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Major Cities Unit  
Department of Infrastructure and Transport  
GPO Box 594  
CANBERRA ACT

### **NATIONAL URBAN POLICY**

The Urban Development Institute of Australia (National) welcomes the opportunity to provide this submission on National Urban Policy to the Department of Transport and Infrastructure.

The Urban Development Institute of Australia (UDIA) is the peak body representing the property development industry throughout Australia. Established at a State level in 1963, the Institute evolved to become a national body with a number of State-based divisions in 1970.

UDIA aims to secure the economic prosperity and future of the development industry in Australia, recognizing that national prosperity is dependent on our success in housing our communities and building and rebuilding cities for future generations.

Our members cover a wide range of specialist and industry fields, including: Developers, Valuers, Planners, Engineers, Architects, Marketers, Researchers, Project Managers, Surveyors, Landscape Architects, Community Consultants, Environmental Consultants, Lawyers, Sales and Marketing Professionals, Financial Institutions, State and Local Government Authorities, and Product Suppliers.

UDIA welcomes the opportunity to comment on this National Urban Policy discussion and background paper. We have included a submission from our National Office as well as separate contributions from our Victorian and Western Australian offices.

Australia continues to experience significant population growth, with the Government's Intergenerational Report 2010 projecting a population of 35.9 million by 2050. The issues of population growth and urban policy are closely linked and UDIA is currently preparing a submission on the recently published issue paper, *A Sustainable Population Strategy for Australia*, prepared by the Department of Sustainability, Environment, Water, Population and Communities. As one of the world's most urbanised nations, most of the expected growth will almost certainly take place in our cities. With this in mind, it is of the utmost importance

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that steps be taken to ensure the implementation of an urban growth management strategy across Australia.

Our submission addresses the areas in the discussion paper relevant to the development industry. UDIA has been calling for a national urban strategy for some time and we have outlined this below. We have also provided comment under the three broad areas listed in the paper namely Productivity, Sustainability and Liveability.

## **UDIA NATIONAL CONTRIBUTION**

### **National Urban Strategy**

Responsibility for urban policy currently falls mainly on the State/Territory Governments. However, there is a growing belief that a greater role exists for the Federal Government in the promotion and execution of urban policy. One such role could be for the Commonwealth Government to encourage the States/Territories to create governance models that are orderly, objective and consistent across Australia. The differing planning and infrastructure delivery regimes in place throughout the country are extremely unproductive.

Australia continues to experience high levels of immigration and population growth in cities. With more than 75 % of the population living in cities of 100,000 people or more, urban development is clearly a matter of national importance. The demands placed on cities will need to be reciprocated by an effective strategy to expand housing and infrastructure, upgrade existing urban facilities and seek alternative regional and urban centres.

UDIA has for some time been calling for the Commonwealth Government to implement a long-term national urban strategy. Such a strategy needs to address the following issues:

- 1) **States should be called on to maintain a specified rolling supply of developable land** in order to keep up with population-growth driven demand. To operationalise the release of land on a national scale and to create a certain climate for future growth, the urban strategy should commit to identifying at least 25 years of urban zoned land for future development,
- 2) An **integrated approach to infrastructure and land use planning** is a priority to optimise the release of urban land. The discussion paper highlights the inefficiencies caused by poor planning and infrastructure coordination. While there is a need to expand investment in infrastructure, this process should be planned and managed with future growth in mind. All three levels of Government need to work together to implement strategies for infrastructure provision. Future growth areas must be identified early in the planning process with a commitment to provision of the appropriate infrastructure, particularly transport infrastructure, ahead of development.

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- 3) A **program which ensures the delivery of major urban renewal projects is a priority for the national urban policy.** Such a program would require significant public investment, similar to the previous *Building Better Cities* program.

## **PRODUCTIVITY**

UDIA supports the Government's drive to boost the productivity of Australia's cities and we believe this goal can only be achieved where there is a commitment to infrastructure provision. It is essential that an analysis of infrastructure funding models be undertaken as this process has proven unproductive in the past. A further issue impacting on productivity is the highly inefficient planning regime. The Federal Government needs to urgently consult with its State and Local counterparts as well as with industry and other groups on how to achieve genuine planning reform across all jurisdictions.

