

HOUSING TO THE RESCUE: RESPONDING TO ECONOMIC RESTRUCTURING IN SALE

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Statement of authorship

I certify that:

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- c) the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program;
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Signed

A handwritten signature in black ink, appearing to read 'J. Pullman', is written over a light yellow rectangular background.

Jason Pullman

Date 19 /11/2010

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Glossary of abbreviations

C12	C12 Planning Scheme Amendment
DHA	Defence Housing Authority
DoD	Department of Defence
DPCD	Department of Planning and Community Development
DSE	Department of Sustainability and Environment (Planning)
ESSO	Eastern States Standard Oil (ExxonMobil)
IDO	Interim Development Order
LPP	Local Planning Policy
LPPF	Local Planning Policy Framework
LRC	Latrobe Regional Commission
MSS	Municipal Strategic Statement
NIMBY	Not in my backyard
PEA 1987	Planning and Environment Act 1987
RAAF	Royal Australian Air Force
SRW	Southern Rural Water
SPP	State Planning Policy
SPPF	State Planning Policy Framework
T&CPB	Town and Country Planning Board
WPS	Wellington Planning Scheme
WSC	Wellington Shire Council
VCAT	Victorian Civil and Administrative Tribunal
WWII	World War II
VPP	Victoria Planning Provisions

Abstract

The population and new dwelling constructions in the Victorian regional city of Sale has declined since the 1980s and Sale has faced great difficulties over the last fifteen years in creating additional employment opportunities. In 2001 Wellington Shire Council prepared the *Sale & Environs District Report*, a local housing land supply strategy that found that there was an undersupply of land zoned for housing purposes in Sale. The housing strategy's recommendations included a planning scheme amendment proposal to rezone additional land for housing on the fringes of Sale. Based on very little evidence, the Sale council responded to the economic restructuring and reduced supply of jobs by arguing that more land was required for housing development to stimulate economic growth. The planning scheme amendment proposal to increase the ready supply of residential land was placed on public exhibition during 2002. In 2003 the Minister for Planning refused to permit the council to rezone the land. This is the background for the principal research question, which asks, "*Why did the key urban land use planning proposal for an increase in available residential land come to be seen as an appropriate response to a decline in Sale's economic growth in the context of evidence that economic development drives housing demand and not the ready supply of residential land?*". This thesis addresses this question by exploring how Sale's local experience with economic development and housing connects to the broader relationship between economic development and housing provision in Australian regional cities. This thesis analyses the regional economic development and housing provision literature through an historical analysis of Sale's complex economic development and housing relationship since World War II. By examining this relationship it is argued that Sale's stagnant economic climate has resulted in fewer large-scale economic development projects being developed since the mid-1990s. This supports the conclusion that the promotion of housing supply by the Sale council since the 1990s was the wrong way to respond to economic restructuring and reduced supply of jobs. A detailed examination of the *Sale & Environs District Report 2001* and its implementation reveals that there was little or no focus amongst most of the actor groups on the broader economic development issues and where Sale's housing market fitted in. The lack of focus and understanding by the actor groups raises important broader implications for public policy makers who hope to use a housing-led response to address economic restructuring and reduced supply of jobs in cities and towns like Sale.

