



29 October 2019

The Hon. Lily D'Ambrosio
Minister for Energy, Environment and Climate Change

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Dear Minister D'Ambrosio

Melbourne Strategic Assessment (Environment Mitigation Levy) Bill 2019 | Industry response

UDIA Victoria welcomes the opportunity to provide a position on the Victorian Government's *Melbourne Strategic Assessment (Environment Mitigation Levy) Bill 2019* (the Bill).

This Bill represents and reflects positive engagement between the Victorian Government and the urban development industry with respect to the implementation measures and processes for which it provides.

We have not however, been consulted or engaged on the level of the proposed charges and harbour serious concerns at the level of the charges and their potential negative impact on housing affordability in Melbourne's fastest growing areas.

The original establishment and administration of the Melbourne Strategic Assessment and the Biodiversity Conservation Strategy (2013) was characterised by limited transparency and considerable implementation challenges. Whilst we note positive actions taken by the Government to identify these challenges and improve implementation processes through early 2017 consultation, consultation has not continued during the development of the Bill.

We are gravely concerned that the lack of transparency around the initial calculation methodology for the proposed levy and rates of charges in the Bill and supporting legislative documents and request further information on the cost escalations to date and how they levy increases have been calculated.

The increase in charges in the Bill reflect an increase on individual levy categories typically in the order of **19 per cent – 26 per cent** (applying to any native vegetation area and scattered tree location, with Golden Sun Moth increases as much as 26 per cent¹).

We have been provided with estimates of the impact of the levy from the Department of Environment, Land, Water and Planning (DELWP) which have been calculated for typical standard densities of 17 lots per hectare. These estimates show an average cost increase to Victorian homebuyers of **132 per cent** over the first five-year period, from \$1,126 currently to \$2,833 by 2024/2025.

However, we estimate the cost per lot to be significantly higher for development areas affected by significant extents of native vegetation, Golden Sun Moth and scattered trees.

¹ Increases for Growling Grass Frog, Matted Flax-lily, Southern Brown Bandicoot and Spiny Rice-flower range between 1 and 7 per cent

Whilst we note the formalization of Land Transfer Agreements are now provided for by the Bill, we note the Bill does not address current uncertainty as to the acquisition of those conservation areas that are to be acquired, or the considerable ongoing land management obligations that have to date been imposed upon individual land owners to maintain conservation reserves where acquisition has not been agreed.

The following process improvements are welcomed:

- Ability for staged payment agreements
- Recognition of agreements made to date
- Clarity over payment triggers and processes
- The opportunity to go to VCAT, although we note the grounds of objection are limited.
- Public reporting on the use of funds
- A formal 5-yearly levy review process including public consultation, and
- Independent review of the program by the Sustainability Commissioner
- Land transfer agreements (subject to points of concern raised above).

We request the opportunity to propose additional recommendations to improve the implementation and administration of the Bill should it successfully pass both houses of the Victorian Parliament.

Please contact Kate Weatherley, Senior Policy Advisor at kate@udiavic.com.au to discuss these issues further.

Yours sincerely



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