

SUBMISSION TO THE  
HOUSE OF REPRESENTATIVES INQUIRY INTO

***SUSTAINABLE CITIES 2025***

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## **1. INTRODUCTION**

### **1.1 The purpose of the submission**

This submission discusses the key issues faced by major industrial and infrastructure developers in obtaining investment certainty through the variety of land-use planning approval regimes in place across Australia. It identifies some of the complexities faced by firms who propose major developments that could create economic growth, but which could also impact on the quality of life experienced by nearby urban or rural residents.

The submission argues that substantial social and economic benefits can accrue to Australia from the provision of a land-use planning policy framework that encourages a diverse industrial mix with a strong supporting infrastructure where both are socially and environmentally sustainable. The Inquiry is therefore invited to consider what steps governments at all levels should take to harmonise the interests of the proponents with those of the residents who will experience lifestyle changes. It makes seven recommendations to mitigate the distress experienced by residents and the avoidable costs to industry that result.

A caveat underpinning the analysis is that it applies only to those firms who demonstrate a strong commitment to social responsibility and environmental sustainability. Those who perform more poorly not only create problems for all concerned with the project, but also do a considerable disservice to their more reputable competitors. The submission therefore seeks no dispensations for second-class performers.

In summary, the submission:

1. discusses the need for policy initiatives to assimilate residential, industrial and infrastructure developments at greenfield sites, and to facilitate changes to existing patterns of land-use to occur without disadvantaging any of the groups. This is considered vital if the Australian economy is to continue to grow sustainably.
2. focuses on supporting responsible industry and infrastructure developers who are prepared to invest strategically, but who seek a reduction in the level of 'sovereign risk' before committing large sums of money towards major projects. It does not attempt to assist poor performers who seek to extract the maximum profit whilst making the minimum commitment to securing 'triple bottom line' outcomes.

3. assumes that Australia will always need a broad mix of industrial production and infrastructure enhancements in its economic make-up. Our economy appears to continue to be influenced by the volatility inherent in commodity exports (involving both price and quantity), so we need to encourage the export of globally- competitive and elaborately transformed manufactures. These in turn require well-established and efficient transport, communications, and energy & water-management infrastructure support for their production to be efficient.
4. argues that poor land-use planning for the siting of industrial and infrastructure projects that interface urban communities simultaneously threatens the long-term profitability of industry and the quality of urban life affected.
5. chooses not to identify good or bad players when discussing the types of conflicts that are known to arise. It assumes that all have legitimate aspirations that can be identified as :
  - (a) residential dwellers will strive to protect and improve the amenity of their living environment, whatever form they perceive it should take, and within the finances available to them;
  - (b) commerce and industry will maximise whatever opportunities are available to improve their earnings and profitability - but hopefully with a suitable commitment to corporate social responsibility objectives; and
  - (c) planning and other regulators will act rationally, efficiently and within the legislation that governs their activities. They will however, be faced with a need to make decisions in the absence of perfect information about the immediate or long-term consequences of a change in the nature of the use of a particular parcel of land.

Each State or Territory has in place its own suite of legislation governing how it manages the planning and environmental regulation of industrial and infrastructure developments, and especially how they impact on urban life. It is therefore neither possible nor useful to attempt to rank by merit the policies or practices that are followed around the country. Each jurisdiction is faced with an on-going need to apply its laws intelligently to match various types of development proposals with different environmental circumstances and community expectations. No single approach could ever suit all of the circumstances likely to be encountered across the country, even if the same legislative framework were to apply universally.

## **1.2 Relevance to the Inquiry's Terms of Reference**

The discussion paper provided by the Inquiry identifies a number of issues of interest to it and presents certain questions for consideration. A subset of each group is relevant to the influence of industry and infrastructure development as follows:

The objectives of the Inquiry include identifying

" A 'blueprint' for ecologically sustainable patterns of settlement, with particular reference to eco-efficiency and equity in the provision of services and infrastructure; and

Measures to reduce the environmental, social and economic costs of continuing urban expansion;"

The Inquiry also considers that the sustainable Australian city of the future should, *inter alia*, include steps to:

1. Ensure equitable access to and efficient use of energy, including renewable energy sources;
2. Establish an integrated sustainable water and stormwater management system
3. Address capture, consumption, treatment and re-use opportunities;
4. Manage and minimise domestic and industrial waste;
5. Provide urban plans that accommodate lifestyle and business opportunities. "

## **2. KEY DEFINITIONS**

Three concepts in particular underpin the discussion in the submission. The way in which each is applied is described below:

**Sustainable development:** Volumes have been written defining sustainable development since the Rio Conference in 1992 placed this issue high on the global agenda. In this submission, the term will be used to describe development that:

- (a) adopts designs, plans, technologies and management practices that focus on reducing the foot-print of the developments on the natural and built environments, and promotes risk-aversion when contemplating new developments
- (b) achieves *Pareto-optimal* socio-economic outcomes, in which the commercial objectives of the project are satisfied without an unacceptable loss of the existing amenity enjoyed by the stakeholders affected
- (c) enhances water and energy efficiency and conservation, and employs techniques that facilitate the re-use of the natural resources consumed during construction or in the production processes
- (d) minimises waste production, and stores transports or disposes of any residual wastes safely
- (e) pursues environment protection and resource stewardship policies as long-term goals, and not merely as short-term stop-gap measures
- (f) encourages economic diversity and competitive business practices, as well as local employment opportunities wherever these are commercially sensible.

**Land use conflict** has been coined to describe perceptions of incompatible changes in the

relationship between neighbouring land-users. It can encompass :

- (a) the impacts of a new project undertaken by either neighbour
- (b) changes to local or regional plans that influence the future mix of uses that are permissible in an area
- (c) highly visible changes that occur in the short term. These may also be short-lived (such as from construction activities over 12 months), or permanent (such as with a substantial changes to the operating conditions of an existing facility that occurs almost overnight)
- (d) subtle and/or cumulative. Visible impacts can be more predictable at the design stage of a development and are therefore handled more transparently in the negotiations with the neighbours. Subtle or cumulative impacts on the other hand may be complex and difficult to identify or characterise. They can be influenced by a range of existing features of the surrounding environment, including those outside the control of the proponent of the project, or manifest themselves only over an extended period.
- (e) concentrated and local in their effects, or dispersed over a wide area. Prevailing wind patterns or air temperature inversions may cause residents who are two-three kilometres away from the source of a nuisance, such as noise or odours, to suffer a disturbance that is worse than what is experienced by those who live close to the operation. Air quality impacts can occur in this fashion if, for example, they are vented from the site through a tall chimney.

**Industry or infrastructure development:** These terms are adopted throughout the submission without qualifiers, but they refer only to those major developments that have the inherent potential to create preventable risks to public health and safety, the environment, or community amenity.

Some industrial activities generate minimal disturbance for their neighbours or degradation of the environment, while others need highly targeted management to ensure that they don't automatically do so. Historically, the latter included the 'smokestack industries' and hazardous facilities such chemical plants or coal mines, but the submission will demonstrate that the concerns apply more broadly to other operations as well.

