

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Melbourne — 31 October 2012

Members

Mr N. Burgess
Mr M. Foley
Mr B. Carroll

Mrs I. Peulich
Mr G. Shaw

Chair: Mr N. Burgess
Deputy Chair: Mr M. Foley

Staff

Executive Officer: Mr S. Coley
Research Assistant: Mr M. Newington

Witness

Professor M. Buxton, School of Global, Urban & Social Studies, RMIT (affirmed).

The DEPUTY CHAIR — I thank everyone for coming along to this public hearing of the Economic Development and Infrastructure Committee for its Inquiry into local economic development initiatives in Victoria. The evidence we take is protected by parliamentary privilege, but the comments you make outside the hearing are of course not afforded such privilege. Professor, are you attending this hearing in a private capacity or representing an organisation?

Prof. BUXTON — A private capacity. I do not think RMIT would necessarily agree with everything I say.

The DEPUTY CHAIR — The benefits of being a senior academic, Professor. Our friends from Hansard will take down the evidence, and in due course it will become evidence in the public realm. Perhaps we could invite you to make a presentation to the Committee.

Prof. BUXTON — Thank you. I am not sure of the take you would like to follow on this, so maybe if I just make a few general points. Then if you have questions or comments, I would welcome that, and you can help direct the way I go. Perhaps just to begin, the kind of work we have been doing at RMIT that I think relates to the work of this committee is very focused on regional Victoria, particularly the peripheral urban area around Melbourne extending to 130 kilometres from the city's edge, so it takes in that band around Melbourne, taking in Geelong, Bendigo, Ballarat and the western Latrobe Valley. Looking at the characteristics of that area, we have done a lot of work on the metropolitan area as well, including outer urban development and the associated costs, but maybe I will begin by focusing on regional concentration in that peripheral urban area.

In the jargon, what we are talking about is the peri-urban area, which is that peripheral urban area extending from the urban growth boundary, the edge of Melbourne, at any given time to sometimes up to 150 kilometres from the city. We are looking at the characteristics of that area and its potential future contribution to the State. I can take you through some of the studies, but some of the conclusions we have drawn are that that area has in the past generally been regarded as a holding zone first of all for metropolitan development but also for regional development and rural residential development. It has been seen as a land bank, if you like, in reserve for land development.

Over a very long period of time that has been the case. We have traced through subdivisional histories. Much of this area has been randomly subdivided with no pattern whatsoever, and it has gradually been developed. We have taken figures out on that development process and the rate of development, which I will quickly go to in a moment. So it has been seen in that light.

That process benefits some people but disadvantages the public in the long term. It has certain short-term benefits for a limited number of people who happen to own land that has substantially increased in value. That process adds to speculation of increased land price, but it removes a lot of the value and assets of a region such as the peripheral urban area around Melbourne, so it completely changes its nature over time. It takes away a lot of the economic benefit, the social benefit and the environmental benefit to the community.

If we look at some of the activities and the benefits of what goes on there, first of all there is agriculture. There is a very important agricultural benefit from this broader region, but if we look at the Melbourne green belt, we can basically divide this into an inner and an outer peri-urban region. If you take the Melbourne plan over time — regardless of which government — it is the Melbourne statistical division basically, which is extended to incorporate the shire of Yarra Ranges and the Mornington Peninsula, but fundamentally that area that conforms roughly with the Port Phillip and Westernport catchment management boundary and the green belt of Melbourne in the Melbourne plan. We can define that as an inner urban area that includes Nillumbik, the western non-urban land, parts of Cardinia, all of Yarra Ranges and all of the Mornington Peninsula.

Mrs PEULICH — And Kingston?

Prof. BUXTON — That part of Kingston, yes, certainly. So all of those green wedges but the broader green belt as well. We do have in Melbourne a green belt. It is not often referred to — —

Mrs PEULICH — It is not very green.

Prof. BUXTON — It is at the moment.