### **Infrastructure**

UDIA is supportive of the growing need to integrate infrastructure and land use planning to support future productivity. In recent years funding for new infrastructure from Federal, State and Local Government has been inadequate to meet demand and there has been increased pressure (through the escalation of so-called developer levies) on developers to pay for greater proportions of infrastructure.

These costs are invariably passed on to the new home purchaser and so the cost of providing infrastructure and services (for the benefit of the population of an entire geographical location and for a period well into the future) is borne by a small number of new home and land purchasers.

It is UDIA's view that developer levies will have an adverse impact on any urban policy as they are contrary to affordability which is a key component of the Government's liveability goals.

UDIA believes the Federal Government can address the issue of developer levies in the following ways:

- Federal funding to the States should be linked to the provision of essential infrastructure by State Governments.
- The Productivity Commission should be charged with undertaking an inquiry into financing local infrastructure and specifically examine the proliferation and impact of 'development levies'. The scope of the enquiry should also cover an evaluation of alternative methods of financing infrastructure, such as tax increment financing or Government borrowing.

- The Commonwealth Grants Commission formula should be adjusted so that GST revenue is not clawed back from States when they receive grants from the Commonwealth or other sources of income that the States spend directly on infrastructure.
- Opportunities for Public/ Private Partnerships should be expanded and private sector infrastructure investment in general should be encouraged.

## **Planning**

There is an urgent need for planning reform throughout Australia. Development is currently being hamstrung by a complicated regulatory framework which has fostered a complex and time-consuming approvals process.

This is confirmed by the Henry Review on Australia's Future Tax System as well as by the recently released Treasury Red book. More recently, the Productivity Commission study on *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments* released its draft which reveals the significant degree of variation in planning systems between the States and territories.

UDIA supports COAG's nine criteria for future strategic planning and we agree that these could also easily apply to non-capital cities. We welcome the Government's commitment to continue to work alongside COAG in creating more integrated planning systems, but we believe this problem needs a clear and effective policy response. The Federal Government needs to urgently consult with its State and Local counterparts as well as with industry and other groups on how to achieve genuine planning reform.

## **SUSTAINABILITY**

UDIA supports higher levels of sustainability and our members have been at the forefront of embracing sustainable development principles. In addition, our organisation is committed to environmental conservation. While we are determined to work alongside the various levels of Government in achieving favourable sustainable and environmental outcomes, UDIA believes that environmental, social and economic factors should all be taken into consideration in the development process. Genuine sustainability will not be achieved where the environmental considerations continue to take precedence over social and economic considerations.

### **Sustainable development**

The Institute's commitment to sustainability has been evidenced by its adoption and promotion of the EnviroDevelopment initiative, which through an independent certification process recognises developments that achieve sustainability, credentials across a range of environmental and community sustainability issues. Government and industry must work together to improve consumers' understanding of sustainable living practices and in this regard, UDIA is strongly committed to EnviroDevelopment as a community education tool.

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Although achieving high standards of sustainability has numerous advantages, it is important to note that achieving such standards have significant cost implications for developers. Government should continue to evaluate sustainability incentives for developers until the practice of sustainable development becomes economically viable.

### **Environment Protection and Biodiversity Conservation Act**

The Environment Protection and Biodiversity Conservation Act (EPBC Act) covers matters of national environmental significance and UDIA supports the EPBC Act's goal of environmental protection. The Act is Federal legislation which has primacy over State/Territory environmental laws. However, the onus to fund the protection of flora and fauna subject to the EPBC Act generally falls on the State/Territory Governments and developers. The Federal Government needs to release funding to help manage the conservation of species listed under the EPBC Act.

The Federal Department of Sustainability, Environment, Water, Population and Communities should also establish or revise bilateral agreements with all State/Territory Governments in relation to the EPBC Act. Bilateral agreements should create an integrated policy framework between the different levels of Government enabling single assessments to take place prior to urban zoning which will result in better environmental outcomes, time and cost savings to the industry and ultimately the community.

