CORRECTED VERSION

OUTER SUBURBAN/INTERFACE SERVICES AND DEVELOPMENT COMMITTEE

Inquiry into growing the suburbs — infrastructure and business development in outer suburban Melbourne

Melbourne — 18 June 2012

Members

Ms J. Graley
Ms N. Hutchins
Mrs J. Kronberg

Ms L. McLeish
Mr C. Ondarchie

Chair: Mrs J. Kronberg
Deputy Chair: Ms J. Graley

Staff

Executive Officer: Mr N. Bunt
Research Officer: Ms C. Frew

Witnesses

Municipal Association of Victoria
Ms L. Johnstone, manager, planning policy and projects, and
Mr G. Hately, policy officer
The CHAIR — On behalf of the Outer Suburban/Interface Services and Development Committee, I would like to extend a welcome. During the proceedings today whatever you have to say and share with us will be protected by parliamentary privilege. In any extension of the dialogue outside this hearing and outside this room that would not prevail. I encourage you to provide open and unfettered input so that we can get to moving some of the problems that are contained in our references. It will be recorded and in about two weeks a copy of the transcript will be made available to you for any spelling changes.

I invite particularly Ms Liz Johnstone to make some opening remarks. Then what we want to do is make our session as interactive as possible. Each member of the committee will have some pressing questions to put to you, so in your opening remarks you may well be interrupted. I hope you are comfortable with that process. We just want to harvest as much information from you as we can in our time together.

Ms JOHNSTONE — Thank you for the opportunity to present to you today. Firstly I would like to apologise for our president and chief executive officer, who are both in Canberra at the Australian local government national assembly meeting, which was on yesterday and is happening today. I hope that we are able to answer any questions you might have, but if not, we are happy to take them offline and provide further information to this committee.

I am presuming that you have all had a chance to look at the submission that the MAV prepared. This is a critically important issue for those in local government because, unlike the developers, they are there before and they are there after and they manage growth and change and take a long-term view. When that is not planned well, with the needs of those growing communities being well supported and the services they need being provided, the consequences can lead to disadvantage and I suppose a stratified Melbourne. You will have seen from the submission of the Interface Councils group that they have highlighted those points of difference where their communities are now seeing significant deficits, I suppose, compared with the metropolitan and state averages for things like levels of education, access to employment, the provision of hospital beds and also the rate of unemployment, which is a primary indicator in itself.

There is no doubt that the way we develop our cities, our settlements, our towns and our suburbs affects people’s life opportunities, and their capacity to pay is a factor that over time either closes or broadens that infrastructure and service gap that a lot of councils are now discussing. One term that I am hearing council officers use more often is ‘affordable living’ rather than ‘affordable housing’. They are very mindful that the entry price into the dwellings or land and dwelling is not the indicator of what the generational costs of occupying that house and land will be. I think Peter Newman has probably done the most extensive research — he comes out of Curtin in WA and sits on Infrastructure Australia — around the opportunity cost, if you like, of each second, third and fourth car that is required for access to employment, education and social opportunities for those people who are enticed almost because of housing affordability choices today to make decisions that have consequences that are not fully seen when they make that investment choice.

The submission we presented only looked at three of your terms of reference. We looked at some of the current public and private infrastructure provision, and I think hearing from the Metropolitan Transport Forum reminded me of the importance, because we seem to get the schools out to growing suburbs, we seem to get the health services out and the supermarkets are getting bigger and out there faster, but the actual transport provision and the planning for the provision of utility services seems to be where we struggle most. If the behaviours become established early, they are very hard to change. Once people settle into their pattern and their way of living and where they go for their shopping and service needs and how they get there, those habits become entrenched and hard to change. Putting in a bus stop does not mean the bus will come when you need it and often enough to be useful.