Mrs PEULICH — Not in Kingston.

The DEPUTY CHAIR — We will let the submission go first.

Prof. BUXTON — Certainly Kingston. All of those green wedges. I did not bring a PowerPoint presentation, because it just means I end up talking about it. That inner part of the Melbourne inner green belt area is the Melbourne 2030 boundary, and then you can define the outer green belt as the next band of councils around that inner belt. There is an inner and an outer belt. If we just look at that inner belt, the Melbourne green belt, it is the second most productive agricultural region in the State. It has by far the highest output per hectare. Intensity of land production is three times greater than any other region in the State and four times the State average. Of course this is because of the type of production. It is horticulture, viticulture, intensive market gardening and other forms of intensive agriculture.

The DEPUTY CHAIR — It is not broadacre, scrubby sheep country.

Prof. BUXTON — It is not. Although some — —

Mrs PEULICH — It is scrubby.

Prof. BUXTON — If we look at, say, the western non-urban areas, parts of the non-urban zones of Melbourne, traditionally there has been broadscale agriculture, grazing and some cropping. You can still find wheat being grown in those areas, but it is rapidly being lost to housing. The border works. When it planned those areas in the 1950s through to the early 1970s, it had an 80-hectare minimum subdivision for the western areas designed to try to leave open options for some cropping and broadscale agriculture.

If we look at north of Adelaide, for example, that is one of Australia's most productive and important barley producing areas. If you go to the northern outskirts of Adelaide, you almost immediately hit the barley producing region. Just because it is a peripheral urban area does not mean it has to be automatically intensive agriculture. That is the way it has happened in Melbourne, and it has been that way for a very long time. If we look at the way Melbourne has grown from its post-war period, it has grown over a huge area of about 2000 square kilometres of formerly productive agricultural land, much of which was producing vegetables in intensive agricultural areas. From places like Bentleigh it moved out to Hampton Park, and it just keeps moving.

We have lost that. What happens with the peripheral urban area is it gets pushed out. Melbourne has been quite fortunate in that, like most cities in the world, it has been sited on land which is the best land or among the best land. That is where cities generally are sited — where there is water, lumber, forests, good soil and rainfall. Melbourne has had quite a lot of it, but we are losing it as we push further out. We find in Werribee South, for example, which is now being bought up by development companies, there is rampant speculation. It is probably the most productive area per hectare in Australia — certainly one of the most productive — and it is being massively speculated at the moment. This is the history of Melbourne's growth.

DPI did an analysis of this using 2001 figures. Unfortunately they did not quite get the 2006 figures, but it was \$890 million per year annual gross production. However, this is a vast underestimate. We have to understand that Peter Houston over in DPI in Adelaide has done the figures which showed that peri-urban areas account for about 3 per cent of the land mass but about 25 per cent of the agricultural production. That is a gross underestimate because of the way the ABS calculates the figures. It has a cut-off limit under which it does not measure the production, so that leaves out a whole lot of smaller farmers. That is a gross underestimate, but even the DPI analysis was over 4000 farms. Most people conclude that the real gross production value is double that — it is probably around \$2 billion — but DPI would have a better estimate of that than I have. But the general view of literature is at least \$1.5 billion.

Then if we look at that outer band, the agricultural contribution of that area, there are over 3000 farm businesses. It is almost 10 per cent of the total farm business in the State. It is increasing in value whilst it has declined across the rest of the State.

There are a lot of other economic benefits from this region. There is an interesting amount of varied types of other industries. It is not just agriculture; there is the potential for a whole lot of new industries to go in that have been more taken up at times and dropped away such as technology, telephone connections, communications industries and so on. But there are a range of industries there. Manufacturing has been falling but it is still present, and there are resource-based industries in that area, and they are quite interesting. They do account for a serious contribution to the output of that region.

