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Tuesday 13 October 2009

Mr Sean Coley
Executive Officer
Outer Suburban/Interface Services and Development Committee
Parliament of Victoria
Parliament House, Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Coley

**RE: INQUIRY INTO THE IMPACT OF THE STATE GOVERNMENT'S DECISION
TO CHANGE THE URBAN GROWTH BOUNDARY**

Thank you for the opportunity to make a submission to the Outer Suburban/Interface Services and Development Committee's ('the Committee') *inquiry into the impact of the State Government's decision to change the urban growth boundary* (UGB).

Hume City Council is generally supportive of the State Government's decision to change the Urban Growth Boundary. Further discussion regarding Hume City Council's consideration of the UGB change is included in a submission to *Melbourne@5Million* in February 2009, and again in a submission to *Delivering Melbourne's Newest Sustainable Communities* (DMNSC) in July 2009.

However whilst the change to the UGB is supported, Hume City Council has raised a number of concerns in relation to how the new alignment has been determined and the planning approach and infrastructure provision to land that will be included. These issues have been outlined in some detail in Hume City Council's submission to DMNSC which I have attached for 'the Committees' information.

I provide the following specific comments to (b), (c), (d) and (e) of the Committee's stated terms of reference.

KEY REFERENCE B: *Mechanisms to ensure contributions are delivered to the intended purposes:*

The Government has suggested that the Growth Area Infrastructure Charge (GAIC) will be used to offset the cost of providing infrastructure in growing areas and is not intended to fully cover the cost of major infrastructure. The amount of revenue gained is likely to only make a modest contribution to providing the infrastructure required to service the new growth areas much of which is yet to be identified or costed.

In addition it appears that only 50% of this contribution is to be used for important State infrastructure such as public transport. The remaining 50% is to be paid into a Growth Areas Development Fund to fund undefined capital works in the growth areas or to fund the Growth Areas Authority. It is not yet clear how this fund will work. Issues of concern to Hume City Council which are yet to be determined include how much of the revenue is used to pay for the operation of the Growth Areas Authority, what projects can access the fund and how project priorities are to be determined?

The infrastructure needs of each growth area varies widely, for Councils it is important that there is a clear nexus between the monies collected and the final distribution of funding in a geographical sense. At present there is significant uncertainty on whether this can be achieved.

It is clear that a government commitment to an integrated infrastructure plan for growth areas is required. Hume City Council would support a set of approved strategies or plans that indicate the investment for State Government infrastructure over the next 20 years. Such a plan should define the infrastructure required and a set out a timetable for its delivery. This Plan should also outline where specific infrastructures such as train stations, road and transport upgrades and major activity districts are to be located over this period of time.

This could be then used as the basis of the expenditure of the funds collected from the GAIC and ensure its equitable distribution across growth areas. This would not only provide a framework for the planning of growing areas but also provide certainty to developers, new communities and local government on the level and timing of infrastructure investment. It also means that the government will have an obligation to lock these funding agreements into place. This in turn will allow local governments and the business sectors to undertake appropriate planning for the sustainable development of these areas.

Hume City Council would further welcome State Government developing plans that will see the appropriate resources allocated to the maintenance of open space areas for which the State Government becomes responsible. This would require the adoption of a number of strategies or management plans that deal with many of the creeks and tributaries that run through many of the growth areas. This in turn would also allow councils to undertake better planning around where some of these facilities may be integrated into Council Plans for the management of both the active and passive environments.

KEY REFERENCE C: *The likely impact on the housing and development industries:*

It is clear that the changes to the Urban Growth Boundary will have a significant impact on both the housing and development industries. Hume City Council would welcome the development of further housing diversity strategies that incorporate better living and coordination of activities within the growth areas. This would include a review of urban design guidelines for specific growth areas. Hume City Council would welcome more commentary around the development of Affordable Housing Guidelines. These guidelines should recognise that affordability is not linked simply to the cost of housing but rather to the ongoing costs of maintaining a house within an area, thereby seeking to improve heating and cooling aspects of a house through design processes and principles.

In relation to the commercial development of the growth areas, Hume City Council has advocated strongly in the past for the development of an Employment and

Investment Strategy for the growth areas. At this point in time, there is scant commentary regarding the development of such a strategy. It is unclear where the residents of growth areas will be employed in the longer term.

Hume City Council suggests that a strategy be developed between the Growth Areas Authority, Regional Development Australia and the Department of Innovation, Industry and Regional Development in consultation with the growth area councils. This strategy should look at locating large scale employment opportunities outside the Melbourne Central Business District. This strategy should summarise the key aspects of each of the growth areas economic development strategies and look at how some of the brownfield developments can be better utilised within inner Melbourne and these job opportunities transported into the growth areas thereby creating reverse migration on public transport out of the central business district and into what should be the employment areas of the future.

It is integral that infrastructure is identified at this early stage to support these employment and investment opportunities. This recommendation is consistent with an early recommendation that a plan of infrastructure be developed that supports employment and investment generation. This plan must look at how significant investment in infrastructure such as water, gas, electricity and sewer can support industries of the future. If the residents of growth areas in the future are to have significant employment opportunities, these need to be identified now. The process of moving both people and industry into these areas needs to be thought through carefully and planned.