Modern industrial operations can also be potentially offensive even though they have a socially popular reason for their existence. Concerns have been expressed, for example, about wind-powered renewable energy systems threatening endangered native birds, or their being unacceptably noisy. Large urban sewerage systems based on on-site management may perhaps protect natural waterways, but can nevertheless present a very real health threat to those nearby unless controlled very carefully; and accusations have been made that modern communications hubs can emit carcinogenic radiation that threatens nearby residences.

The submission therefore discusses the notion of 'potentially offensive industries' not in a pejorative context, but simply as a flag for identifying which activities are the most likely subject

of debate for urban planners and the most appropriate targets for policy intervention.

### **3. CONCEPTS UNDERPINNING THE SUBMISSION**

#### **3.1 Why responsible industry must be facilitated**

Debate on industry policy over the past two decades has often focussed on the need to stimulate tertiary sectors such as financial services, biotechnology, tourism and communications as key drivers of the economy. One aim behind this thinking is to facilitate

Australia's eventual move away from a reliance on the mining and manufacturing sectors that not only consume natural resources, but which encroach on urban life and utilise large quantities of non-renewable energy.

Recent national studies have shown that these policies are laudable but impracticable over the next 20 years. ABARE predicted in 2002 that coal would continue to supply more than 70% of Australia's electricity until 2020. Meanwhile, growing global energy and manufacturing markets are driving an estimated \$12bn. of investments by the mining industry in Australia in 2003-2004; a \$4bn aluminium smelter at Gladstone; and nearly \$50bn in gas extraction and supply facilities in the south-west and north-west of Australia - notwithstanding that the Australian dollar is at a short-term high. It is also possible to identify more than \$5bn. in current new road projects in Sydney and Melbourne alone, as one representation of the significant investment occurring in the infrastructure to support Australia's growth. Much of this is economically justified by increasing the efficiency with which industrial production is moved around the country, or from source to shipping port for export. One can be certain that urban or rural dwellers will notice the changes that most of the developments will generate either directly or indirectly in their vicinity.

Further recent and useful information on the growth patterns of industry can be found in the report *Trends in Australian Manufacturing*, released by the Productivity Commission in August 2003.

#### **3.2 Three representative planning scenarios**

In an ideal social setting, new towns would be planned so that their residents were provided with all of the important amenities they seek. Industry would also be located at sites that are not only suitable for its purposes, but which would also allow it to cause minimal impact on the amenity, health or safety of the residents, or the natural environment of the region.

Examples exist in Australia where thoughtful planning has allowed urban and industrial life to prosper and interact constructively. They demonstrate that the physical sciences are

developed sufficiently to predict, with a reasonable level of assurance, how a new industrial operation would impact on its neighbours. Unfortunately, questions remain about the capacity of contemporary socio-economic assessment techniques to adequately address other and less quantifiable impacts, such as an increase in the expectations of future residential arrivals to the zone of impact, or as well, to any new greenfield sites in the surrounding region.

In practice, however, neither the urban planners nor new business developers have the luxury of fully simulating the potential interactions between the two sectors before capital

investments are committed to either. Three scenarios appear to be more likely to occur which produce less favourable outcomes. In their simplest form, they are:

**Scenario 1:** Industry establishes at a greenfield site in a partially urbanised area that offers competitive access to its core inputs of production, and offers cost-competitive transport of its outputs to its customers. Its development is approved after an impact assessment shows that it will not cause significant adverse impacts on the local community or environment.

As it grows, it may require more labour and will hopefully generate an economic multiplier for the surrounding region. In a rural setting, the local villages may expand as workers are imported to take up the new jobs created directly by the firm, or indirectly by the subsequent growth of other dependent business in the area.

The local planning authorities are then given the task of designing the expansion to best utilise the existing urban infrastructure, but to do so whilst also accommodating the demands and local off-site impacts of the industrial operation. Often, the expansion leads to direct competition for the progressively stretched infrastructure, or to conflict over the residual off-site impacts that were previously irrelevant where the local population was smaller and more dispersed. Simple examples include where the roads that had previously been used largely to transport the production inputs and outputs may now be shared with school children, which can create safety concerns; or where the noise profile of the operations which had always been a part of village life now becomes offensive to the new residents who have moved from quieter locations.

**Scenario 2:** An urban area grows under its own impetus because of market-driven factors or government planning policies. Eventually, it provides a source of skilled labour or offers the infrastructure support that is favourable to certain industries who find it profitable to move into the area. Environmental and social impact analyses are used to confirm that the resulting mix of land-uses is suitable for the region, and broadly acceptable to the existing community.

But complications arise. Difficulties occur for example, when the immediate neighbours of the proposed operations realise that the demeanour of their living space is changing for the worst. Friends leave the area; favoured trees are removed; traffic patterns become more complex; the social mix changes; and perhaps most threatening of all, there is an anticipation that property values will plummet because of the industrialisation of their local region.

The result can cause considerable personal stress to the residents; political stress for the local authorities involved; and potentially substantial costs to the new industry as it attempts to respond to the objections raised.



**Scenario 3:** A long-standing industrial facility located within a residential environment chooses to expand. Circumstances arise frequently where a business that has operated for many years at a site needs either to expand or substantially alter its operations to remain competitive in a changing market, or in response to emerging environmental controls. This has the potential to create concerns because :

- (a) The firm may rely on what it considers are its existing-use rights in law to seek to expedite the changes without the need to conduct an expensive impact assessment and mitigation program for the changes it proposes. The community affected feels betrayed by the statutory planning process that is supposed to protect them, and the firm needs to prepare for additional expenditure to defend its approach from the objections that will follow.
- (b) Even if the firm establishes that there will be no additional off-site impacts from the changes, notification of its intention to the community to make a capital investment at the site can signal to them that the operation is there to stay for the foreseeable future. Their hopes that their less desirable neighbour will depart are quashed, and their preference for cleaner and greener industries to replace it is now unlikely to be realised.

### **3.3 Why does it go wrong ?**

There are many circumstances where the co-existence of an industrial facility and its residential neighbours has evaporated because of a change in the activities of either. Operations such as small quarries, piggeries, cement production sites or steel fabrication factories that can have notable off-site impacts, may receive hostile opposition when they lodge applications to expand. This can occur even when though the changes involved will import new technology or management practices that may actually reduce their environmental footprint. Newer residents to an area who lack historical association with the operation - such as having family or friends who have worked on the site - will have no attachment to the established linkages it may have with the community. Their only opportunity to eliminate the threat legally is to oppose the expansion application as strongly as possible, and they frequently do.

This type of problem is compounded when the industrial facility in question is a \$500m+ activity such as a coal mine, metal smelter, major food production factory, rail freight terminal or shipping port - and especially if any are located near naturally attractive coastal settings. To be internationally competitive in the current global markets, these operations must be technologically state-of-the-art and achieve economies of scale throughout their production. The level of capital investment needed to sustain this status means that they are unlikely to have the capacity to close a site and relocate to suit external community preferences, even if the alternative sites available offer the same opportunities to access suppliers, customers, natural resources or cost-efficient transport. Consider for example the investment that exists in a large petroleum refinery and storage facility, the complexity of its operations and of the hazards-control programs, and the need to be located close to shipping and heavy land-transport routes even aviation markets. Relocation demands could be almost insurmountable.