But the potential of that region, if it is not ruined by unplanned growth, lies in new technology and emerging professional and advanced business service industries. What is happening is people are moving to the corridors, particularly the Calder corridor up to Bendigo, and they are locating professional and advanced business services part time or semiretired. A whole range of educated, reasonably well-off middle income groups are moving into these towns along the corridors because there is better transport. The NBN is going to greatly assist this; they are based around communications. They can come back and forth to Melbourne, so the attraction of those areas is they are close to Melbourne. They can operate businesses — instead of from Swan Street, Richmond, you can equally do it in Kyneton or Castlemaine. Castlemaine long ago attracted a creative series of groups, and that is changing now and broadening out.

The attraction is the amenity as well as the infrastructure. Infrastructure is going to be a continuing problem, but so long as governments provide it and it is there, it will attract people. That group potentially can make a huge contribution to that peri-urban region, but if the development is not planned, then it is going to ruin the very amenity that attracts them. So they are attracted by old towns and interesting architecture. They look good, they feel good and they are good, and they are surrounded by rural landscapes, which have lots of attractions that are diverse, environmental and agricultural. They are benefits. They feel it is a good place to live. But if you change all that and turn it into rural residential to the horizon, small hobby farms, you take away the agricultural production and a range of other industries that are or could be dependent on that agricultural production and you change the entire feel of the place. For example, Queensland's SEQ area is a hub for agricultural, manufacturing and processing industries. They generated a turnover of over \$6 billion in the early 2000s, and I think it is still around that figure.

The real challenge is to diversify that productive contribution without ruining the very amenity and values that attract that new cohort. That is a huge challenge, because the way we are going, we are going to lose the very attractors and we are going to lose the current production benefits. It is a loss-loss situation. There is no win here. Again it is because we are very, very good in Melbourne and Victoria at reactive decision making. We just have a business-as-usual approach. Land development occurs, governments come running along behind and then before we know it these assets and values are gone. And they cannot be returned.

I will just finish up on two short examples of what I am talking about, then maybe stop and you might have some questions.

The DEPUTY CHAIR — We will, yes.

Prof. BUXTON — We have been through all this before, as I have suggested. The best example of this is the planning for the Upper Yarra Valley and Dandenong Ranges region that was undertaken by the Government in the 1970s. I think that is a really standout example of a government that looked ahead 40 years — and it is 40 years since that planning happened. I do not know where the time has gone, but it has gone. That government looked ahead 50 or more years and it put in place an Act of Parliament designed to do regional planning, understand the values and economic benefits, the social returns and the environmental assets of that region.

They put in place a planning regime which got ahead of the game. It stopped this incremental development. They undertook the studies, and the result is we have an incredibly important, diverse region that makes a huge contribution to the Victorian economy in its form. It would have been lost to just rural residential development to the horizon that was actually a major cost on the Victorian economy because of the inability of the State Government to provide the necessary infrastructure, huge transport costs, incredible time problems and people moving to where jobs are and so on. Employment would have gone, housing would have taken over or a rural residential development, and there would have been just untold thousands of people driving huge distances to jobs with all that productive base forever gone.

The government at the time found that there were 17 000 rural lots in 1978 in that region, and 62 per cent of them did not contain dwellings. There were 43 000 urban lots, and 42 per cent of them were vacant. That represented a huge resource that, if acted upon, would have fundamentally altered the nature of the region. So we did not have to consider new subdivision, which was considerable; the existing lots were a time bomb that were going to absolutely change the nature of that region if they had all been developed. We are talking here about 12 000 rural lots and about 20 000 urban lots.

The Government took action to stop a very large number of those being developed to prevent further subdivision. What the Government argued at the time was that development of them would have led to increasing land price and speculative costs, would have reduced the comparative rate of return from agriculture, would have introduced incompatible uses and taken land out of production, leading to a cycle of further subdivision. By the way, the interesting thing about that was that the farming groups themselves supported stronger planning. The Yarra Valley wine growers, the farming consultative committee, the orchardists — they supported this. They were one of the strongest groups of supporters, and this has been maintained to the current day.