### **LIVEABILITY**

UDIA is pleased that the discussion paper addresses the need to balance infill and greenfield development however we do not support the premise that there are greater overall benefits in infill over greenfield development (p.44 Discussion Paper). UDIA supports a balance of infill and greenfield development with quality urban outcomes achieved by both forms of development and while the arguments for infill are well understood, in reality there are limitations arising from consumer preference and housing cost/affordability factors including higher construction and raw land cost. It is important that all three levels of Government work toward a model with the provision of affordable housing, for rental or purchase, as a primary goal.

### **Balancing infill and greenfield development**

In recent years both the Federal Government and the State/Territory Governments have exhibited a preference for infill development which is evidenced by a number of States setting ambitious infill targets in their various development strategies.

While such targets are well intentioned as a method of achieving higher levels of density and more sustainable outcomes, infill development has often failed to deliver the housing needed to ease the high levels of demand. The discussion paper mentions (p.44) that Sydney has bucked the trend of accommodating its growth in new greenfield areas. This, however, ignores the fact that Sydney's inability to deliver an adequate supply of housing has driven up prices to the extent that it is the most expensive city in Australia and one of the most

expensive in the world. Infill development should be seen as part of the solution rather than the sole solution.

UDIA is not opposed to infill development, but this type of development is expensive and complex. If policy makers are serious about promoting infill, an incentive scheme will need to be established. It should also be noted that greenfield developments with high levels of density are not only achievable but are already in existence in many parts of Australia.

### **Affordability**

Australia is suffering from a severe shortage of affordable housing as developers face significant challenges in bringing land to market at reasonable prices. One of the underlying causes of diminishing affordability is the growing string of taxes and levies placed on developers and inevitably passed onto the home buyers/renters. A further price distortion results from bureaucratic and time consuming planning regimes which hamper delivery to the extent that the population-growth fuelled demand is not met. The result is a housing market which is one of the most expensive in the world.

The Federal Government has in recent years launched several initiatives to tackle the housing affordability crisis. The National Housing Supply Council, the National Rental Affordability Scheme, the Housing Affordability Fund and the First Home Saver Account are some of the Federal Government's key programs. However, a number of these schemes have since been neglected or suffered from funding cuts. UDIA is concerned that the Federal Government is underestimating the severity of the country's affordable housing shortage and we believe any national urban policy needs to include an implicit commitment to affordability to achieve improved housing affordability outcomes.

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## UDIA VICTORIA CONTRIBUTION

### Introduction

Population growth is a national issue that underpins economic growth of our nation. The management of this population growth – and in particular the way in which it is accommodated within our cities, has potential to have a significant impact on the liveability, prosperity and sustainability of our cities.

Melbourne was again recently voted as the second most liveable city in the world by the Economist Intelligence Unit. This same study identified that four of the top ten most liveable cities in the world are located in Australia – with Sydney and Perth and Adelaide and being ranked 7<sup>th</sup> and equal 8<sup>th</sup> respectively. This is a competitive advantage to Australia that must be protected, enhanced and promoted, through coordination, cooperation and integration by all levels of government when it comes to planning our cities.

For too long the Commonwealth government has not taken an active role or responsibility in considering how population growth can be managed or the implications for our cities – leaving this instead to the Planning Departments at state and local governments. The *Our Cities* discussion paper sets out a series of aspirations for the Australian Cities of the future, focussing on the eight capital cities, as well as other rapidly growing regional and coastal cities. UDIA Victoria congratulates the Commonwealth on taking this initiative and providing national leadership to ensure the long term protection of the liveability, prosperity and sustainability of our greatest national assets – our cities.

UDIA is relieved to note the acknowledgement made in the Forward by Minister Albanese that the Commonwealth recognises the legitimate roles of states, territories, and local authorities and the private sector in planning, managing, and investing in cities and that the Commonwealth will not take over those responsibilities.

UDIA (Vic) supports the involvement of the Commonwealth in setting clear, high level policy directions in relation to the growth of our cities, but strongly cautions against undermining the role which, to date, state and local governments have successfully taken in strategically planning for the cities and managing the statutory assessment and control of development, as demonstrated by the ‘worlds most liveable’ rankings of many of our state capital cities.