Environment, planning and health regulators in Australia address this type of conflict by relying on the suite of legislation in place in each jurisdiction to require new industrial facilities to meet performance standards for environment protection that usually take into account national and even international criteria. Whilst there may be some debate between the proponent of a project and the local regulator about the interpretation and implementation of a standard or law, competent business managers do not question the obligation to comply with contemporary standards of performance. If national or international prescriptions are stipulated, modern

regulatory practices around Australia usually impose them in a manner that is transparent, predictable and equally applicable to all competitors in the market. When provided up-front to proponents, the costs they incur can be incorporated into the financing and profit projections for the proposed business without financial pain, so long as the business has positioned itself to be an environmentally sustainable and socially responsible competitor over the longer-term.

However, this regulatory approach often fails to satisfy local communities. They often argue that even stringent performance standards may not be able to guarantee that the most sensitive neighbours will be protected from at least some adverse impacts. An urban resident near a proposed and large open-cut coal mine is highly likely to experience impacts such as vibration, dust and visual assaults either from the mining operations or from the trucks or trains that will visit the site. If these are significant, pressures may be placed on the proponent to offer financial compensation, either in the form of a lump sum one-off payment or by acquisition of the residence at the market price.

But experience shows that these negotiations can be highly subjective and fallible. To describe an extreme example, it is doubted that the residents of Broken Hill in NSW would react as strongly against a proposal for a new metal smelter in their region as would say, the residents of Double Bay in Sydney, Toorak in Melbourne, or Dalkeith in Perth - even if the smelter were to meet all of the toughest international environmental performance standards conceivable. One can merely speculate about the methods that the different objectors in these communities would pursue to ensure that the facility never proceeded. But the fact remains that the proponent would face fundamentally different and often unpredictable responses by the different communities.

One could expect that the objections against the intrusion of industrial developments into capital city areas to be louder than from rural dwellers who are often not fortunate enough to enjoy the same level of economic diversity and employment opportunities in their region. In many cases, new businesses and the expansion of existing ones are welcomed as ways of addressing disproportionately high local unemployment, either because of the direct investment they will provide or because of the regional economic multipliers that can be stimulated.

But 'the welcome mat' is neither universal nor predictable. Proponents of potentially offensive operations in rural areas may not only encounter highly organised local opposition from residents of the nearest town, but may also find that they will be required to meet tougher environmental standards to suit the local ambient conditions of rural areas. An example exists in the various noise guidelines promulgated by either environment or health authorities around Australia that recognise that the natural background noise in a rural area can be significantly lower than in an urbanised one. The guidelines therefore recommend that the total noise

profile for a rural site may need to be lower than that located in a noisier urban setting, to ensure that the *proportional* increase experienced by the neighbours will be acceptable to them.

Similarly, business can encounter difficulties knowing how to deal with legitimate concerns for the protection of areas that are important to local Aboriginal or ethnic cultures. Modern law and policy in most jurisdictions require that the general community specifically address their specific cultural interests in parallel with other concerns. This may require substantial research and

close consultation with the interest groups involved, and this in turn can present considerable difficulties for even the most socially responsible companies if a project needs to be realised within a commercially imposed deadline.

### **3.4 The recriminations**

When either type of failure of the system occurs, all sides may look for someone else to blame.

Public utterances made during bitter and protracted disputes have included inopportune assertions by industry that the community is being influenced by a small group reactionaries who oppose any change; by the local community accusing the industry of being intruders who are threatening their living space for the profit of faceless shareholders; by both parties that the local planners are incompetent and the laws governing the transaction are useless, outmoded or unjust; or by the planning authorities who imply that both of the other groups are politically immature or even conservative with the facts or truth.

In reality, all of the perceptions are possibly true at some point - and especially so if the negotiations involve a large industrial facility such as a chemical factory, coal mine or sewerage treatment plant where the issue can be fought out over one, two or even three years. Most States have some recourse to a Court of law, a special purpose tribunal or a planning commissioner, and each reference can delay the final decision by many months. These events can generate extraordinary costs, and leave a residue that may take many years to disappear.

The recommendations at the end of this submission seek to assist the Inquiry to consider how these complex conflicts can be avoided. In doing so, it is suggested that for any approach to warrant further exploration, it should :

1. provide certainty to industry in its investment decisions;
2. ensure that there is transparency between the planning authorities and the communities they serve over the rights and obligations of each relating to land-ownership and community structures; and
3. ensure that individuals who may be adversely impacted are compensated justly in accordance with the realistic long-term impacts that are likely to occur when the neighbouring land-use changes.

## **4. ISSUES RELATING TO LAND-USE CONFLICTS**

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The genesis of land-use conflicts can be attributable to a very wide range of factors that can be specific to the region of Australia, the industry sector involved, or the circumstances of a specific proposal. A few however, appear universal. Five of these are discussed below as examples of the types of policy issues that warrant intervention if improvements are to occur.

#### **4.1 The use of buffer zones to mitigate off-site impacts**

One of the potentially controversial policy options available for minimising land-use

conflicts is to incorporate buffer zones between an industrial site and the nearest residences. These may be undeveloped strips of land that are wide enough to distance the residences from the most likely offensive emissions from the site, or suitable artificial constructs.

Buffers can be included in the planning for different types of operations and for different purposes. For example :

- (a) A proposal for a hazardous chemicals facility may include a sterilised zone around the site whose width is based on a quantitative assessment of the level of risk posed to its neighbours from fire, explosions or toxic emissions. The planning authority should negotiate with both the proponent and the local community to obtain agreement on what is an acceptable level of risk, based on internationally accepted best science, before incorporating the requirements for separation into the approval for the activity.
- (b) An open-cut mine that uses explosives in its operations must be able to predict the off-site impacts from air-borne particles, dust, noise or destructive vibrations on its neighbours, or even on passing traffic. A separation zone must be established that ensures no-one is struck by high velocity material projected from the site.
- (c) When pesticides are sprayed aerially onto agricultural products, the operations should be designed so that there is no contamination of local residents. Not only should crops be grown a suitable distance from the residences, but the pilot should not proceed unless he can predict the wind patterns and ensure that spray-drift will not reach people or their dwellings. In this context, the buffer zone is both a physical separation and a computed management practice.
- (d) Even well-run piggeries or poultry farms that incorporate management practices to restrict the escape of odours can still offend their neighbours who are down-wind. But the very subjective nature of the circumstances under which odours are unpleasant to the human nose makes determination of whom will be affected, and when, difficult to predict. Buffer zones may or may not be helpful.

The use of buffers in these circumstances to protect nearby urban settlements involves a simple logic, but nevertheless can create a number of complex issues.