One result of this has been the capacity for innovation, not just in education but advanced business services and the other possibilities. But if we just stick to agriculture, agricultural innovation was made possible by stopping the threat to production through land development. If you look at the history of the Upper Yarra Valley wine industry — I could not believe this when I looked the figures up — in 1973–74 there were 35 hectares under vineyards. There were 114 wineries by 1998 and 50 wineries on 2500 hectares. So there really was not much of a wine industry in the early 1970s when all this started.

By the way, the people who potentially wanted to own vineyards and develop them, and the current ones argued that they wanted to prevent subdivision. Now there are about 2500 hectares, with an annual turnover over \$100 million attracting about 600 000 visitors a year. Between 1986 and 2001, farms in viticulture increased 998 per cent and area in grapes by about 770 per cent. Horticulture actually increased. Farms devoted to flowers and nurseries increased by 31 per cent and in area by 29 per cent. This region today is Victoria's second most visited tourist area, with 2.5 million visitors a year. So there are huge spin-offs to recreation, tourism and of course the capacity to link that with educational activities, educational productive enterprises and a whole range of other economic benefits. If all that goes, you do not have any of that.

This is where planning, by first of all preventing the loss of important resources but also by keeping options and making possible innovation, can do a double service to the economy. Planning is often seen as a constraint, a cost and a problem. It is not if it is done like this. This was regional planning at its best. It maintained valued assets and prevented their loss, but it also kept options open, allowing other people to come in behind that and do things they would not have otherwise been able to do, and the viticulture is one example. I could quote many others. I think that is where we need to get to.

I will just finish up with the outer peri-urban. That is an example of a study in the inner peri-urban region. There are eight outer peri-urban municipalities: Macedon Ranges, Mitchell, Murrindindi and so on. Now, if we just exclude Ballarat and Bendigo, your big regional towns — they are very important because they have their own peri-urban regions, and they are developing at a great rate; there needs to be proper regional planning to include them — and just look at those eight municipalities, in the studies we have done there are about 53 000 rural lots. These are just in the rural areas; forget about the townships and the regional towns. There are 53 000 rural lots, and 28 000 contain dwellings. If we go back to the Yarra Valley example, there is a huge potential here to change these landscapes by allowing all these lots to be developed.

There is a big potential for subdivision — about 7000 new parcels. Most of these are small lots. Most of these lots, on current rates of development, will be developed by 2020 to 2025. The areas that are under pressure are along the main corridors and around the edge of Melbourne. In the backblocks of Murrindindi you are probably going to have a surplus of lots maintained, but the lots in the areas of greatest demand — up the four corridors I have talked about, plus the areas around Melbourne — will be developed, and if they are developed, it is going to have a huge impact. Not only will it affect agricultural production landscapes and amenity, which is attracting new businesses, but if we look at the impacts of the construction, we modelled 16 252 dwellings on 14 of these peri-urban catchments. It would increase stock and domestic dam capacity by 68 262 megalitres, or an average of 35 per cent. We modelled the impacts on stream flows. It is basically going to stop a lot of water ever getting to streams of various sizes. This will have a huge impact on streams.

Much of the larger lots — about 28 per cent of these rural areas in these eight municipalities — are 40 hectares or above, which is a figure that surprised me. There are still quite a number of large lots there. That is where most of the vegetation is. That is where most of the larger productive agriculture is occurring, and they have the worst controls. The controls at the moment under council planning schemes are matched very badly. The land with the highest significance — through environmental, landscape and other significance — has the lowest

impact planning controls. They have the least restrictive zones. They often do not have overlays at all, or the overlays are very badly matched to the vegetation.

What we concluded from that is that there is a piece of work that needs to be done through a regional planning approach to get the tools properly matched to the assets and the values of the area. There needs to be something done about the current allotments, because if they are developed, they will have a huge impact not only on economic production in an agricultural sense but water is an incredibly important resource and these are mainly unirrigated areas. That water that will be captured on farm dams through all these small lots is an immensely valuable resource. It will be lost. You can look at a series of cascading economic benefits for action and disbenefits for inaction, and they are very broad.