We have also looked at the question of the capacity of the existing infrastructure to accommodate increased population growth. There is that latent capacity that exists, and getting better use of the infrastructure we have is a much easier challenge for all levels of government than putting infrastructure in areas where people are not there yet, yet our focus seems to be, through the Growth Areas Authority and a whole lot of other activities in government, focusing on whether people are there yet. We are seeing 10, 20 and 30 years, I suppose, of outer suburban development where there is an infrastructure and service gap, and there are now new areas contiguous to those areas putting greater pressure on the open space and services provided for those existing communities, so it is a double whammy. Those communities are also beyond, if you like, the metropolitan rail service system and are already fighting to get the parking space at the station to commute to work because a lot of the jobs are clustered...
in the central city and the south-east corridor, and some are around some of the major road infrastructure on the urban hedge of the fringe.

We have also looked at the role of small business and councils and community groups in developing that local expertise, but we did not have a lot to say in our submission to that term of reference. I think economic development is difficult for metropolitan councils. It is possibly an easier challenge for some of our regional cities, where their economy, if you like, is more closed, but in Melbourne the municipal boundaries are not where you live your life. My own family travel outside of the city — we all do each day for work, for friends, for university or for study. The economic development for metropolitan councils, other than a few, focuses more on the main streets, the shopping centres and that sort of local commerce rather than the pure economic development around the manufacturing industry, development and growing the economy. Having said that, Monash and a couple of the south-eastern corridors work very hard around that south-eastern employment corridor, recognising that it is a significant — I do not have the numbers here, but it is a significant provider of jobs in the metro economy, and they work collaboratively to try to retain and attract investment to add to that diversity there.

We make some recommendations through our report, which I will not go through, but I suppose if I were to highlight two or three things, they would be: how do we manage to get better value from existing investment in transport utility, open space and service infrastructure, particularly given, often, community resistance to change? I noted with interest — I am not quite sure how I use this — the Honourable Craig Ondarchie’s comments before where he referred to high-rise density.

I strongly support what Cr Melican said — that high density does not equate to high rise. The neighbourhood of St Kilda in the city of Port Phillip is nearly 100 dwellings per hectare. It has a five-storey strip down Fitzroy Street, and other than that it has mainly one to three-storey development except for a few exceptions on St Kilda Road. Where I live in Elwood there are nearly 70 dwellings per hectare, and it has a predominant one, two, three and four-storey built form, yet in growth areas we are increasing density by creating smaller lots with one dwelling per hectare. The density is about the number of dwellings per lot, and the built form does not necessitate high rise except for those town centres.

Ms McLEISH — Can I ask a question there? Given that, what role has MAV played in the last decade to promote that — because we have seen that it has not happened.

Ms JOHNSTONE — The amount of development in growth areas has been higher than was expected. It was meant to be a 30 per cent to 60 per cent infill, and it has been over half. We have done work using urban designers like Zac Cvitkovic who have done presentations to councillors and our members about different urban forms and different development scenarios and how they look and feel so people can see that it might not be something they are not happy to live with.

I think what councils have done is identify where they would like development and where they would not and what form that would take, but they have really struggled to give effect to it because planning policies tend to be not exact. They tend to be outcome focused, but they say ‘should’, not ‘must’. Councils have been able to say, ‘Definitely here, maybe here’, but they have not been able to say ‘No’, and the community is not happy. They are happy to work through where and where not, but they do not want the answer to be ‘Maybe’ and a permit will be considered for everything.

To some extent I would say councils have been hamstrung, and that has led our work to request a review of the residential zones, where we had a no-go and a go-go and a slow-go zone, so you can say ‘No’ and ‘Definitely yes’. You can reward your strategic planning and make it easier to get a permit for a high-density built form, but we have been saying that for over five years now. I think the tools are lacking, and if councils had more confidence that their noes meant ‘No’, then they would be quite happy to say ‘Yes’, because they have all thought through how they will manage growth. I do not think any of them are so naive to think that they can say ‘No’ everywhere.

Ms McLEISH — With that, do you think some of the councils have really taken the bull by the horns with that high density in the outer suburban areas?