However, while the capital cities are of primary importance, our other larger and regional cities are also important in forming an interlinked and interdependent network of cities that should be considered in an integrated and interconnected manner.

In terms of population, Victoria is dominated by Melbourne (see Table 1). But as Victoria is relatively small in size, and the cities are well connected by freeways and relatively fast trains, the interplay between Melbourne and the other cities in Victoria is strong. Many people commute between Melbourne and Geelong, Melbourne and Sunbury, Ballarat and Bendigo. The regional cities provide an outlet valve for Melbourne, as Melbourne and Victoria’s population grows, although Melbourne remains a very strong attractor.

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**Table 1: Victorian Cities with Populations of Greater than 20,000**

<b>Urban Centre</b>	<b>Population</b>
Melbourne	3,371,888
Geelong	160,991
Ballarat	78,221
Bendigo	76,051
Shepparton-	38,773
Melton	35,490
Mildura	30,016
Sunbury	29,566
Wodonga	29,710
Warrnambool	28,150
Traralgon	21,960

Source: ABS Census, 2006

The number and populations of regional cities in Victoria means that Melbourne should not be considered as the only city in Victoria, and that the vibrancy, liveability, productivity and sustainability of all of Victoria's cities should be considered by all levels of government. The infrastructure that connects these cities - in particular, transport links within and between cities should not be overlooked.

### **A Role for the Commonwealth**

It is in this broad context that the question arises as to what should be the role of the Commonwealth in the planning of our major metropolitan and regional cities.

For a number of reasons, the Commonwealth is directly and indirectly a large driver of how cities form. There are three substantive reasons for this:-

- (a) The immigration intake is entirely under the control of the Commonwealth;
- (b) It is largely in control of the taxation system so decisions that it makes on GST, negative gearing, capital gains and the like, all can have either directly or indirectly an impact upon how cities form; and
- (c) Because of its taxation raising powers, it has the greatest capacity to deliver the funding of the infrastructure necessary to accommodate increased population in our existing and new cities.

The UDIA maintains a position that our cities should continue to grow but in a manner which does not threaten their liveability, sustainability and prosperity.

Where people choose to settle after they arrive or, indeed, where people choose to live once they enter the workforce, whilst subject to a number of personal considerations, nevertheless, is still a choice which is influenced by Commonwealth Policy on the issues referred to above.

At a broader national level, it is the Commonwealth that essentially controls connectivity between our major metropolitan cities. Aviation policy, rail policy (such as fast rail) and

improved funding for major linking highways are all matters that are largely dependent upon Commonwealth policy. Therefore, in that broad sense, has been and will continue to directly and indirectly influence how our major cities continue to grow.

But to reiterate this planning cannot be done without recognition of the inherent constraints that our major cities have and the way that those constraints can and, indeed, should be addressed. These latter matters are matters more for a state and local government role but, nevertheless, the decisions made at those tiers of government cannot be made without knowing how Commonwealth policy will interact with decisions made at those levels. Growth in Melbourne is currently being accommodated in two major ways – typically in new urban development initially following train and tram networks, then in suburban growth areas at an expanding fringe of Melbourne, and more recently, in higher density and infill development with activity centres and established suburbs.

There is also currently a renewed emphasis on large scale urban renewal and industrial redevelopment opportunities close to the CBD. It has been said that Melbourne is a city of suburbs, with the experience of city life in Melbourne until around 20 years ago was of living in the suburbs and commuting, by tram, train or car, into the central business district to work. But, as Melbourne has grown in population and size, and as household demographics have changed, this has begun to change, with more people now living in apartments, more people living in the inner city and more jobs available outside of the CBD than within (around 19 per cent of jobs in Melbourne are in the CBD).

### **The importance of infrastructure for Australian cities**

UDIA sees the major role for the Commonwealth Government should focus around decisions regarding the timing, funding and delivery of major and critical infrastructure required to ensure our cities are connected and integrated and can support the required levels of population and economic growth .