Firstly, there may be considerable disagreement in a local community over who should own the buffer strip and meet all of the on-going costs associated with it. Industry may argue that local communities should assist them with their move into a region because of the economic benefits that will accrue, and this should take the form of financial support and a willingness to

accept the environmental changes that may result. Secondly, and not surprisingly, the cost which may be incurred by industry in creating a buffer may be greater in more intensively urbanised areas because the land they will require will be more expensive. Inversely, the need to mitigate the impacts will also be greater than for more open spaced areas because more residents are likely to be impacted by any off-site emissions.

But some requests by industry can stretch the willingness of the local community to offer support. A large poultry hatchery may, for example, require an exclusion zone with a radius of

5-10 kilometres to prevent transmission of infectious diseases to the vulnerable chicks. The poultry producer may have chosen the region because of the logistical advantages it offers (eg rail transport; available water supplies etc) and the town may need the economic boost. Understandably, however, the local Shire Council may face opposition from the rate-payers of the town who are being requested to sacrifice a substantial area of potentially useful land for the project, without the ability to foresee either the long-term implications for the future urban expansion of the town or its ability to attract other commercial or industrial initiatives. The grounds for a conflict are therefore laid out very clearly.

One argument mounted against a planning authority sterilising land around an industrial site relies on the assertion that such an intervention would conflict with the modern principles of international environmental law that support the user-pays principle. In effect, this requires that the true costs of production clearly reflect all externalities. This principle is now reflected in the increasing trend for companies to prepare 'Triple Bottom Line' reports on their operations (ie which publicly document the true environmental, economic and social outcomes of the activities of the firm). Whether or not statutory requirements to report on this will enhance the move, such as included at s. 299(1)(f) of the Corporations Act, is unclear.

It is possible however, that the decision for Australia to move to the accounting framework of the International Accounting Standards Board in January 2005 could eventually increase the momentum. The long term implications of this change for Australian business are yet to be clarified, but there are pressures in Europe and the United Kingdom for the wider use of the Balance Sheet to better describe contingent liabilities arising from the non-financial considerations of all corporate entities.

Together, these moves could drive the debate over the long-term in favour of clean production that has no residual off-site impacts. This will be important at locations where a proposed industrial activity will need to compete openly in the market for access to prime land. Full disclosure of all of the off-site economic impacts would therefore weight the approval decision in favour of proposals that do not create any offsite impacts, but in the meantime, measures need to be taken to protect the environment and social amenity from the inevitable impacts of potentially offensive industry. The establishment of buffer zones based on contemporary scientific principles appears to be one of the few options available.

## **4.2 Rezoning**

Industry tends to be confused when it enters in good faith into agreements with planning authorities over the siting of a proposed operation, but then watches as future planning decisions progressively erode the intent and implementation of the agreement. The confusion

is heightened where the planning authority has publicly welcomed its arrival and publicly accepted the mix of land-uses that will exist around it on behalf of the community.

Such an agreement is ignored for instance, where the nearest urban settlements intensify or expand towards the industrial facility, causing the planning authority to come under pressure to alter the zoning of the land around the industrial operation to cater for the urbanisation agenda. This is often driven by the ability of residential subdivisions to outbid any other competitors in the market for access to the land, or even by some in the Local Council who wish to capitalise

on the increase in the revenues from the residential land-rates that will follow. But to do so means the planning authority may walk away from agreements with the industry that led it to invest substantial capital.

In time, the new residents who are now inappropriately close to the well established industrial site express their displeasure at their loss of amenity, and call for its closure. They will have a natural wish to see their living-space evolve to be more aesthetic and environmentally diverse, and correctly argue that the industrial facility has no chance of being upgraded to a level that will make it compatible with their view of what modern urban life should be like. Underpinning the argument is the belief that they will not be unfairly jeopardising the long-term business viability of the firm who runs the facility, because it will have the opportunity to cash-in on the substantial capital appreciation of its land when it moves to a cheaper alternative location. And perhaps this is not an unrealistic expectation in many circumstances noting recent land-price increases in many urban areas of Australia.

Regrettably, however, not all industrial operations have the ability to 'pack up shop' and re-create themselves somewhere else. Business competitiveness in a dynamic market can be influenced by a wide-range of variables, some of which may be difficult to identify elsewhere or at the least, difficult to manage cost-effectively. Natural commercial advantages such as ready access to heavy rail to transport-in production inputs and transport-out finished products may be difficult to find in areas that also have suitable access to key factors of production such as water, energy and skilled labour. The opportunities may be less if the aim is also to transfer the products to a shipping port for global markets. Just-in-time manufacturing practices may make it advantageous to be located near suppliers of critical inputs, while the need to maintain a competitive spot in the market may rely on the operations being located near the major customer.

Faced with these issues, the company's management may resist strongly any land-use changes that threaten the firm's viability, so providing a clear pre-requisite for a long-term and perhaps bitter land-use conflict.

There appears to be no reliable data that describes how many profitable businesses have suffered or have closed under this type of pressure, and it may be impossible to ever estimate the figure. Businesses that are failing to compete because of a range of unrelated commercial reasons can find overpowering "sovereign risks" a good excuse for closure, and this an excuse that is ripe for media exposure. It is nevertheless clear that pressures have been placed on established industry to leave commercially competitive locations, and this has been placed in the absence of any cogent industry policy. The current residential property-boom in many accessible coastal locations provides an acute example of the effects of rapid changes in the

demand for land that is also desirable for multiple commercial and industrial uses and even for processing exports. Here, the capacity-to-pay of the urbanisation agenda has converted the many multi-use land parcels into monoclonal building sites without consideration of the strength of the arguments favouring the alternatives.

This concern was stated at the outset of the paper. It is important for the long-term health of the Australian economy that opportunities be provided for industry to capitalise on whatever natural advantages it can capture to be competitive, and especially if the aim is to export high-

value-added outputs. Any steps taken by planning authorities to reduce business diversity or competitiveness would appear to conflict with this goal, and should only be pursued after a full cost-benefit analysis (CBA) demonstrates the greater benefits of alternative land uses. Unfortunately, CBAs relating to land-use decisions are usually weighted to consider local costs and benefits, and long-term national economic elements are rarely taken into account.

The manner in which planning authorities allocate land can have much wider implications for the community as well as for industry.

Scenarios frequently occur where local communities suffer considerable distress when they learn of a proposal for a development to occur in their area if they perceive it will substantially alter the lifestyle they have built and which they want to see preserved. Modern approaches in law and politics respect their concerns, and an array of mechanisms exist around the country for ensuring these are voiced clearly and addressed comprehensively, fairly and justly.

Experience also shows that a key target for their objections is the public representative of the proponent firm, and this is logical if he or she is presented as the decision-maker who is consciously choosing to violate the living spaces for corporate gain. But whilst this is understandable, it is also simplistic. In practice, it is the community's elected representatives who decide the land-use patterns in their area - be they at the local, regional or State level.