Just to finish up, the kind of research we have been doing has a focus on the importance of getting regional settlement policies. At the moment we are still very much in the active stage. The Government's regional planning work is, from what we can see, largely reactive. It is making available land in areas where the Government correctly anticipates there are going to be increases in population. For example, your big cities — they are working at how many people are likely to go there, through demographic analysis and calculating current business-as-usual settlement patterns. So, where they are going to live — mainly on the outskirts of the cities or in new suburbs — if you have, very much like the outer suburbs of Melbourne, detached housing, very standard housing, very poor public transport and so on, they are just following a business-as-usual, path-dependent model of making land available using a series of prior assumptions.

So the work we are doing is a much more interventionist approach. It is looking at how could the Government and Victoria develop a settlement strategy which looked at different scenarios: the capacity for existing towns to locate people in various configurations of housing type and lot size; getting as many people back into the towns as possible; minimising the impact of future outer urban housing; and strictly controlling development between the townships.

So we are looking at three models — your large, regional cities; your mid-sized townships such as Bacchus Marsh or Castlemaine; and your smaller townships such as Ballan, which will grow — and just looking at how this could be planned through a more interventionist strategy. So you would still locate people but locate them in a much better way where there is better transport, better connections, better quality-of-living environments and protect the area in between so that those valued assets, which have huge benefits to the Victorian economy, can be maintained.

The DEPUTY CHAIR — Thank you very much, Professor. We appreciate your evidence. Just at the end there you essentially hit the nub of what is the public policy debate: do we have an interventionist planning approach that creates the field from our committee's point of view — an economic development framework at a local community level — or do we have a hands-off approach that allows, in very simple terms, market forces to determine that economic development strategy? This is only our second public hearing — it is early — but that seems to be some of the generalised structure as to the options facing governments at, in our case, the state level, and, in terms of the terms of reference of this inquiry, at a local government level as well. I am sure we will have a robust debate about that and come down one way or the other in the end.

I am guessing by the point of your self-described interventionist approach that you believe the role for governments at both the state and local levels is in the former category but not in a pre-Cold War, Soviet Politburo kind of way; more in terms of, 'Here's the framework', pointing towards the examples of the Upper Yarra Valley. My question is more: how do you see the capacity of local government in dealing with these big-picture issues? Are they up to it? And if they are not, what capacity building needs to take place to achieve the sort of vision you are talking about?

Prof. BUXTON — The local councils in this broader, peri-urban area are mixed in their capacity. Some are old hands at this kind of work and have been doing it for a very long time. They have strong planning departments which continue to function at reasonable capacity financially to support this kind of planning. Others are pushing to get a strategic planner to come and work in the council. They do not have a lot of money to undertake strategic work; they are all the time running along behind development pressures, finding it very hard to get ahead. The councils themselves are mixed: some are dominated by rural land interests that are not interested in anticipatory policy at all and never will be, others are in the middle of that debate and others are very strongly supportive of an interventionist land policy and have been so right back to the 1970s. So there are

big variations in the councils, in their values and in their capacities. So what I am saying is that this is never going to happen properly if there is not a regional approach taken.

It has to be initiated by the State Government through a regional planning process along the model that Sir Rupert Hamer pioneered. We do not have to reinvent anything here, and it does not have to be a Politburo, typecast intervention. We are talking here about governments doing what governments should do — that is, anticipating future threats, putting in place proper planning procedures to deal with those threats but doing so in a consultative way, wherever possible, and bringing people along.

As I have said this was done in the Upper Yarra Valley and the farmers themselves, who were most affected, were the strongest supporters and still are. So this does not have to be governments going in and beating people up — they can be working with a range of interests where people can see the long-term benefits as distinct from a few short-term benefits to a minority.