In this regard, the UDIA supports the role of the Commonwealth, via Infrastructure Australia to link its investments to capital city strategic plans, but reiterates that this should also extend consideration to essential and critical infrastructure that connects the major cities to the surrounding networks of regional and coastal cities.

Critical issues for consideration include:

- prioritising infrastructure spending, but with a view that infrastructure be built in advance, supporting objectives for growth and development of capital, regional and coastal cities.
- ensuring new primary infrastructure is available in growth areas in advance of development. Local, state and Commonwealth governments should identify projects and place a time horizon on them. Investors in new estates and home buyers within those estates would then have a clear understanding of when and what infrastructure would be coming to their neighbourhood. Infrastructure Australia should have criteria for funding that are measurable and provide the impetus once the funding is approved.

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- an increase in intensity of land use in established areas will require governments to upgrade existing infrastructure. Sewer systems and transport systems within the inner cities are beginning to age significantly. The potential burden higher intensity land use may have on existing infrastructure including public transport, roads and the water systems, can pose a significant constraint to appropriate development and regeneration projects being undertaken, and can underpin opposition to necessary development approvals being obtained.

The fundamental issue in all of the above considerations is the timely development of policy and significantly the timely delivery of infrastructure.

Presently and in the past, policy has been slow to reflect what is actually happening on "the ground". Equally, the delivery of infrastructure has often come at a stage when residents have already been introduced into new areas resulting in inadequate infrastructure, particularly transport infrastructure. This problem needs to be addressed by appropriate forward planning and forward funding of infrastructure so that people do not have to experience the inconvenience and delays in the delivery of infrastructure that they require in order to sustain a reasonable standard of living.

The Commonwealth therefore has a role to play in assisting state and local governments to fund new and improved infrastructure, government could aid in removing this type of constraint, assisting in achieving larger scale infill development on appropriate sites within infrastructure capacities. However, state governments do not necessarily have the funds to maintain and upgrade current infrastructure at the same time as extending networks into new areas. There is therefore also funding role for the Commonwealth here.

### **Alternative Methods of Financing Infrastructure: Infrastructure Bonds and Tax Increment Financing**

Too much burden is placed on new home buyers by state and local government. A large proportion of the price of a house and land package, or of a new apartment, is levies to state and local government and utilities and authorities. This is putting housing out of the reach of first home buyers, making it harder to build more homes, and forcing the price of existing homes and rents up. There are alternative ways to fund worthy infrastructure investments sooner. Those investments that increase the productive capacity of the economy, including reducing congestion and pollution, and that stack up over a sufficient long-run cost-benefit analysis should be built for the benefit of the citizens of today and tomorrow.

The easiest answer is for state governments and the Commonwealth to use what really are strong balance sheets to borrow money to invest in infrastructure that will expand our productive capacity for the future. But this on-balance sheet borrowing may be a little too hard for governments to defend against oppositions insistent that they take on no debt. Alternatively, in addition to its current role in identifying, prioritising and advising government on infrastructure projects, Infrastructure Australia could be given responsibility for issuing Infrastructure Bonds. These could be issued for a local area or for a project, and raise money to ensure that projects are built in a timely way.

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There may be another viable way to debt-finance infrastructure projects that have a well-defined catchment: tax increment financing (TIF). Used in 49 states in the USA, TIF takes advantage of the property value uplift that occurs when new infrastructure that acts as a catalyst for urban renewal is built. TIF uses the future gains in taxes to finance current improvements.

Essentially TIF works by defining a “TIF district”, issuing bonds for the infrastructure projects in the area, then using the increased tax revenue (the “tax increment”) that comes about as property prices go up as a result of, say, a rail extension or new station being built, to pay the bond back over time. The difference between the tax that is collected and the lower tax that would have been collected without the infrastructure is used to pay the bond that is issued to pay for the infrastructure.

As an alternative infrastructure funding method, TIF would lessen the need for governments to rely on new home buyers to fund infrastructure, would bring about big infrastructure projects in local areas sooner and would lock governments into their commitments. The Commonwealth would need to change the tax laws to make TIF viable in Australia.

### **Conclusion**

UDIA (VIC) agrees that our cities need to be productive, affordable and sustainable, in order to maintain our competitive advantage.

