>
</tr>
<tr>
<td>Rates and Property Services</td>
<td>$1.81</td>
</tr>
<tr>
<td>Economic Development</td>
<td>$0.45</td>
</tr>
</tbody>
</table>

(Source: Financial Report, City of Boroondara Annual Report 2011-12)

6 - The Planning Context of Local Economic Development Initiatives

The length of time taken for permit applications and scheme amendments is considerable and often seems unreasonable to the public, developers and businesspeople with have holding costs and a need to respond to market conditions. Further, the number of local political, objectors, referral authority and other influences on decisions is often confusing, combative and costly for parties.

A typical scheme amendment takes nine months to a year to be completed. However, it should be noted that the planning system in Victoria, as it is currently configured, does not seek to process amendments particularly quickly (unless the Minister uses his extraordinary powers). This is intended to reflect the emphasis on relative flexibility in the zones for a range of land uses allowed by permitting, avoiding the amount of “rezonings” observed in other planning systems.

A typical planning permit is decided in 60 days, within the statutorily required time. For example the City of Boroondara achieved approximately 80% of decisions being made within 60 statutory days in the 2011-12 financial year period. However, two other factors need to be noted. First – the majority of activities and development does not require a planning. Second – most that large and complex projects typically go to appeal at VCAT, and this means that many decisions take in the order of nine to twelve months after lodgement of applications to be resolved.
The role of a local development officer is typically one of informing and facilitating within the local area and municipality generally, and this includes within the existing planning system as it stands.

7 - Barriers and Impediments

The Victorian planning system provides considerable flexibility for individual households and businesses to locate in a range of locations. However, the flexibility is offset by a need to apply for permits for a range of matters that provide the potential for hold-ups and delays.

Further, the Victorian planning system, with its emphasis upon on impacts of neighbours as a primary concern, while laudable, means that wider strategic planning questions are often routinely put aside (and it is noted that these matters are often beyond local government to address):

- Are a range of services and facilities provided in the area to support the needs of users?
- Is there appropriate and adequate public transport?
- Are the structures adaptable to a range of purposes so that over time adaptation to circumstances can occur?
- Will impacts on surrounding land uses be managed?
- Will the change occurring support sustainability?
- Who will determine how the potential differences between individual, local and wider interests are served by development, and who will decide on proposals.
- Could the need for permit be avoided?
- Many structures are purpose built, requiring extensive re-fitting or demolition and reconstruction to allow new business enterprises.
- Ongoing construction at ultra-low density, particularly at the urban edge, requires over time demolition and reconstruction as areas change.
- A culture of opposition against change exists because inadequate forward planning occurs in the planning system. This means that each development is assessed and contested on a site by site basis.
- Developers seek high rise as a means to achieve yield, causing ongoing conflict.
- Inadequate public transport places a significant burden on employees and employers, and makes some locations much less accessible.

8 - Towards Planning Models for Economic Development

I suggest the following approaches would assist in facilitating economic development:

- Ensure that most structures are built in such a way that maximises building life.
- Ensure structures are adaptable to the widest range of future land uses, minimising the need for structural modification.
- Establish zoning in such a ways that minimises the need for later permits, particularly for changes of land use.
- Require carefully designed medium density, in combination with height limits in all locations.
- Establish clearly responsibilities for local and state government levels so that local capacity can be developed.
- Require a mix of land uses in a given area to ensure that all facilities are provided, in parallel with developing mechanisms to prevent conflicts between different land uses.
- Establish maximum building heights and building envelopes
- Require the majority of planning to be forward and plan-based. Move to a forward planning approach where the majority of energy is spent upon establishing future scenarios, including
buildings heights and envelopes, providing certainty particularly for potential objectors. This will minimise debates on a site by site basis over heights etc.

