

**Whole of Victorian Government Response
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”**

May 2010

On 21 September 2009, the Outer Suburban/Interface Services and Development Committee of the Parliament of Victoria resolved to commence the Inquiry into the Impact of the State Government's Decision to Change the Urban Growth Boundary, received from the Legislative Council on 29 July 2009.

Then Terms of Reference for the Committee were:

"That pursuant to the Parliamentary Committee's Act 2003, Outer Suburban/Interface Services and Development Committee is required to inquire into, consider and report on the following:

The impact of the State Government's decision to change the urban growth boundary on landholders and the environment and plans announced by the Government to introduce an increased development contribution for land in designated growth areas, including –

- a. The likely quantum of the collections by Government;
- b. Mechanisms to ensure the contributions are directed only to the intended purposes;
- c. The likely impact on the housing and development industries;
- d. Any unintended consequences including the impact on all landholders and purchasers to be impacted;
- e. Any displacement or replacement of Government spending likely to result from the increased collections; and
- f. Any alternative options, including any used in other jurisdictions; and to report by 30 November 2009."

On 23 September 2009 the Committee advertised the Terms of Reference in *The Age* and *Herald Sun* and on the Committee's website. The closing date for submissions was 12 October 2009. The Committee received 104 submissions. Public hearings were held on 20 and 22 October 2009 in Melbourne.

The Committee was required to make its final report to Parliament by 30 November 2009.

On 24 November 2009 the Outer Suburban/Interface Services and Development Committee of the Parliament of Victoria tabled the "Inquiry into the Impact of the State Government's Decision to Change the Urban Growth Boundary".

The Government's Planning and Environment Amendment (Growth Areas Infrastructure Contribution) Bill 2009 was defeated in the Legislative Council on 23 February 2010. Amendment VC55 (for the UGB and other matters) lapsed.

The Planning and Environment Amendment (Growth Areas Infrastructure Contribution) Bill 2009 was referred to the Dispute Resolution Committee of Parliament for consideration on 23 March 2010. The Committee tabled its Report in the Legislative Assembly on 4 May 2010 with recommended amendments to the Bill.

Recommendation 1:

The Committee recommends that a mechanism be established to refund GAIC [Growth Areas Infrastructure Contribution] payments to landholders where, due to unforeseen circumstances, land is subsequently deemed un-developable, through, for example, environmental or biodiversity issues.

Government Response: Supported.

The Government tabled amendments to the draft legislation in Parliament on 10 December 2009 that address this issue. These amendments have since been considered by and included in the Report of the Dispute Resolution Committee that was tabled in Parliament on 4 May 2010.

Recommendation 2:

The Committee recommends that a mechanism be promptly established and made publicly available regarding the process of waiving or reducing the interest rate on GAIC [Growth Areas Infrastructure Contribution] liabilities to the Victorian Government.

Government Response: Not Supported.

The recommendation was made regarding a provision in the draft legislation that has been superseded by subsequent proposed amendments that have been negotiated and agreed by the Government with the development industry. The amendments were also considered by and included in the Report of the Dispute Resolution Committee.

The new provisions change the deferral payment arrangements that vary according to circumstances relating to the timing of land purchases and adoption of Precinct Structure Plans (PSPs). In most cases purchasers will have to pay at least 30% of the Growth Areas Infrastructure Contribution liability up front and are then able to defer the remainder. The deferred amount will be indexed using the Consumer Price Index until a PSP is gazetted, at which point the liability will be charged interest at the 10-year Treasury Corporation of Victoria Bond rate.

Recommendation 3:

The Committee recommends the GAA [Growth Areas Authority] take note of the concerns raised with the Committee, to improve the clarity and accessibility of its public communications.

Government Response: Supported.

Public communications can always be improved and the concerns of the Committee have been noted and will be considered. It is noted, however, that the Growth Areas Authority has undertaken extensive communications activities over the period from December 2008 to the end of 2009, including: media releases and briefings of reporters; regular web site updates; letters to land owners; publicly available information sheets; attendance at public information sessions; meetings with key stakeholders and community groups; and provision of responses to over 1300 telephone inquiries and over 375 letters. This was in addition to the public information provided by the Department of Planning and Community Development.

Recommendation 4:

The Committee recommends that in relation to properties brought into the proposed UGB [urban growth boundary], that local councils develop and implement policy to allow ratepayers to continue to pay rates in accordance with their current land use.

Government Response: Noted.

The Government notes that this recommendation is directed at local government and is sympathetic to the ratepayer concerns raised by the Committee. However, the Government also notes that in applying the recommendation, local councils would need to take into consideration the biennial land revaluation cycle, the variability of individual property valuation movements over time within the proposed extension to the urban growth boundary and the various rating policy options under the *Local Government Act 1989*, including differential rates. Further work would be required with local councils to assess and determine how this could be practically applied without unintended outcomes.

Recommendation 5:

The Committee recommends the Hardship Relief Board be established expeditiously.

Government Response: Supported.

The Growth Areas Authority and the Department of Planning and Community Development have held initial discussions to establish the process for appointment of members to a Hardship Relief Board. Until enabling legislation is passed, it is considered inappropriate to proceed with selecting Board members. One of the Board's first tasks when convened will be the adoption of a Charter and operating guidelines.