For a number of reasons, the Commonwealth is directly and indirectly a large driver of how cities form, and it is important that the Commonwealth provides leadership and high level policy direction regarding the growth and development of our cities. However, the primacy of the role of state and local government in planning for and managing that growth at the individual city or suburb level should not be undermined.

The fundamental issue in all of the above considerations is the timely development of policy and significantly the timely delivery of infrastructure.

The Commonwealth government has an important role to play in ensuring critical infrastructure to support a viable network of cities across the States. It also has a role to play in supporting infrastructure funding and delivery of infrastructure in the growth areas and intensification of established areas – which should include investigation of new funding mechanisms such as TIF.

## **UDIA WESTERN AUSTRALIA CONTRIBUTION**

### **General Comments**

The discussion paper provides a clear and concise overview of the challenges that are facing our cities and the planning and related professions. Although the purpose of the discussion paper is to highlight how the Commonwealth will be involved in capital city planning, it is silent on how the actions will be undertaken. Whilst there is mention of reforms, they are broad in scope with no details on specific initiatives that might be carried out. There is little guidance as to how the Commonwealth will actually work with the state and local governments to actively plan our cities, the paper simply presents a series of issues. It would be of greater benefit to the industry and the community as a whole if the Federal government detailed the role it can play in overcoming the problems of our cities identified in the discussion paper. It should provide clear and concise recommendations on how to address the issues presented, timings on when they are to be addressed and ways to measure and report on whether they have been adequately addressed.

Recent parliamentary statements indicate that Infrastructure Australia funding which was to be allocated towards some of the initiatives in the discussion paper is now likely to be allocated towards the rebuilding of Queensland, Victoria and even Carnarvon following the floods. This will tie up several years of funding that would otherwise have gone into nation building infrastructure. Accordingly, by the time the funding to Infrastructure Australia is reinstated, much of the discussion paper will need review. Perhaps an interim addendum should be prepared outlining what is now to happen in light of recent changes.

### **Harnessing our productivity**

#### **Productivity challenges**

UDIA (WA) supports a population policy which provides for the sustainable growth of the state and its capital city. Urban growth that ensures a wide variety of affordable housing and lifestyle choices for the community, provides employment and community facilities, services and infrastructure while protecting the natural environment, is an essential component of a healthy city.

Western Australia's future productivity and productivity growth relies on population growth. The Western Australian economy is expected to rise steadily over the next few years, reaching 6.25 per cent in 2012-13 (CCI, 2010) and the WA Department of State Development estimates that up to 26,000 skilled workers will be required within the next three years and 400,000 in the next ten years. A higher rate of productivity growth represents the most sustainable path towards attaining higher living standards and an improving quality of life for the community (Grattan Institute, February 2011). However there is evidence of increased inequality between the have's and the have-not's in Perth as a result of the resources boom in the mid-2000's, which is an important public policy consideration that will require close management if Perth is to maintain its high liveability status (FACTBase Bulletin 16, 2010).

WA's population is projected to double to 4.6 million by 2056 under the medium growth projection (ABS, 3222.0) with Perth projected to experience the highest percentage growth (116%) of Australia's capital cities, increasing to 3.4 million in 2056. Skilled migration will

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play an important role in keeping Perth competitive as 33 per cent of our population was born overseas. The focus of future growth in the capital city validates the need for a national urban strategy that capitalizes on the comparative advantages of Australia's major cities and maximizes their competitiveness in the region and globally.

### **Infrastructure planning**

UDIA (WA) supports the federal government approach that requires states to provide a 30 year strategic plan for their capital city in order to secure infrastructure funding. This should ensure a more coordinated and streamlined land release program with infrastructure for power, water, roads and transport underpinning the orderly release of development ready land in urban growth areas. Steady land supply is the key to maintaining housing affordability and this relies on the timely provision of infrastructure.

In Western Australia, the lack of a government infrastructure investment plan, combined with a lack of analysis of the impact of infrastructure investment in both infill and greenfield developments, has resulted in underinvestment in water, waste water, power and transport infrastructure. The lack of clarity about frontal works in greenfield areas has a direct negative impact on housing affordability as costs are shifted to developers and subsequently purchasers buying into new developments.