Ms JOHNSTONE — I think Doncaster Hill is a good example, where council has gone to VCAT a number of times to argue underdevelopment — where an applicant has not wanted to go to the full extent enabled by the planning controls.
Ms McLEISH — Is that in the growth areas?

Ms JOHNSTONE — No. the growth areas are very much a suburban model, with primarily single dwellings. There were around 10 dwellings a hectare; they are now pushing up to 15. I referred to Peter Newman before. His work would say that you need 37 jobs or dwellings per hectare if you actually want services, so what we are providing is a very high-cost model for government given that it is greenfield and needs the infrastructure to be built, serviced and maintained.

Mr ONDARCHIE — Liz, some of your member councils are putting together structure plans that incorporate seven-plus storeys along major transport corridors.

Ms JOHNSTONE — Yes, but not in the growth areas.

Mr ONDARCHIE — What is your view about that, given what you are talking about?

Ms JOHNSTONE — I think councils work under a bit of a social licence to operate, as does any elected representative, and the councils that are doing that do so because they have engaged with the community and understood the pressures for housing needs, either because people are ageing and want smaller apartments located near services or because there is a trajectory of market pressure that they just have to work out how to manage. If they are proposing those sorts of responses, it would be because they would have areas they want to protect or make little change to the character of and there are areas where they think that development can be accommodated in a way the community understands. Not everyone will accept it, but the community understands.

Mr ONDARCHIE — Do you support that?

Ms JOHNSTONE — I am not here to make a comment about each individual council’s approach. The system we have provides for councils to set a municipality planning scheme for their municipal district. It is done within a fence, which is state policy, which is quite clear about how and where growth and development should occur. Their approach needs to be signed off by the state as well. I am saying that if a council can get something through that that they are happy with and the community is happy with, then I am not going to comment on whether they are right or wrong.

The CHAIR — Ms Johnstone, if we look at the deficit being in terms of infrastructure following the growth in residential projects, do we see very much a focus on residential community infrastructure — sporting fields, schools and shopping centres, so we have a retail format — and by extension a possible format for professional services, the local accountant, lawyer and so forth? Have we overlooked the need for specialised industrial zones in those areas as well? Is it too difficult to accommodate industry within those places where we have gone off in one particular direction?

Ms JOHNSTONE — The amount of land being identified for industrial use in the south-east, for example, is quite extensive. There is a significant amount of land being made available. I guess the challenge is what industry and how and who brokers their investment in those areas. As I was saying before, that is a difficult thing for a council to do. I think economic development is best done nationally and at a state level and on a regional scale. My sense is we are identifying the land, but how we are brokering the industrial employers who are going to use that land, I am not sure where that is happening. I imagine that is DIIRD’s role to some extent. I do not have a sense that it is underprovided for at this stage, even the planning at this stage.

Ms HUTCHINS — Around the development of jobs and the facilitation of business activities, particularly in our outer suburbs, do you think the state government has a role in facilitating the growth of jobs in the outer suburbs?

Ms JOHNSTONE — Absolutely. I really do. There are Nation Building activities that happen at a federal level, and then there is critical service delivery that happens at a state level, and I think delivering on a healthy economy and supporting the investment in jobs in Victoria is something probably best led at a state level.

Ms GRALEY — I am reminded of a statement that was made when I was travelling recently when a person said, ‘People do not like urban sprawl and they do not like density; they are the only two things they can agree on’. I am reminded of that listening to the presenters today. The MAV is in a really difficult situation, because you represent both outer suburban and inner suburban councils and all those in between. What is the view of the MAV
on trying to manage this? I wonder what its view is on the recent extension to consultation, given some of the recommendations that you have made in your report?

Ms JOHNSTONE — We made a submission to the review — significant changes — of the urban growth boundary in, I think, 2009. That highlighted a number of issues that have been brought before this committee as well, and I am happy to provide a copy of that submission. That was obviously something that we consulted with our members about to develop. Nothing is either/or; it is always a bit of both. What we have done over the past few years is work closely with the department on the housing growth requirements work.