- Establish funding mechanisms allocated at state and regional level based on initiative and need to provide opportunity for economic development initiatives. These mechanisms need to be coupled with overall metropolitan and regional planning processes that can coordinate infrastructure, the direction of population and jobs growth, and target inequity.
- Minimise the need for extraordinary interventions which erode local politics and participation exercises.
- Target disadvantaged areas with tailored strategies, such as those listed in Appendix A. Evidence shows that large improvements can result in these locations.
- Ensure metropolitan and regional planning complement attempts to promote economic growth. It is noted that the recently released Discussion Paper for Metropolitan Planning “Melbourne, Let’s Talk About the Future” seeks to make job distribution a key element of its strategy. A key theme of the discussion paper is integration and establishment of appropriate governance structures.

An example of a planning system in which these approaches generally occur is the Netherlands. The planning system’s focus is on forward planning, into which many parties can have extensive input. Little input is possible into development control. Few high rises are built. Funds are available to local government and individuals to seek economic programs focussed upon various business, social and environmental ends. A wider overview of economic fortunes is maintained at national, provincial and local level, resulting in targeted strategies to redress problems and to take opportunities.

9 – Conclusions – Integrating Economic Development with Planning

The Victorian planning system has been a very successful and sophisticated set of inter-related mechanisms for the regulation and minimisation of development into established areas, and for the expansion outwards of suburbs. However, Victorian planning is now anachronistic in certain ways. It maximises inputs into detailed site by site matters, but minimises inputs into wider matters of collective concern that would facilitate economic growth.

While I understand that this committee is concerned mainly with Economic Development, I offer a caution that seeking to reduce or removing current planning controls without modifying the overall emphasis to forward planning is likely to be counter-productive and unpopular. Similarly, encouraging interventions, use of extraordinary powers, or establishment of one-off development agencies are also likely to be counter-productive and politically unpopular.

To promote strong local economic initiative, there needs to be a shift to the built form being more adaptable to a range of use needs over time, so that permits are not often required and flexibility is maximised. Planning can be strong regarding key matters such as establishing places for job location and public transport and the need for a flexible and long lasting built form, while leaving other matters to the market. The grounded and engaged nature of local government needs to be energised by having access to funds that allow long term development of local enterprise. This needs to be integrated with wider changes being made at regional and metropolitan planning level, and with long-term time horizons.

Dr Alan March
University of Melbourne
Melbourne Sustainable Society Institute
Appendix A


Actions against disadvantage:

- First, the maximum practicable engagement of disadvantaged communities in decisions of all kinds is key to community strengthening. A local coordinating or ‘steering’ group needs to operate on a basis of authentic community participation and in accord with broad administrative and practice requirements that research and experience have shown to be associated with successful community outcomes. These include arrangements that link departments, resident groups, agencies, organisations (including businesses and business organisations), stakeholders and local government officers as elements of an integrated team to implement and monitor regeneration plans. Because it has been established by research as a key element of successful community practice, the local body should ensure there is someone to provide leadership and maintain direction at the local level. Effective evaluation must be built-in to the projects;

- Cultivation of community capacity. Such capacity is not a given but requires nurturing and the investment of time and resources. The more disadvantaged and run-down a community the less practised it frequently has become in working in a focused, collaborative way;

- Adequate time. Problems that have often been decades in the making cannot be reversed in a few short years. In Europe, projects nearer to ten years duration are the norm;

- Attention to the characteristics that differentiate markedly disadvantaged from other areas. An intervention plan would need to give priority consideration to:
  - Education and training/retraining,
  - Work opportunities and placement,
  - Health promotion and treatment,
  - Parenting skills,
  - ‘Problem solving’ law enforcement,
  - Developing local leadership capacities;

- Attention to other specific needs of an area identified either by formal indicators or residents;

- Identifying possible sources of community strengthening funding. Wherever practicable government contributions to meeting the varied costs of community strengthening projects needs to be facilitative investment to attract private sector funding, and ‘priming the pump’ to stimulate local initiatives. However, because of the limited private investment opportunities they present, the strengthening of disadvantaged areas inevitably requires substantial government outlays via a Community Strengthening Fund.

See also:
See Chapter 7 of Vinson, T., (2007) Dropping off the Edge, Richmond, Jesuit Social Services/Catholic Social Services Australia

Other References