Directions 2031 and Beyond, the planning framework for Perth and Peel, details potential capital works projects to support current planned projects however, there is no analysis to determine future growth areas and no financial commitment from Treasury or from the infrastructure providers themselves to support this growth. Higher rates of infill will remain a challenge without extensive upgrading of existing infrastructure and cross government commitment to support the planning framework and the development costs of frontal works will continue to act as a barrier to the orderly roll out of land in greenfield areas. Sites for strategic infrastructure must be identified and secured with all environmental clearances obtained to facilitate land release in growth corridors.

The cost to retrofit infrastructure to cope with increased density in infill areas is prohibitive with the existing waste water treatment plants in Perth at capacity and with no physical space for additional buffers. The Water Corporation has expressed concern that there are pinchpoints in the pipes for water and waste water reticulation that can not cope with increased demand from higher density living. The existing power provision of 2 -3 Kva per household was designed in the 1960's and does not meet demand for higher household power consumption of 5 Kva, or higher for high rise dwellings. People are installing solar panels which feed back into a grid that was not designed for multidirectional flow of electricity.

There are unreasonable demands being placed on developers for contributions to social infrastructure in new communities. UDIA supports community infrastructure contributions where there is a demonstrated need for particular infrastructure and where a connection between the new development and the demand created for infrastructure can be demonstrated. However, the upfront capital costs of both soft and hard infrastructure have become a barrier to financing developments, they make projects unviable which inevitably impacts on land supply.

The lack of a funded transport plan which includes light rail, heavy rail, rapid transit buses, freight and passenger transport routes is impacting on effective urban development planning. The objective of achieving a more compact urban form for Perth and Peel, a key aim of the current planning framework, will remain elusive in the absence of the provision of suitable transport infrastructure to support this outcome.

### **Advancing our sustainability**

How can we best protect and enhance land and habitats in and around our cities?

Protection of the natural environment in urban areas is achieved where strategic assessment is undertaken at a regional level and protected areas are inscribed in region schemes or planning schemes. Scheme Strategic assessment allows consideration and resolution of major/strategic issues early in the planning and development process, for example at structure planning phase, with detailed design issues considered at subdivision phase.

In WA, the statutory region schemes provide a network of region open space and Bush Forever sites conserve areas with significant environmental values. The problem for WA is the conservation areas protected by the state are not recognized by the Commonwealth government which results in a further layer of approvals being required.

The lack of strategic assessment under the EPBC Act does not recognise the amendment of schemes (rezoning) as a controlled action. Western Australia amended its rezoning processes in 1996 by introducing provisions into the Environmental Protection Act 1986 (EP Act) and the Planning and Development Act 2005 to provide for better integration of environmental assessment and planning of region schemes and scheme amendments at the rezoning stage. Assessment of schemes allows for planning of conservation areas and other land uses prior to rezoning of land. Detailed planning consistent with the zonings is then carried out at the structure planning or subdivision stage. As the EPBC Act does not allow assessments of planning schemes or rezoning as controlled actions, Commonwealth assessment is likely to be later in the planning process of the development of urban land. This may occur at subdivision or development approval stage after varying levels of State approvals have already been obtained. This is problematic as zoning to urban frequently occurs some 10 years or more in advance of development.

This late and incremental decision-making reduces the opportunity for strategic consideration of complex biodiversity issues, adds to delays and costs both to developers and the Government, and does not deal well with cumulative environmental impacts. UDIA (WA) advocates for a strategic assessment framework to be developed to progress the COAG agreement reached on 3 July 2008 for a more harmonised and efficient system of environmental assessment and approvals between Commonwealth and State.

The Productivity Commission (p. 397, 24 February 2011) supports strategic assessments under the EPBC Act as they provide an alternative to assessing referrals on a one-by-one basis and are a possible solution to the timing mismatch of environmental assessments under Commonwealth and state/territory legislation. Strategic assessments will be of greatest benefit to all stakeholders where they are undertaken in conjunction with the broader strategic

land use planning for an area and completed before anyone seeks to commence development in that area.