Our view is that councils should be judged on the outcomes they contribute to and deliver and less on the process and the decisions along the way. Planning has become very process focused, not outcome focused. For example, we measure how many, how fast, what type, but not whether or not the cumulative effect of all those planning decisions are better towns and cities and healthier communities. We did work with DPCD on the housing growth requirements initiative under the former government, because it provided a common methodology across the whole metropolitan area where you could understand the nature of demands being made for additional housing. At that time it was likely councils would then be given a target, and our view was if that is to occur, let councils explain how they will deliver on that target, and we can agree on how whether or not they have delivered can be measured. If it is because their policy is too constraining, then that is a matter for a planning scheme review. If it is because the market has changed and the demand has gone, then that is a matter beyond their control.

I think it is something that local communities, who are the ones affected, can have a real say in and can contribute to where and where not. I think the state has a critical view on whether or not in aggregate the cumulative effect of all those decisions is providing the housing Victoria needs at the right price and in the right form. The mechanism of reviewing a planning scheme every four years is where, by signing off that plan, the state can assess whether or not it is a scheme that is helping achieve the outcome across the metropolitan area that each council contributes to. There will be tensions, but you have got to lead those conversations at a local level and help people understand that their kids might want to live near them one day too, and whether our population grows or not. The number of dwellings we need to accommodate our current population is growing, because more people are living on their own and there are higher rates of divorce and all those other demographic factors that contribute to that pressure, regardless of the population debate.

The CHAIR — As a slight diversion, Ms Johnstone, we would welcome your comments on any view or position the MAV might have taken, or any observation through research, as to how sister city relationships between municipalities would have contributed to improved export income for the state or that particular municipality or any inward-bound investment — that is, putting an economic measure around those relationships.

Ms JOHNSTONE — I will have to take that on notice. I am not aware if we have done any direct research. I know some anecdotal information. The City of Hobsons Bay has a strong relationship with Toyota and has had for many years. There are some relationships between — —

The CHAIR — Excuse me. By that do you mean Toyota in Japan at head office?

Ms JOHNSTONE — The city in Japan where Toyota is based, yes, because of the common industry link. I am also aware that some metropolitan councils have relationships with rural councils to try to raise awareness and exchange information and build some collaboration where they can around some of the Landcare objectives — Luv-a-Duck in Nhill and Port Phillip and restaurants. They have had that economic aspect to them as well, so I am happy to see if we have got any information.

The CHAIR — We would be looking at it in terms of inward-bound investment and export income that might be derived directly or indirectly from those relationships, and we would welcome any input that you can provide us with on that. We will make a note that we expect our executive officer and you to work to see how we can inform ourselves. Are there any other questions coming from the committee?

Ms GRALEY — Just one more. In your recommendations you have got:

Review the $900 per household cap on contributions towards community infrastructure to enable full cost recovery for community infrastructure necessitated by population growth.

Would you like to expand on that?
Ms JOHNSTONE — I suspect you are going to ask me what the number should be.

Ms GRALEY — I would not mind an answer that was precise, but I am not expecting it, no!

Ms JOHNSTONE — The reason that is there — and I do not know what the number should be — is because the range and quality of community infrastructure has changed significantly, and councils are saying that it has not kept pace. Pools used to be outdoor; they are now recreation in the leisure facilities that are heated and a different offer. The level of service and the breadth of matters that need to be funded have increased. I think it was 450 and it was doubled at the last change, recognising the gap, but it is still not right, and there needs to be some work done around what it should be.

Ms McLEISH — I am thinking about services in the outer suburban and interface areas. What are you hearing from councils in those areas that are typically the services that they find most difficult to put in place and perhaps sometimes may be missing because of different areas?