They, at some time in the past, used the discretion provided under relevant laws to zone the offending sites for industrial purposes. Industries that move there merely responded to a form of invitation to establish their operations at the locations that were zoned for them. One assumes that the decision was taken after appropriate consultation with all potentially affected parties that included the surrounding communities, before the zoning occurred. Industry therefore finds it difficult to understand the intentions of the planning system when they propose a project that complies with the zoning and meets the key scientific and social assessment criteria relevant to the proposal, but which is still rejected.

The need is therefore clear for considerable further work to be done at the strategic assessment stage before parcels of land are zoned for specific uses, and this must take account of any potential impacts on the types of occupants of neighbouring lots, be they currently in place or expected to arrive in the future. It is important that the debate over any possible conflicts be held early with the community, and not later when industry seeks to pursue operations that are consistent with the requirements of the zoning specified.

### **4.3 Transport implications**

Historically, heavy industry often chose to locate close to coal mines or other bulky goods to improve the security of supply of its energy or other production inputs and to minimise the costs of their transport. As its demand for labour grew, urban settlements around the factory also grew, and in some circumstances housing were supplied by the company. Travel to work was therefore minimal and strongly knit communities developed with a focus around their major employer.

Eventually, industries failed to compete in changing markets or needed to relocate to capitalise

on other competitive factors, and the factory sites became abandoned skeletons. Equally as painful was the collapse of the local employment and commerce that had depended on its operations. In some cases it took generations for the villages to be rejuvenated, either by those who came to work in new business opportunities that arose in the area, or because the village became a satellite of another growing region with which it shared efficient transport links. Urban planners can therefore be justified in their scepticism about linking any urban growth the fortunes of one or two employers or even of an industry sector. Modern approaches therefore focus on encouraging diversified commercial and industrial centres that can adapt to down-turns in, or fundamental changes to, the economic fortunes of any single player.

On the other hand, large industry now must pay considerable attention to the costs associated with moving its inputs and outputs. Transport costs can represent a significant part of the total expenses of an operation, but as well many customers rely on just-in-time management practices that require efficient and secure supply arrangements. A facility that is poorly sited can face substantial costs in moving goods in and out, and may need to operate 24 hours a day to meet the needs of its key customers. The movement of trucks or trains past an urban centre can be particularly disruptive to the residents, and especially throughout the night, so there are logical pressures on industry to divert trucks to alternative routes or restrict truck and train movements to acceptable hours.

Complaints are made that either manufacturers or mine operators, as examples, are grossly insensitive to this form of land-use conflict when they choose where to locate their operations. It appears however, that these accusations could be targetted equally as fairly to many a residential developer who market plots of land for housing that face directly onto a heavy transport corridor (be it road, rail or shipping). Building orientation and structural designs for residential accommodation should take into account the fact that established transport corridors will be used exactly for this purpose and incorporate approaches which eliminate the need for residents to target the industrial production that relies on these corridors for the viability for its viability.

#### **4.4 Water management**

One essence of a viable urban community is the provision of safe and reliable drinking water, and the safe and environmentally acceptable disposal of its wastewater. In the past, many an offensive industry paid little regard to the impacts that they had on downstream water users, and the global literature contains too many stories of townspeople being irritated, infected or poisoned by the negligence of an upstream industrial neighbour. Fortunately torts law evolved into the current body of pollution control legislation, and this has proven to be very effective in preventing such miscreance by point-source polluters, if not necessarily their diffuse-source



counterparts.

The outcome is that in modern OECD countries, there is no excuse for the contamination of drinking water supplies by industrial point sources. Health, environment and planning regulators are overtly lacking if they fail to ensure compliance with contemporary standards for the protection and management of drinking water systems and natural waterways in their catchments.

The debate now in Australia has therefore evolved to focus on the relative levels of access that are granted to water, and the price that industry, farmers and urban residents should pay for its supply. But even this should not be a challenge to sustainable secondary industries. Many operations are serviced by reticulated systems that are managed by urban water authorities, so

industry pays a premium that is substantially greater than the price paid by high volume agricultural users. In addition, industry uses relatively smaller volumes so are generally not in competition with urban residents, not the least because modern operations have some form of recycling in place as a cost-saving measure. This can take a number of forms, but usually recycles the dirtier water is to the dirtiest steps in the production cycle, and reserves the smaller volumes of the clean water in-take for the finishing stages.

Once again, management of the water demands demonstrates how proper planning can prevent land-use conflicts between industry and urban residents. The techniques for predicting the levels of water used by each under different climatic and environmental conditions are now sophisticated, and models are available for high-use industries such as some sections of the food industry, to determine how they can reduce their demand without loss of productivity. Conversely, poor planning, such as allowing urban expansion before conducting a water-balance and assessment of future demand, can be equally as threatening for the industries located in the catchment as it is for their residential neighbours.

Therefore, this submission does not identify water management as a potential source of land-use conflicts for sustainable industries that have invested sensibly in its protection. But it nevertheless recommends that the Inquiry bear in mind the need for proper planning of the water demand whenever urban expansion is contemplated, since and over-zealous increase in the residential demand can present a substantial threat to industries served by the common supplier.

#### **4.5 What is just and fair compensation ?**

One would imagine that if two parties - the developer and a resident for example - can agree that there will be an unacceptable impact from a project, and that the residual negotiations are merely over the quantum of the compensation that is due to the resident as a result, the issue is largely resolved. And so it is in many circumstances, because there are tribunals in certain jurisdictions charged with the responsibility for making independent assessments of these types of claims based on open rules. This is not to say that either party will automatically be satisfied with the outcome, but at least there is a mechanism whereby both can seek satisfaction.

In other cases, the resident may be very bitter about being pushed out of their domicile by a corporate bully. They see their home as the spot where they not only have created their comfortable and secure living space, but where they have built a network of family, social and business contacts that they may find impossible to recreate elsewhere. They therefore expect the compensation to be far greater than the mere market value of their house and land, and this is highly logical. It is even more so when they calculate that the amount they will be paid is a mere flyspeck on the Balance Sheet for the company proposing the development.

Some corporations display admirable sensitivity when they encounter distressed home-owners who will need relocation, and work credibly to assist them to re-establish. Others may have the intention of acting fairly but become very concerned about setting precedents if they overcompensate. More than one developer has been targeted by residents who are highly unlikely to experience any disturbance from a project, but who perceive the new arrival to be a cash-cow, or able to provide the opportunity to offload their property so they can move to the alternate location they have always coveted.

These examples merely prove the wisdom of jurisdictions establishing independent, objective and transparent appeal processes where each case can be heard on its merits. It is possible to outline helpful rules for each party to consider - such as the market value of the property being that which prevailed prior to the announcement of the intention to build the industrial facility, and not after it. But proponents can also assist their case by providing financial assistance to distressed residents to obtain their own independent legal advice. This can encourage the issue to be debated under the rules of the land, and not on the perceptions of either side about what these may be.

## **5. NEGOTIATIONS WITH THE COMMUNITY**

As implied in the previous section, modern and socially responsible industry policy includes, as a high priority, the obligation for a firm to consult with appropriate stakeholders when it proposes to instigate land-use changes that could generate adverse impacts upon them.

