



Submission to the Outer Suburban/Interface Services and Development Committee inquiry into the Impact of the State Government's decision to change the Urban Growth Boundary

About Environment Victoria

Environment Victoria is the peak non-government, not-for-profit environment organisation in Victoria. As the state's leading environment group, we believe that our future depends on all Victorians. That's why our goal is to mobilise all 5 million to safeguard our environment. At the heart of our work is our belief that people are part of the environment, and not separate to it. So we work with people from all walks of life and levels of environmental awareness to solve the challenges common to all of us.

We do our part by championing the environment and the people who care about it. We give a voice to the growing environmental challenges that face us and the emerging solutions that are showing the way to the future. And we educate and engage people about what they can do to help. We know that there are many pressing environmental concerns, so we focus our work on the most urgent:

- a safe climate
- diverse and healthy ecosystems, with a focus on healthy rivers and wetlands
- smart stuff (less waste)
- sustainable lifestyles

We know that the decisions we make today, will create the world we live in tomorrow. And we believe that together, we are making a difference.

The State Government's proposed changes to the Urban Growth Boundary represent an abandonment of *Melbourne 2030* and the principles of "sustainable growth". The decision ignores the directions of *Melbourne 2030* which seek to make more efficient use of existing infrastructure for economic, social and environmental reasons.

Melbourne 2030 "provides specific objectives and strategies for Metropolitan Melbourne" and forms the centrepiece of the State Planning Policy Framework for the city.¹

The first objective of *Melbourne 2030*, "A more compact city", is to:

"To facilitate sustainable development that takes full advantage of existing settlement patterns, and investment in transport and communication, water and sewerage and social facilities."²

The second objective, "Better management of metropolitan growth", states that:

"To locate metropolitan growth close to transport corridors and services and provide efficient and effective infrastructure to create benefits for sustainability while protecting primary production, major sources of raw materials and valued environmental areas."³

Melbourne 2030 sets out how to accommodate one million more people by 2030. It allows for some growth of the urban area, and, in doing so, establishes the existing urban growth boundary. However, *Melbourne 2030* concentrates on accommodating additional population in activity centres in existing urban areas, most of which are centred on train stations.

A recent study examined the capacity for population growth along tram and bus corridors to augment *Melbourne 2030*.⁴ This study found that, using only 3% of the available urban land, 840,000 more people could be accommodated.

Urban consolidation around train stations, and tram and bus corridors within the existing urban growth boundary would easily accommodate the projected growth in population. Environment Victoria supports this approach to accommodating population growth because it is less expensive and has a much lower environmental impact than urban sprawl.

Conversely, development in outer suburban areas need enormous amounts of energy and resources to build, maintain and use new infrastructure. Outer suburban development also increased the urban footprint and alienates land with agricultural or biodiversity values.

In the absence of a seriously funded and properly managed and run public transport system, outer suburban development further entrenches car dependency. The annual cost of transport in outer urban development is estimated to be almost twice as much as in existing urban areas.⁵

1 State Planning Policy Framework, Clause 12, Metropolitan Development.

2 State Planning Policy Framework, Clause 12, Metropolitan Development.

3 State Planning Policy Framework, Clause 12, Metropolitan Development.

4 Transforming Australian Cities for a more financially viable and sustainable future, City of Melbourne and Victorian Department of Transport, July 2009.

The increased infrastructure and transport costs for new, outer suburban developments are also representative of an increased greenhouse gas liability. Compared to developments in existing urban area, outer suburban developments emit more greenhouse gases during their construction and then during their occupancy.

The increase in urban area also means a loss of carbon sinks and an increase in the heat island effect.

In short, increased urban sprawl is expensive, unsustainable and increases Victoria's greenhouse gas liability.

The Growth Area Authority recently released the Precinct Structure Planning Guidelines.⁶ The objectives contained within the guidelines are welcomed. This includes the objective to “respond to climate change and increase environmental sustainability”. However, the guidelines have no weight within the planning scheme and there is no compulsion for developers to follow the guidelines. As such, they are likely to have little impact on the environmental impact of outer suburban development.

This underscores the absence of obligations on developers in outer suburban areas – and other areas – to achieve a high standard environmentally sustainable design (ESD). This issue is particularly important in fringe area developments where such an obligation could go so way towards mitigating the structural impacts of outer urban development.

The Minister for Planning has sought to explain the government's proposal on the grounds that “people deserve choice.”⁷ This stance avoids the responsibility of the government to set planning policy that improves the liveability and sustainability of the whole city. This stance also contradicts the essence of urban planning, which is to organise urban populations and employment beyond the capacity of individual choice.

The Victorian Government is has ignored the advice of the *Melbourne 2030* Audit Expert Group which it commissioned. The *Melbourne 2030* Audit Expert Group Report clearly supports the retention of the existing UGB as and the broader principles that at the centre of Melbourne 2030. The audit groups states:

“We are firmly of the opinion that if *Melbourne 2030* is to be successful and respond to the challenges presented in creating a sustainable future, the UGB should only be altered in compelling circumstances (see below). *Melbourne 2030's* success is largely dependent upon a shift towards increased densities around activity centres in the established urban area, which will be greatly assisted by restricting ongoing adjustments to the UGB. Even though Melbourne is facing higher than forecast population growth, at least in the short term, we believe that concentrated efforts to improve both dwelling supply and housing affordability in the established urban areas can reduce the pressure for outward extension of the UGB.”

