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Mr Sean Coley
Executive Officer
Outer Suburban Interface Services &
Development Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Coley

Inquiry into the impact of the State Government's decision to change the Urban Growth Boundary

I write to you in response to your request for a submission from the City of Whittlesea with regard to the inquiry into the State Government's decision to change the Urban Growth Boundary (UGB).

As a result of the Council meeting cycle, Council will not have the opportunity to formally consider the provided terms of reference for this inquiry before the closing date. However, Council's position on the UGB has been considered at previous meetings, and this letter will outline Council's key issues with the proposed changes to the UGB.

With respect the proposed changes to development contributions for land in designated growth areas, the second part of this response will discuss the key issues Council experiences with the current development contributions system, highlighting areas that are in need of reform and may be addressed in the establishment of the new development contributions system.

Urban Growth Boundary Review

Council has twice formally considered the implications of the proposed Urban Growth Boundary (UGB) on the City of Whittlesea, most recently in response to *Delivering Melbourne's Newest Sustainable Communities*, at its meeting on July 21 2009. The key recommendations outlined in Council's response are as follows:

- The State Government's commitment to Melbourne 2030 urban consolidation policies in established areas must be prioritised above further expansion of Melbourne's growth areas.

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- An infrastructure delivery timetable for physical and social infrastructure must be prepared for new growth areas setting out timeframes for implementation, that indicates implementation happening before development. For the City of Whittlesea, this timetable must include the Epping North rail line.
- The basic building blocks of new communities including affordability, sustainability and good design must be provided as standard within the new UGB, similar to other basic infrastructure such as sewer, water, gas etc. This is supported by the Interface Councils and outlined in the 'Guiding Principles for New Growth' in Council's *Melbourne @ 5 Million* submission.

Council considers that these matters should be addressed with high priority as part of the UGB review in order to establish the best possible environment for new development.

Introduction of proposed changes to increased development contributions for land in designated growth areas

Key issues experienced by Council with the current system of local development contributions system are principally associated with:

- Complexity
- Funding shortfall
- Timing

1. Complexity

One of the key issues with the preparation of local Development Contribution Plans (DCP) is the complexity associated with the process. This has come as a result of the ever evolving design and execution of DCPs, which have become increasingly sophisticated to respond to the issues that have arisen overtime. Consequently, DCPs are extremely time consuming from an administration point of view, and require a high level of expertise to execute.

The process of establishing nexus before the creation of a DCP is significantly complicated. Under the current system, Council must prove the direct link between the need created by the development and the associated development contribution item in order to secure critical facilities and infrastructure.

Ensuring the equitable apportionment of costs is difficult task for Council, especially given the lengths Council must go to to directly prove the projected usage of infrastructure items. This aspect of the process is often highly contestable. Despite Council's detail in designating costs, developers are often able to prove the use of the contribution item is shared with neighbouring estates and neighbourhoods and therefore not pay said contribution.

A significant challenge for Council in the current DCP process is to correctly estimate the cost of land and construction. Despite Council employing up to date indexation tools, the unpredictable nature of land prices and inflation of the dollar has meant that there is a significant margin between the amount agreed at the DCP stage and the amount that goods cost at the implementation stage.

Council considers that the arbitrary distinction between community and development infrastructure overly complicates the process. By forcing Council to make these distinctions, the system is not recognising that to function as a basic level, community and infrastructure services are equally as important.

The complex nature of the DCP process requires significant time and expense to prepare robust plans to meet the expectations of Council, developers and the State Government.

2. Funding shortfall

As briefly mentioned above, accurately capturing escalation of land and construction costs through standard indexation methods is extremely difficult, and consequently there is an inevitable shortfall of funding that Council is obliged to subsidise.

Council has attempted to address this over the years through various methods, and currently considers the best approach to be one that gives land a fixed value during the preparation of the DCP. It is noted that the current legislation does not support this method, as a result of the inconsistencies between the *Land Transfer and Compensation Act* and the *Planning and Environment Act*, which Council believes need to be reconciled.

3. Timing

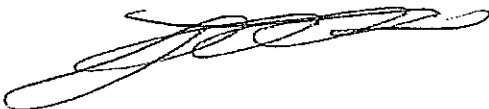
The current timing for the payment of contributions often means that infrastructure projects cannot be adequately funded until the communities have been established. Frequently this means that some communities are not serviced for a considerable period of time, which is inconsistent with the State Government's desire to ensure that services are provided in the early stages. Essential services such as community health facilities are compromised at the early stages of community development as a result of the shortfall of funding and timing of contributions payment.

Conclusion

Council would like to take this opportunity to again thank the Outer Suburban Interface Services & Development Committee for this opportunity to comment and contribute to the inquiry into the impact of the State Government's decision to change the Urban Growth Boundary.

If you have any questions, or require additional information, please contact myself or Bridie Allanadale (Strategic Planner) on 9217 2513.

Yours sincerely



Justin O'Meara
Director Planning & Development