The DEPUTY CHAIR — I do not want to dominate the questions, but if there are varying capacities in local government and it is a state role, what do you see as the institutional capacity, the organisational capacity of the State Government to deal with that? Are there shortfalls, and what would be the solution if there are any shortfalls?

Prof. BUXTON — The State Government does not seem to have the slightest institutional capacity to do this, which is a big problem, given that I am arguing it has to be a state-initiated process, and this is my fundamental worry. If you look at the report that Terry Moran led for the Commonwealth Government on institutional arrangements two years ago, I think Terry Moran could have written that same report for the State Government that he led, which was siloed, sectoral, institutional arrangements, no cross-sectoral policy, very limited outlooks, people defending their own patches and so on.

So this is governments' fault. If you have governments that are siloed, that allow the DPI, for example, to argue in favour of land subdivision because they think it is the farmers' right to be able to subdivide, then do we have an agriculture department standing up for agriculture in the peri-urban area? It is outrageous but that is what they are doing. So if you have a government that allows sectoral interests to pursue — if they are captured by their clients in that way — and they see their role as pursuing short-term, financial benefit for a few, then it is up to government to put in place cross-sectoral, integrative arrangements that completely change the mindset, and that is what Moran was talking about in his Commonwealth report: how do you actually get regional planning and integrated close-sectoral planning?

Mrs PEULICH — Professor Buxton, I have been following your ideas and particularly your interest in the Kingston green wedge, and I would like to drill down a little further in relation to some of your broader views that somehow government intervention gets it right, when government intervention does not get it right. It did not get it right in eastern Europe, it certainly does not get it right here. There is a legacy of issues: there is unviable economic activity which does not generate the sort of critical mass and investment that you have pointed to in other areas; there is land degradation; and there is also amenity degradation — and those land use conflicts were locked in through the green wedge legislation in 2003. I am pointing specifically to the Kingston green wedge, where the average size is 1 hectare, and according to their planisphere report there is a need for a 40-hectare allotment for it to be economically viable.

So how do we deal with the legacy issues? What happens when the forward planning does not get did right, when the only viable activity therefore is either a mega-investment of \$5 million per hectare, which is just not going to happen for niche agriculture, and that is something that is not particularly welcomed by a closing in of development, and then you have amenity issues arising from the fact that most landowners — and most of this land is in private hands — are turning to low-grade income-generation activities such as waste management, quarrying and waste recycling, which have substantial negative impacts on amenity on local suburbs?

Why is it, Professor, that we cannot say: where there are endemic issues and where it is not a sustainable activity, there needs to be some sensitive environmental development that reaches a balance but also allows investment into the area to resolve issues that have been locked in through bad forward planning by government?

Prof. BUXTON — I think that is a fair point that needs to be confronted: what do you do with an area that has a legacy of bad decisions?

Mrs PEULICH — Exacerbated by 2003 legislation, which locks in the land-use conflict.

Prof. BUXTON — I do not think it was exacerbated, so we can differ on that, but we can say that there has been a legacy of bad decisions. What do you do with them? I think, firstly, we have just got to get away from equating — —

Mrs PEULICH — Mind you, I live in Dingley Village, so I have a vested interest; I am going to be up-front on that.

Prof. BUXTON — That is all right.

Mrs PEULICH — We face the smells of the tips every day.

Prof. BUXTON — Absolutely; that is a fair point. But before we go any further, we have got to get away from equating planning legislation in a liberal democracy with the Eastern Europe Politburo. We have just got to get away from that.

Mrs PEULICH — But I think you are saying that forward planning and intervention gets it right. Now I am pointing you to an example where it does not get it right.

Prof. BUXTON — I am not saying that it gets it right all the time; I am saying that our challenge is to do anticipatory planning and to put in structures that do get it right, and I have given some examples of one where it was right — the Sir Rupert Hamer example — and another classic case of where we have to get it right or we are going to lose those values. I do not think the family of Sir Rupert Hamer would regard him as an Eastern Europe Politburo member. But we have just got to get away from that.