Ms JOHNSTONE — What we hear is that there is a long lead time and there are a lot of obligations that need to be met through funding agreements or regulatory requirements from both state and federal government, particularly for the children’s services and the human services areas. Often those rules or requirements will change during that long lead time for service delivery. The kindergarten hours is an example at the moment. What is in the pipeline by the time it comes out or needs to be delivered or in fact is costed as part of the DCP may have changed, and so that is a real challenge for those areas.

I am starting to hear concerns around the focus being on how many families a week are moving in, whereas in fact I think it is only about 44 per cent of the buyers in growth areas are the traditional mum, dad and two kids families.

Ms McLEISH — It is 44 per cent?

Ms JOHNSTONE — I think so. For example, we would not have had as many households moving in with 65-year-olds-plus as we have young families, and in time those people will want to access home and community care services. They will not be able to rely on their own car for transport and things like that as they age in place, which is government policy. I think it is that pipeline — the long lead time and the rules changing as you are delivering what you thought you needed as pressures and demand increase as well.

The CHAIR — Does the MAV have a view on or has it done research into the viability of business incubators in any particular municipality or region?

Ms JOHNSTONE — I am not the manager of the economic policy area, so I am probably not in the best place to answer. I cannot think of any examples — Gareth, if you can, please cut in — of where councils have actually funded and been the leader of a business incubator. I think they might be partners in their delivery, but it is very rare that a council would be the driver, which may suggest something about — —

The CHAIR — Two councils collaborating in a regional sense for economic development.

Ms JOHNSTONE — Yes, councils do. What constitutes a region is always difficult. After the amalgamation of councils — Yarra Ranges, the City of Greater Geelong, Mornington Peninsula Shire Council — they are effectively regions. So when you compare local government in Victoria to, say, local government in New South Wales, it is different. We do not remind ourselves enough of that — that in fact we do have some regional local governments in effect. Councils do work together regionally a lot. For example, there is the Gippsland local government network. However, that is the only one in Victoria that lines up with the state regional service delivery model and the RDA model. So the lines on the map never quite meet with different regional grouping structures.

The CHAIR — In regard to councils post-amalgamation and with the new challenges in the local economy and the pressures of a global economy, do you think the skill set within local government has kept up with the challenges?

Ms JOHNSTONE — Gosh! That would be great. Within the organisations or — —
The CHAIR — Well, it could be a structure. It could be the sort of positions that may need to be changed over time so that they are truly responsive. It could even be the opportunities for councils to offer professional development for their staff.

Ms JOHNSTONE — My observation, having been involved in local government pre and post-amalgamation is that the organisations are larger. They are probably more professional in their approach. By being larger and more professional, organisations have been able to retain and recruit more expertise within their structures, and that means that often councils will have legal counsel on staff — someone with legal expertise — which pre-amalgamation was generally brought in. I think that probably would not hold for all councils across Victoria, because we have some very large, financially strong councils, but we have also got over 15 councils that are under quite a bit of financial stress. The capacity of the ratepayers to pay any more is just not there. It is mixed, but I do think some councils have probably got more professional capacity in house and know when they need help and where to go post-amalgamation.

Do councils support professional development enough? There are not many organisations that have to weigh babies and fix potholes. The private sector would not set up an organisation that was a local government. They deliver well over 100 services. They have to make sense of all the state and federal legislation as it hits the ground in one spot. So they have to cover incredible breadth as organisations, which means that often the smaller ones and the medium-sized councils cannot afford the depth that they might well enjoy. It is not uncommon for a manager in a city development or planning area to actually be responsible for building, planning, some of the local laws and other enforcement, and they might have to pick up some of the emergency management work as well.

As I said, there is a huge spectrum. Some are well placed and have that capacity in house, but then there is quite a diversity after that. Hence the importance of regional arrangements, as you suggest.

The CHAIR — If there is one pressing question amongst my colleagues here, we can take it. No? Well, we are right on time. Ms Johnstone and Mr Hatley, thank you very much for joining us today. We value your contribution, and there will be a follow-up through that information that you suggested might become available. Thank you very much. We appreciate your time today.

Witnesses withdrew.