This considered an automatic requirement for a socially responsible organisation. In addition, State-based Courts and Planning Tribunals have often upheld arguments against Development Applications, where a stakeholder has been able to demonstrate that he or she was not provided with an adequate opportunity to comment upon the effect of the proposal on his or her interests. It is also important that these occur a suitable time prior to the relevant planning approvals being granted by the appropriate level of Government.

A wide range of government agencies, industry associations, issue-specific interest groups and academics around Australia have published guidelines or opinions that include how proper

stakeholder consultation should be conducted, and these describe contemporary approaches to identifying :

- who should be consulted;
- at what stages in the preparation of the proposal the consultations should occur;
- how the meetings should be managed and reported upon; and

- what types of feedback and responses should be given to the stakeholders, and when.

Overall, they advocate that the proponent adopts common-sense principles such as transparency, comprehensiveness, adaptability and natural justice, and of course extend simple courtesies to assist all dealings with stakeholders to be productive. An organisation involved in industrial or infrastructure development is foolish not to give this part of the project their full attention, and to ignore it is indefensible.

Unfortunately, implementation of these principles can be more complex for both the proponent and key external stakeholders. There has been a number of protracted disputes in Australia between companies and local communities, or between companies and interest-groups such as an environmental lobby organisation, over controversial development proposals. With some, the companies driving the project have presented poorly conceived proposals that risked damaging the environment or treading heavily on the rights of the local community. In doing so, they did a disservice to their firm's reputation, that of their industry sector as well, and probably to any future moves towards economic development of the region involved. Yet other circumstances have occurred where companies have proposed reasonable projects, but have failed to communicate their intentions to those most likely to be impacted and have suffered an understandable backlash.

Of greater concern to industry is the likelihood of a third outcome where the proposal is meritorious against the key economic, social and environmental performance indicators; where the proponent invests heavily in a structured and open consultation strategy; but where narrow interests in the community hijack the debate for personal gain or because they appear to have a distorted view of what is appropriate for the circumstances in question.

It is difficult to identify how many valid and high quality projects have been shelved over the past 10-15 years because of irrational opposition from a politically-active or litigious minority who have vested interests that run counter to those of the broader community involved. It seems that if they know how to mobilise effective opposition, they do not need science nor justice to support their perceptions, but merely a good understanding of the prevailing political or legal processes to stifle a proposal.

Companies fortunately often select more than one site when choosing where to locate their developments, so many simply move to their second option if their first choice fails. But this often occurs only after they, the interest group involved, and even the planning authority as a third party have incurred significant costs. In addition, the second location may not offer similar environmental sustainability or financial advantages, but may be preferable purely because the company is able to work more productively with the new community.

One of the lessons from this is that broad principles can be successfully recommended to industry on how to engage the community openly and fairly in discussions over the changes they wish to make to existing land-use patterns. These are however, insufficient to guarantee that even if best technologies and management practices are included in the proposal, the project may nevertheless be unacceptable to the local community. This appears to arise because the lack of an objective method for calculating and negotiating the costs and benefits

of a proposal in a way that is acceptable to both sides of the debate - even if each were to have access to perfect information about any off-site impacts (which is rarely the case).

Debate on the issue therefore frequently condenses to what is 'in the public interest', but only Courts of law or statute-empowered land-planning tribunals appear positioned to make case-by-case decisions on how the tests for this should be met. This often fails to offer industry the certainty it requires before making substantial and long-term investments. There therefore seems to be considerable scope for policy guidance on how best to clarify the rights and obligations of both industry and community stakeholders, even if one objective is to merely to

minimise a transfer of wealth from both parties to the legal profession.

One point made earlier is repeated for emphasis, and that is the *proviso* that it is only the concerns of the highly socially and environmentally responsible firms that are being exemplified in this discussion. Many others push claims for their right to develop a project to boundaries that communities find difficult to understand or accept, and especially if the proposal relies on emerging engineering or science to underpin its case. Other firms may make proposals that appear sound on the surface, but further inspection of their claims may show a history elsewhere of a failure to deliver on past promises, or evidence questioning the reliability of the steps proposed to protect against off-site impacts. Whichever caveat applies, the firm who displays these weaknesses can stimulate a distrust of their intentions, and this may attract the sympathy of the planning authority who must make the decision on whether or not to recommend the project for approval.

## **6. LINEAR INFRASTRUCTURE DEVELOPMENT**

Land-use conflicts are not confined to the impacts of single-site industrial developments on their neighbours. On many occasions, communities have challenged infrastructure developers such as government utilities, local councils, or private firms constructing or retrofitting infrastructure to distribute water, sewage, gas, electricity or telecommunications services through established urban areas; or building new roads, rail lines, airports or waste management facilities. Some facilities, such as a sewerage treatment plant or solid waste processing centre, may be proposed for a single site and hence generate similar concerns in the community as a localised industrial activity. More visible however, are proposals to build longitudinal infrastructure such as pipelines and transport networks that traverse multiple suburbs in a city or multiple towns in a region.

The types of impacts that can be suffered by urban residents include noise, dust and vibration during construction, or problems from noise, lighting, air quality or visual aesthetics after commissioning. However, whilst the nature of these may be similar to the impacts caused by a single-site industrial operation, there are nevertheless a number of ways in which they differ as well.

Linear infrastructure development can require the Government-sponsoring agency to gain access to all or part of a private property that lies in its path. Limited route-selection options may make this unavoidable, so the proposal can cause notable changes to the social and business structures of the local communities affected. This can create greater uncertainty and emotional distress in the community than the subsequent environmental and amenity

disturbances that may accompany the development. As a result, experienced agencies and utilities usually have sophisticated community consultation and response processes in place, as well as statute-backed obligations to offer equitable compensation for people who are to be approached to release their land and to relocate their residence or business.

Community pressure in the past has also served to alter the manner in which major infrastructure proponents respond to issues raised by those in the community who will remain in the area and live along the path of the development. Many proposals have been substantially modified as a result, but there have also been circumstances where the

proponent has acknowledged that the outcomes have been superior from their perspective as well.

There is evidence however, that the initial moves towards the provision of infrastructure through the use of Public Private Partnerships (PPPs) were not as sophisticated. The techniques that are needed to describe how a private consortium can adequately

replace a Government agency in negotiations with the community are still evolving. Notwithstanding, the consultations can be difficult when the company is faced with the chore of explaining potential disturbances from a project whilst at the same time as agreeing that their goal is to profit from what was previously provided as a public benefit.

PPPs can vary in design that depend on the nature of the contractual agreement between the government agency who initiated the development and the commercial consortium involved. Important aspects of the agreement can include the level of up-front Government funding offered for the project; whether or not the assets created eventually transfer to Government ownership; or if the prices charged by the private operator for the public's use of the service will be regulated by Government.