The expansion of the UGB may have the adverse affect of reducing the impetus for substantial increases in housing density which is required to increase resource efficiency and optimise low carbon transport etc. This is not limited to, but particularly crucial for the areas surrounding Activity centres, around which significantly more dense patterns will be required to facilitate walking and cycling as a primary transport mode. Whilst the precinct plan phase will provide for greater detail in relation to density, assumptions for overall density patterns are not in keeping with achieving sustainable outcomes and need to be significantly higher.

To achieve greenhouse gas emissions reductions, but also to take into consideration peak oil, it is critical that residential areas are developed to provide for mass transit options to be available within 1km of all residences. Whilst this may be considered to some extent at the precinct plan stage, provision of such transport needs to be planned for at regional level, taking into consideration all available mechanisms and be provided in a timely manner (i.e. prior to settlement).

KEY REFERENCE D: *Any unintended consequences including the impact on all landholders and purchasers to be impacted:*

There is a significant amount of uncertainty surrounding the GAIC. Hume City Council supports the principle of some of the increased value arising from the planning decision to release land for urban development to contribute towards the infrastructure required to service these areas.

It is important however that the landowner or organisation that will benefit from the release of the land for urban development, and the increase value or profits associated, make the contributions. Accordingly Hume City Council submits that it is imperative that the GAIC is equitable and does not unfairly burden landowners. To this end Hume City Council considers that the implementation of the GAIC and application of when it applies requires particular attention. This should include consideration of:

- Land within existing rural living areas that deliberately have no further development opportunity that may transfer ownership but do not realise a development opportunity
- Small land parcels
- Areas of non developable land, which in some circumstances may not be identified until the Precinct Structure Planning stage

In particular the application of the GAIC upon the first land transaction appears particularly onerous. A process linking payment of the GAIC to subdivision of land for urban purposes would be more equitable and see the party benefiting most from the increased land value making the contribution.

The Developer Contribution for land designated in the growth areas may actually prove to be a financial disincentive for those moving into these areas. It is clear that those moving into growth areas need to be educated in relation to the advantages of moving into these areas. Many of these advantages include things such as recycled water and high quality public open space. It is uncertain as to whether some of these issues have been fully communicated to those people moving into these areas.

There are a number of further issues regarding the way in which the GAIC will be collected. It is understood that a process of defining developable and non-developable land will follow the setting of a new UGB and be part of the development of Growth Area Framework Plans. It is understood that the Growth Area Framework Plans will also include the designation of future residential, employment and other land uses within those areas identified for development.

Whilst Hume City Council supports the preparation of Growth Area Framework Plans for these purposes, there are concerns with how such work will be implemented particularly in relation to the proposed GAIC. For this process to work effectively the Growth Area Framework Plans should provide the basis for the application of the UGB. The application of the UGB without any framework has the potential to make subsequent preparation of Growth Area Framework Plans, Precinct Structure Planning and implementation of the GAIC unworkable.

The most significant of these concerns is the rigour with which land will be defined as developable or non-developable. Unless considerable rigour is applied to defining developable and undevelopable land it is highly likely that upon more detailed analysis, land that was first thought to be developable will be found to have significant constraints. This is particularly relevant for biodiversity values where there are already identified gaps and there is the requirement for a much more detailed analysis to be undertaken. The ramifications of this for applying the GAIC will result in significant problems for monies collected or expected. Therefore the Growth Area Framework Plans will have to be prepared through undertaking a detailed amount of investigation and analysis, to ensure that the product will be able to deliver a sufficient level of certainty that the land is developable.

KEY REFERENCE E: *Any displacement or replacement of government spending likely to result from the increased collections:*

There is a concern from Hume City Council that funds that have previously been applicable to both established and growth areas may after the GAIC is applied only be applicable to established areas. Hume City Council recognises that a significant amount of funds will be generated from the collection of the GAIC over a period of time. Hume City Council is concerned that the GAIC may become the only form of funding available to growth areas to support proposed infrastructure or services. If this becomes the case then there is a major issue with some of the older established areas that are located within close proximity to the newer growth areas. The cases in point for Hume would be Sunbury and Craigieburn Town Centres seeking to support the new growth areas located around or in close proximity. Hume City Council is again concerned that without a strategy for investment, employment and infrastructure within these areas that funding may not be applicable in all circumstances. Hume City Council would like to reinforce the need for a strategic infrastructure plan that is directly linked to an Employment and Investment Strategy within the growth areas.

Finally, Hume City Council is concerned that over time the GAIC will be used to justify the reallocation of existing funding streams away from Growth Areas. At present, many infrastructure projects and services provided within growth areas are partly funded through a range of grants and other funding programs across State Government Departments. If the Growth Areas Infrastructure Contribution is to have any benefit in the timely provision of infrastructure in growth areas it must remain in addition to existing sources of revenue and funding streams.

Councils will be severely disadvantaged if over time the GAIC became the only source of funding for Growth Areas.

CONCLUSION:

Hume City Council again wishes to reinforce the points that have been made through both submissions to the *Melbourne @ 5 million* report and the more recent *Delivering Melbourne's Newest Sustainable Communities*.

Hume City Council also notes that there has been scant regard given to the future of agribusiness within these growth areas and believes that further work needs to be undertaken on both the functionality of green wedges and agribusiness within the proposed UGB framework.

I encourage you to contact Michael Sharp, Manager Strategic Planning on 9205 2370 should you or any other members of 'the Committee' require clarification on any of the issues that have been raised by this submission.

Yours faithfully



**DOMENIC ISOLA
CHIEF EXECUTIVE OFFICER**

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