### **EnviroDevelopment**

The Urban Development Institute of Australia embraces sustainability through EnviroDevelopment, a system of accreditation that has been created to increase the uptake of sustainability in all aspects of development including residential, retail, commercial, industrial and mixed-use. EnviroDevelopment (ED) offers independent certification of the sustainability credentials of a development.

The ED framework covers a broad spectrum of environmental and community sustainability issues relevant to development. There are six key elements: ecosystems, waste, energy, materials, water and community. The ED standards aim to recognize the performance of a development in achieving broad environmental goals, whilst facilitating the most appropriate or innovative method to be chosen for discrete situations. The standards are set higher than standard practice and are scrutinized by government, community organizations and the scientific community.

There are EnviroDevelopment certified developments in most states, 5 in Western Australia with certification in the ecosystems, community, water elements. The development and success of EnviroDevelopment is testament to the industry's commitment to sustainable development

### **Enhancing our liveability**

#### **The greenfield versus infill debate**

The discussion paper assumes a benefit of infill over greenfield development which is not supported by industry. The popular philosophy of planning regimes appears to be to restrict the outward expansion of urban areas to promote infill development and force up densities. Whilst these arguments are well understood, in reality there are limitations arising from consumer preference and housing cost/affordability factors including higher construction and raw land cost.

Medium and high density dwellings in greenfield areas struggle to compete with low density product. Table 1 shows the impact of multistorey construction on the cost of dwellings in Perth. It should be noted that the land value, whilst a factor, does not counter the cost of construction as medium and high density land values tend to be higher due to the proximity to desired levels of amenity such as the coast, public transport or entertainment areas. Whilst the land area per dwelling is less the cost per square metre is significantly higher.

Table 1: Comparison of Construction Costs of Single and Multi-Storey Dwellings

Type of Dwelling	Construction Cost	Price per m2	Dwelling size
Single Storey	\$ 250,000	\$ 800	313 m2
Double Storey	\$ 250,000	\$ 1,200	208 m2
3 Storey Walk up	\$ 250,000	\$ 2,600	96 m2
10 Storey Apartments	\$ 250,000	\$ 4,000	63 m2
Over 10 Storey Apartments	\$ 250,000	\$ 6,000	42 m2

Source: UDIA

UDIA supports a balance of infill and greenfield development with quality urban outcomes achieved by both forms of development. Master planned communities in greenfield areas provide high grade facilities and infrastructure in new communities and the communities themselves are supported by the developers as they grow and mature. The focus of planning policy should be on quality residential development outcomes with both forms of development offering a diverse mix of housing types, sizes and price points supported by sustainable infrastructure at a scale of development that facilitates strong community development and a sense of place.

Directions 2031 and Beyond has an infill target of 47% which will require a significant leap in the delivery of infill in the absence of supportive strategies or incentives to facilitate the outcome. UDIA's view is that a 47% infill rate is unrealistic as current trends suggest an infill rate of 30% - 35%. In greenfield areas, Directions 2031 assumes a gross density yield of 15 dwelling units per gross urban hectare which may be overestimated. There is a vast number of non-residential uses that are required with an urban zoned area such as shops, schools, employment uses, public open space, conservation areas, wetlands and buffers, drainage channels that make the target difficult to achieve. Low density dwellings constitute two thirds of all recent building approvals in Perth and the proportion has barely changed in the last decade despite state government goals for higher urban density. Since 2001 approvals for flats, units and apartments have increased proportionally by only 3% while medium density dwellings have not increased at all (ABS 2010, 1367.5 WA Statistical Indicators). Until the barriers to infill development are reduced, it is reasonable to expect that the majority of future urban development in Perth will continue to occur on the city's urban fringe at relatively low densities

### **Concluding Comments**

UDIA thanks The Major Cities Unit for the opportunity to provide this National Urban Policy submission to the Commonwealth Government. UDIA would welcome the opportunity to discuss any aspect of this submission in greater detail. For further information, please contact UDIA National on 02 6230 0255 or at [udia@udia.com.au](mailto:udia@udia.com.au).