⁵ Assessing the Costs of Alternative Development Paths in Australian Cities, Trubka, Newman, and Bilsborough, Curtin University and Parsons Brinckerhoff, 2008.

⁶ Precinct Structure Planning Guidelines, Growth Areas Authority, 2009.

⁷ Opposition to a bigger Melbourne smacks of cultural snobbery, Justin Madden, 25 June 2009, The Age.

Environment Victoria recently released “the people’s climate White Paper”.⁸ It contained the following recommendations which we believe are relevant to this committee’s deliberations:

- The Victorian Government should commit to sustainable land use planning and design, and urban consolidation to facilitate reduced travel demand.
- The Victorian Government should introduce a moratorium on new major road projects, and instead direct this funding towards public and sustainable transport alternatives.
- The Victorian Government should recommit to principles of urban consolidation, and reverse their decision to expand the Urban Growth Boundary.
- The Victorian government should continue with plans to redevelop Central Activity Districts across the city, and consolidate additional growth along on-road sustainable transport routes such as tram and bus route, with mixed-use developments including a percentage of affordable housing.
- To ensure that transport emissions are not disproportionately increased by new development, the Victorian Government should commit to no new development without adequate sustainable transport infrastructure in place prior to development.

Growth Areas Infrastructure Contribution

Environment Victoria supports the use of developer contributions to fund the provision of infrastructure in new suburbs. However, we have serious concerns with the amount proposed, and point of application of the proposed growth areas infrastructure contributions.

The proposed contribution of \$95,000 per hectare remains well below the cost of providing infrastructure for new suburbs. At an average of 15 dwellings per hectare, as suggested by the Planning Minister⁹, the proposed contribution would equal \$6,333 per dwelling.

A recent study into the cost of development in Australia put the upfront outlay for infrastructure at \$136,000 per dwelling for fringe developments, compared to \$50,500 per dwelling in the inner city.¹⁰ The government’s proposed infrastructure contribution would amount to less than 5% of this initial infrastructure cost for fringe developments.

⁸ The people’s climate White Paper, Environment Victoria, September 2009.

⁹ Hansard, Legislative Council, Questions without notices, 29 July 2009.

¹⁰ Assessing the Costs of Alternative Development Paths in Australian Cities, Trubka, Newman, and Billsborough, Curtin University and Parsons Brinckerhoff, 2008.

The NSW government puts the cost of infrastructure at about \$88,000 for housing in new suburbs.¹¹ However, it requires developers to pay for 50% of the cost of this infrastructure, or around \$44,000 per dwelling. After 30 June 2011, this requirement will return to the previous rate of 75% of the cost of infrastructure after this date, or \$66,000 per dwelling.

Local government does have the capacity to levy for the provision of infrastructure. However, this is subject to agreement with developers.¹² In circumstances where the state government takes control of planning decisions, local government’s capacity to broker such levies is greatly diminished.

Nonetheless, there are many local government Development Contribution Plans in place. At the top end of the spectrum, the City of Whittlesea has in place a levy of around \$126,000 per developable hectare for an area of land in North Epping.¹³ This will recover 75% of the costs to Council for the provision of roads and footpaths, open space and community facilities. Yet, this represents only \$8,400 per dwelling.

Even taking into account the limited capacity of local government to levy its own developer contributions, and the funding of some infrastructure by the developers themselves, the proposed changes will see taxpayers continue to subsidise outer suburban expansion.

	<i>per dwelling</i>
Growth Area Infrastructure Contribution (State Government)	\$6,333
Development Contribution Plans (Local Government)	\$8,400
Shortfall	\$73,267
Total	\$88,000

The decision to exempt land sold before November 2005 from the contribution will further increase the impost on taxpayers. The government has sought to characterise this decision as a “\$546 million saving in development costs”.¹⁴ Put another way, the decision is a \$546 million bill to Victorian taxpayers.

The use a flat rate per hectare is supported. In comparison to contributions levied on individual lots, this method provides a disincentive to low density yields.

¹¹ Using Review of infrastructure contributions, PS 08–017, NSW Government, Department of Planning, 23 December 2008.

¹² Under Section 173 of the Local Government Act (1973).

¹³ Epping North East Precincts 1 and 2 Development Contributions Plan, Schedule 10 to the Development Contributions Plan Overlay, Whittlesea Planning Scheme. N.B. It appears that some of this portion of land forms part of VicUrban’s Aurora development.

¹⁴ Growth Areas Infrastructure Contribution Factsheet, Victorian Government, Department of Planning and Community Development, 2009.

However, the apparent application of this rate to the total area of land is of some concern. If this is the case, situations may arise whereby a landholder is driven to develop housing on land that is logistically difficult, not desirable, or might be better left undeveloped. Whilst the price of land and the local planning scheme will reflect such matters, some discretion should be left to the land holder to leave land undeveloped if they so choose.

The use of the point of sale as the time to apply the levy raises equity concerns. Whilst most people are willing sellers of their land, and would do so with the realisation and acceptance to a change of use to residential, this is not always the case. Again, the application of the levy at the point of sale might force the development of land that is logistically difficult, not desirable, or might be better left undeveloped. The point of rezoning or subdivisions would form a more logical point to apply the levy.