The contract may also deem that all negotiations with the community are to be organised by the commercial consortium who wins the tender, and that they are to meet the costs of any subsequent modifications if a fixed-price project has been negotiated. Not surprisingly, the consortium can be expected to view changes nominated by the community in a different light from a Crown proponent, who has the option of inviting their Minister to return to Cabinet for the budget to be augmented. The sovereign risk inherent in the project is therefore influenced by questions such as whether or not the community has access to the Courts to prevent the project proceeding, or if the Government partner has a superior status in the contract that can override the design or operational decisions of the consortium.

Questions have also arisen if it is the Crown or the private partner who is accountable for any breaches of environmental or planning permits, and especially if these can be traced back to stipulations in the Tender documents that included faulty design features. In practice this is an issue that needs to be resolved on a case-by case basis by negotiation between the Crown-agency initiating the project, the private consortium and the regulator who is seeking to enforce performance against the specific approval or permit. But it becomes an issue for the community if they pursue action to prevent an annoyance or environmental threat from the operation of the infrastructure.

With some of the larger and more controversial PPP projects, community members who have had a grievance about the management of a facility have found that they have been caught in a circular debate over who is responsible for spending the money needed to correct a fault. Examples include residents who have been exposed to poor water-course management where the landscape was altered by a new freeway or railway; concerns about electronic interference from incorrectly positioned high voltage installations near residences; or annoyance by dust or vibrations during the construction stage of the project.

This submission does not imply that PPPs are inappropriate for providing or operating major infrastructure facilities in Australia: quite the contrary. Experience is showing that professional consortia can access the international capital and technical expertise to implement world's best practices, and to do so cost-competitively. The issue that the Inquiry may choose to consider is whether or not the PPP model that is being followed in Australia provides the necessary checks and balances to provide potentially affected communities with adequate opportunities for recourse where design inadequacies or system failures only become visible some years after commissioning. In particular, it could question if the accountabilities of different parties to a project are explicit, and how remedies are to be effected by the relevant decision-makers when corrective actions are required.

If the Inquiry considers the approach to providing productive and sustainable urban outcomes is maturing, then it may find it useful to identify exemplar policies for all jurisdictions to emulate when negotiating future partnerships. Should however, it consider that the model has weaknesses, the future of private investment in public infrastructure could be facilitated if these are discussed openly and improvements proposed.

## **7. POSSIBLE SOLUTIONS**

The tenor of the discussion so far appears to imply that there is little hope that future industrial expansion can cohabit harmoniously with modern urban communities. It also implies that industry will need to be quarantined to areas that don't interfere with the enjoyment of the contemporary amenities expected by urban residents. Both are incorrect. Fortunately, there are now examples in Australia where skilful facilitation between the two sectors has led to outcomes that have suited all parties, either for the development of greenfield industrial sites or for the retrofitting of older operations. This section looks at some of the approaches that have been used successfully or are currently being developed.

### **7.1 Greenfield development sites**

The first approach that has widespread application is the creative use of buffers, notwithstanding the criticisms identified earlier about their role. Buffers can be useful where the offsite impacts are limited in their dispersion, or are not hazardous to the residential neighbours. In some circumstances, planning authorities have allocated parcels of land for this purpose and undertaken to manage it with on-going funding from the developer. These have included cases where ecological conservation areas or multi-purpose parklands have been created around an industrial site in an urbanised zone. The effect has been that the nearest residences are not only protected from off-site impacts, but are also provided with a vista that is far more pleasant than the factory fence.

Another approach has been to re-design land-use patterns so that the zone between the nearest resident and the industrial site is occupied by small and inoffensive business operations. These are not only more benign to the residents of the area, but may also obtain commercial value from providing production inputs to the major industrial facility. Small factories, foundries or warehouses may be able to utilise the infrastructure established for their larger industrial neighbour, such as enhanced access to heavy transport or augmented power supplies. They are also less likely to be affected by noise and odours from the site - especially if they generate their own - nor to operate at night when some impacts are more severe.

The integration of different layers of industry in this fashion leads to the next level sophistication in buffer management. This involves the design of eco-industrial parks that focus on optimising as many of the needs of industry as possible, whilst being designed to constrain environmental impacts within the boundary of the park. If sited correctly, these can capitalise on:

- inherent features of the area that mitigate noise transmission or visual impacts  
(for instance strategically locating the activity near hills or heavily vegetated areas);
- allow for the design of dedicated rail or road transport corridors that separate freight from light vehicles;
- permit natural wildlife refuges and corridors to be protected or enhanced by artificial structures;
- allow for improved security management.

Eco-industrial parks also allow for more effective energy and greenhouse gas management, and this can be particularly important in areas where urban growth may compete with industry for secure energy supplies. They can provide :

- the ability for strategic energy demand management programs to be put in place, and especially at times of peak loading if it is possible to synchronise the operations of the different participants;
- for more effective long-term planning of the supply of peak-load electricity to the region by very high voltage transmission lines. The concentration of heavy users reduces the total length of high tension lines to be distributed throughout the region;
- for capital investment in co-generation to be more cost-effective by eliminating the need for energy inputs and outputs to be transmitted cross-country between the partners to supply/purchase agreements. This will become important as the greenhouse debate accelerates, and heavy energy users are pushed to use local sources of energy in place of the cross country transmission of fossil fuel- derived electricity that suffers losses in transit. (Note that there may not be similar advantages for electricity generated in renewable energy systems, because this is most likely to be sold into the grid to attract top prices at times of peak demand).

If established properly, these centres allow the quality of life for the surrounding residents to be improved substantially. It also allows the growth of the urban area and tertiary commercial centres to occur without creating a threat to the long-term viability of the industrial complex (for the reasons discussed earlier). This in turn can provide dividends to the industry if it is to have access to innovations in technology and management practices from tertiary centres such as universities, and a local supply of an educated and skilled workforce.

## **7.2 Integration into existing urban areas**

Unfortunately the opportunities to construct greenfield sites are becoming less as the competition for prime land increases. Manufacturing and mining industries not surprisingly face limited options because of their need to access a range of production-specific factors, or even their wish to capitalise on the location of existing networks of important customers or suppliers. Many of the regions dominated by mining or manufacturing have also needed to undergo substantial improvements to ensure that their residents and industry's employees are provided with a standard of living that matches the newer cleaner and greener regions that may be competing for labour for their economic growth.

A variety of approaches have been pursued around Australia to manage these urban renewals. Some have been more successful than others, but all have needed to address the specifics of the local industry, the surrounding natural environment and the preferences of the local community. There are however, a number of case studies across Australia that could be considered as exemplars, and one of these is quoted below purely to demonstrate the issues involved.

The model selected in this submission for harmonising industrial growth with an active urban renewal program is that being pursued in the Newcastle area on the central coast of New South Wales. A key objective of the program to maximise the productivity of the extensive infrastructure that is in place to support one of the major shipping ports in Australia, whilst also capitalising on the physical infrastructure and social capital which supports a diversity of locally-based large and small industries.

The natural competitor to this expansion is the parallel growth of Newcastle as a retail centre. The town occupies a position of central importance to an extensive tourist zone that takes in a prized strip of coast and the vineyards of the Hunter Valley inland. There is also a credible and growing university in the town. The social planners are therefore acutely aware that further expansion of heavy industry could conflict with the growing pressures for the region to move away from its 'smokestack' history, and instead build on the newer and aesthetic tertiary sector of its local economy.