Mrs PEULICH — I actually object to you saying ‘invoke’ because it was a very different green wedge to the one we have ended up with — —

Prof. BUXTON — Not at the time — —

Mrs PEULICH — Very different, and a very sizeable difference in size. So let us be honest about this.

Prof. BUXTON — Not at the time when the Board of Works put out its 1971 plan.

Mrs PEULICH — You keep on invoking it, and it is an incorrect — —

Prof. BUXTON — No, I am not.

The DEPUTY CHAIR — Let our witness put his point of view.

Prof. BUXTON — Okay, there is a legacy of poor decision making there, and it is not poor decision making that is of the type that you have talked about, in part — it is in part that the lot size was allowed to be reduced over time. There was an attempt to intervene in the ‘70s to try to prevent it becoming worse through the Board of Works planning at the time, there were excisions allowed, and so on. So there is a legacy of disparate lot sizes, and I think you are right — there are other uses than being brought in.

But my point is that there is an area there — I have made this point to Kingston City Council on a number of occasions, when they have said, ‘This is a problem to us’. That area is a massive potential advantage for Kingston if we look ahead 20, 30, 40 years. How many municipalities in the metropolitan area have a substantial non-urban area in private ownership attached to them? Not many.

Mrs PEULICH — No, but it is in private hands. And you are pointing to — —

Prof. BUXTON — That is right; it is in private hands.

Mrs PEULICH — I mean, how can it be made economically sustainable when the agriculture there does not have the water, the lot sizes are too small and it is not economically sustainable?

The DEPUTY CHAIR — We are rapidly running out of time and Mr Carroll has a question.

Mrs PEULICH — I want the answer on the record.

Prof. BUXTON — Wyndham has been through exactly the same approach with the Werribee South area, where there has been a legacy of bad decisions — constant excisions where farmers have been able to break the rules that have been introduced or to have them changed, and you had a series of small lots that were waiting to be developed and a series of other houses built along roads. If you go into Werribee South, you see houses built along the roads, and behind those houses you see practising farms. Now Wyndham City Council worked with the State Government — —

Mrs PEULICH — This is 25 kilometres from the CBD.

Prof. BUXTON — Wyndham — —

The DEPUTY CHAIR — We have run out of time.

Prof. BUXTON — Wyndham is about — there is a very comparable situation. What Wyndham did was — —

Mrs PEULICH — And it is encircled by suburbs.

Prof. BUXTON — Wyndham has suburbs right up next to it on two sides, the Werribee South area, right? Right up next to it. Now the council and the State Government got together with the landowners and worked out a solution, where the landowners traded off certain rights and in return they were allowed to gain a certain benefit from a heritage of bad decision making, and an agreed solution was proposed and accepted by all parties.

Mrs PEULICH — Such as?

Prof. BUXTON — Well what the landowners did was surrender the vast number of entitlements on small lots where they were jointly owned in return for being allowed to develop on a small number of them, and this was accepted by all parties. It took a lot of getting to but the previous government — it was one of its last decisions in approving it. Now what has got to happen with — —

Mrs PEULICH — Kingston.

Prof. BUXTON — The Kingston rim green wedge is a similar approach. It has got to be planned; there has got to be some intervention, there has got to be an examination of the problems and solutions like that.

Mrs PEULICH — They have been examining it for 30 years.

Prof. BUXTON — No, there have not been solutions proposed.

Mrs PEULICH — So what is your solution?

Prof. BUXTON — Key to that is saying, ‘This is not going to be subdivided’. That is the bottom line. The boundary has to be maintained. Once you find that landowners are holding out the hope for further development, there is no incentive to fix the problems.

Mrs PEULICH — So we have to put up with the tips and the landfill and the quarry? That is your economic development solution?