In order to provide a more balanced direction for the region, an interim body has been established to assume stewardship of a portfolio of industrial land that is to be available for future application. It has also been chartered to allocate the portfolio so that there is a balance of the environmental, social and economic outcomes that will be widely accepted by all stakeholders. This organisation is the Regional Land Management Corporation Pty Ltd, which



is run by leading business personalities from the area and chaired by David Evans, the CEO of Hunter Water.

Nevertheless, the challenges facing the Corporation are substantial. Firstly, there is a need to consider the limitations on the growth of future energy supplies to the region because of the, upstream chokes in the electricity transmission network to the region. These will need to be corrected if outages are to be prevented at times of the day when peak residential use may compete with heavy industry for electricity. Secondly, one of the intrinsic values of the area is the sophistication of the shipping port that is, and has always been, a major feature of the town.

The port is currently the gateway for substantial flows of both exports and imports, the first of which is vital to the national economy whilst the latter appears to support the growing diversified industrial base of the region.

But moves to increase the capacity of the port are also a source of a land-use conflict for two other reasons. Firstly, the topical explosion of interest in coastal living is generating unparalleled demand by residential developers for any parcel of land that has an ocean vista, and this includes the foreshores of the working Newcastle port. Unfortunately, the flatness and openness of the water body in the harbour makes it a very effective transmitter of industrial noise, even from industrial sources a considerable distance away. So proposals to enhance the shipping activity around the harbour appear to be in direct competition with proposals to provide an increasing number of residents with sophisticated high density accommodation that is built around an aquatic lifestyle.

The second concern is that a high volume export through the port is coal from the Upper Hunter Valley mining industry. This requires very long coal trains or large numbers of coal trucks to enter the port area, and substantial storage piles to ensure that the loaders can work efficiently when a ship is to be filled. To many people, and especially newer residents to the area who did not grow up around a working port, black coal is not an attractive feature of a city landscape, be it on the ground or in-transit. The future expansion of the port therefore implies an increased capacity to receive and handle more of this aesthetically undesirable commodity.

It could be argued that the future management of this port offers as exciting a challenge as any other area in the country. As stated in the introduction, this submission subscribes to the thesis that Australia's future economic health will be heavily influenced by its ability to support industry to function competitively and export its products. If so, then projects such as that undertaken by the Newcastle RLMC to optimise competing growth pressures will be vital to the outcome. The Inquiry may therefore care to consult the Corporation to obtain further information on how it will be addressing the land-use conflicts described.

## **8. RECOMMENDATIONS**

This submission discusses examples of the key issues faced by major industrial and infrastructure developers in obtaining investment certainty from the variety of land-use planning approval regimes in place across Australia. It focusses on the circumstances faced by firms who propose changes that could impact on the quality of life experienced by nearby urban or rural residents, but addresses only those faced by proponents who demonstrate a

strong commitment to be socially responsible and environmentally sustainable.

The submission argues that substantial economic benefits can accrue to Australia from providing a land-use planning policy framework that encourages a diverse industrial mix with a strong supporting infrastructure. If so, the Inquiry is invited to consider what steps governments at all levels should take to harmonise the interests of the proponents with those of the residents who will experience the changes. The preceding discussion in the submission identifies seven recommendations for consideration of the Inquiry as follows:

IT IS RECOMMENDED THAT THE INQUIRY CONSIDER AND REPORT UPON:

1. which of the various planning and environmental regulatory frameworks in place across Australia offer a suitable level of certainty to industry when it plans capital investments in major new projects, or expansions of existing facilities.
2. which aspects of the preferred approaches so identified simultaneously provide potentially affected urban residents with a suitable level of confidence that they will have adequate opportunity to provide input to the approval process, and to ensure that their interests are properly taken into account
3. which approaches provide the best opportunity for the true costs and benefits of proposed land-use changes to be assessed and weighed objectively - and especially taking into account the trade-offs faced if local objectives seeking to preserve an existing community structure or lifestyle are found to conflict with those that contribute to nationally sustainable economic growth.
4. the relative merits of authorities pursuing master-planning strategies that favour urban communities being geographically separated from employment generating industrial sites, over policies that harmonise their integration.
5. the features of the policy and statutory frameworks across Australia that support urban expansion in a way that consciously or indirectly impedes opportunities for sustainable industrial or infrastructure developments which could offer employment generation and economic growth.
6. the approaches that should be pursued by proponents of new projects to ensure fair and just compensation is offered to residents who could be expected to suffer a loss of amenity, and how this should be underpinned by legislation and enforced by planning authorities.
7. the extent to which the Inquiry considers that the use of Public-Private-Partnerships adequately protect the rights of the communities their infrastructure projects impact upon, Consideration should also be given to the adequacy of the avenues that are made available to the community for later recourse if the undertakings given by the PPP relating to the sustainability of the development do not materialise in practice.

## **9. FURTHER READING**

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The following documents are considered useful as background reading to the preceding discussion clarify the statements made. They represent a minor subset of the hundreds of papers and reports that have been produced in Australia over the past 2-3 years on the topic of industry and infrastructure sustainability, so merely provide a guide to the literature that could be useful for further analysis of the topic

**Sustainability: A guide to Triple Bottom Line Reporting.** Produced by the Group 100 (an association of Australia's senior Finance Executives ([www.group100.com.au](http://www.group100.com.au))). 2003

***Environmental management accounting - an introduction and case studies for Australia***  
Produced by Environment Australia EPA Victoria and the Institute of Chartered Accountants Australia February 2003

A contemporary analysis of the way in which corporations can be expected to report on the true costs and benefits of their operations

***The Western Australia Sustainability Strategy: A vision for quality of life in Western Australia*** WA Premiers Department, September 2003

Provides a comprehensive comment on the key issues influencing quality of life considerations and sustainability in WA, many of which are readily applicable to all parts of Australia

***Health impact assessment guidelines*** September 2001, Commonwealth Department of Health and Aged Care, Canberra

***Environmental Health risk assessment guidelines***, June 2002 Commonwealth Department of Health and Aged Care, Canberra

***Trends in Australian Manufacturing*** , Productivity Commission August 2003, Canberra

***Australian minerals industry Code for Environmental Management, February 2000***  
Provides a statement on how the minerals industry interprets its obligations to address its environmental performance and public accountability.

***World Business Council on Sustainable Development***, Geneva  
Refer to <http://www.wbcsd.org> as the entry portal for a wide range of papers addressing the core issues facing industry throughout the globe.

***Gas supply and demand in Australia 2019-2020*** ABARE Economics Canberra August 2002. This report discusses the nature of the increasing demand for energy to be available and the options available for addressing this.

***Towards a truly national and efficient energy market*** (The Parer Committee Report)  
Canberra January 2003.

A wide ranging analysis of the key issues facing future energy supplies in Australia and the approaches that should be followed to address these.