Prof. BUXTON — Well if you — —

The DEPUTY CHAIR — I am mindful of the time, and the exchange that has been going on — —

Mrs PEULICH — Thank you.

The DEPUTY CHAIR — So unless you want to finish that, I will ask Mr Carroll to put his question.

Mr CARROLL — Thanks, Michael. Inga might want to hear this answer as well. I am going to where your comments have just come from. Say you have a farmer out at Werribee South who has very valuable

agricultural land — he has been growing cabbages, or what have you — and none of the kids want to take over the farm and the land he is sitting on is highly valuable. You were talking about the interventionists and probably giving the agriculture department a bit more teeth in the planning process. Michael, what do you think is the solution in that situation? Is it really just the State Government, local government and the community coming together to look at what can be done to keep that valuable land in farming hands — trading something off? Does the council just say, ‘Okay, no that’s going to stay farming zone; we are not going to entertain residential.’? How do you see it? How does that sort of work? What is the vision?

Prof. BUXTON — Well where we are going to get regional planning for other outcomes, other economic outcomes other than housing, that benefits current landowners — that is our option. We can either get housing and see that as a benefit economically — it is a disbenefit in every way to the community.

Mr CARROLL — Yes, massively.

Prof. BUXTON — Where you are going to instead plan for a diverse range of other economic benefits, then there has to be a decision taken that is maintained to stop development of subdivisions, small lot development and housing — that is the ultimate decision. Once that decision is taken, then the hope for speculative and other gain evaporates.

Now where you see this done in the rest of the world, where you go and visit green belt areas where there has been an integration by government to actually achieve that — so hold the line on — the line is critical. It has got to be, ‘You can do it, you can do something on this side that is urban related, and non-urban on the other side’. Once that line is fractured nobody is going to put investment into other forms of development. They are just not going to, because they will hold our hopes that they will get the easy gain in the short term. That is just what happens.

Look at the Toronto green belt, for example. What we are finding in a lot of these green belts where these integrated policies have been instituted is that land price stabilises or falls — land price is based, basically, on the size of lots. That is the bottom line. The smaller the lot, the higher per hectare value; the larger the lot, the lower per hectare value. Once land prices stabilise, once speculation is eradicated — and you can go right back to the ‘60s and ‘70s to see the reports which said this has to be done, and we forget this — then you start to get younger, innovative farmers coming back in. You attract lots of educated people who see connections and see other ways to make money.

I have been to these examples, and they are incredibly invigorating. They are quite thrilling to see — young people coming back in with all sorts of alternative food production, linking that into cities. This is where innovation will flourish. It is flourishing, but it is not flourishing much here, and that is because we allow people to hold out for an easier gain, and so we wipe that kind of innovation off. We do not even get there.

The DEPUTY CHAIR — Thank you very much, Professor, for your contribution; it has been much appreciated. As we ran out of time in questions I might ask on that issue we were talking about, the institutional arrangements at a state level — a cross-silo approach — if it is possible for our executive officer to follow up with you whether your area has done any research and work on what that institutional arrangement could perhaps look like.

Mrs PEULICH — And how much it would cost.

The DEPUTY CHAIR — Absolutely.

Prof. BUXTON — Sure. This ultimately is an issue of governance, as you have said. The institutional frameworks — the models — are there. I would be very happy to contribute if I can.

The DEPUTY CHAIR — Particularly world’s best practice in that regard.

Mrs PEULICH — And if we could have some follow-up questions answered too.

The DEPUTY CHAIR — Indeed. We might follow up on a couple of issues by the sound of it, Professor.

Prof. BUXTON — Thank you for the opportunity.

The DEPUTY CHAIR — In about a fortnight's time you will receive a draft copy of the transcript from our friends in Hansard. Whilst typographical errors and routine corrections may be made, they must not extend to issues of substance. Thank you very much for your presentation today, Professor.

Prof. BUXTON — Good luck with your considerations.

Witness withdrew.