Chapter 1

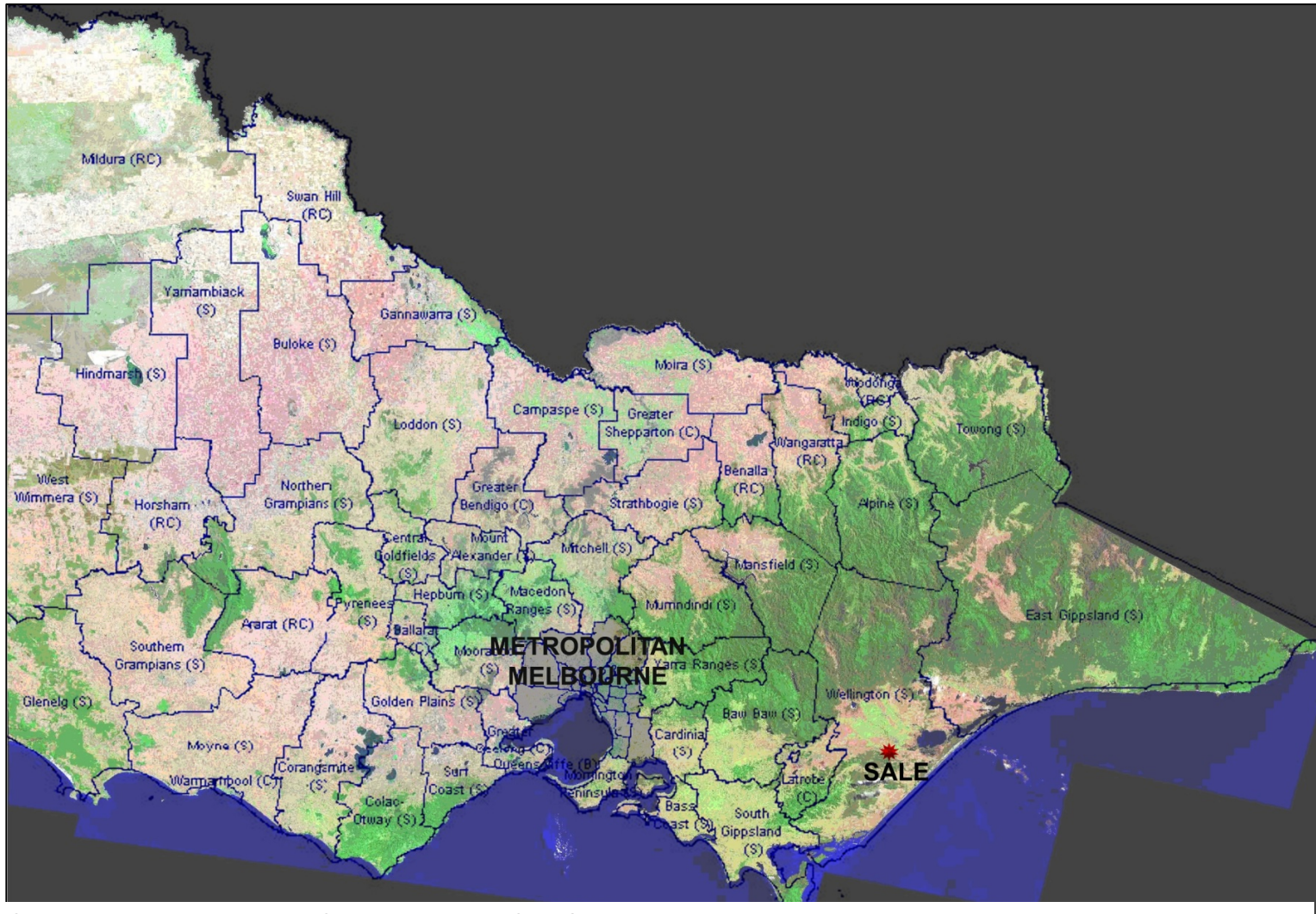
Introduction

Under Section 3C(1) of the *Local Government Act 1989* the primary objective of local government in Victoria is to "*endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions*" (VSG 1989). To meet this objective, local government is often required to use the planning rules set out in the urban planning system. In achieving long term housing outcomes, local government often employs strategic land use planning, which can take the form of local housing strategies and planning scheme amendments to rezone land for housing.

In 2001 Wellington Shire Council prepared the *Sale & Environs District Report*, a local housing strategy that found there was an undersupply of land zoned for housing purposes. The district report was essentially a housing study that examined housing demand and residential land supply in Sale. The housing study recommended new planning rules such as a planning scheme amendment proposal to rezone 56 hectares of farm land for housing on the fringes of Sale. Sale consists of 13 092 people (DPCD 2008) and is currently the main employment, education and commercial centre of Wellington Shire and the central/east Gippsland region of Victoria. Sale is located 215 kilometres east of Melbourne (see Illustration 1.1).

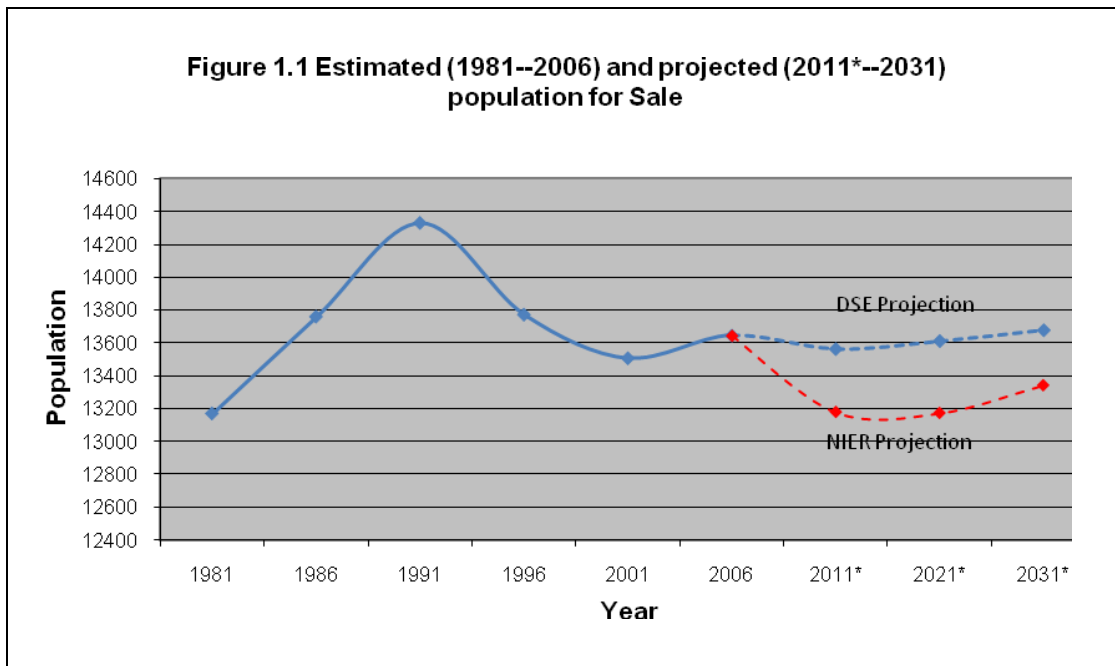
The Wellington Shire Council and the council administration were keen to undertake the local housing strategy. Based on unsubstantiated optimism, they hoped that providing additional land for housing would contribute to economic development of Sale and create additional employment opportunities. They took this position against the background of four underlying population and housing trends: projected population decline; projected increase in occupied dwelling supply due to a shift towards smaller household sizes; real dwelling approval decline; and a perceived shortage of residential land supply.

Illustration 1.1 Sale location map



Source: Base map provided by DVC 2006 and Victorian State Government 2007 showing Victorian local government areas

The population in Sale has declined since the early 1990s. Two population projections by the Department of Sustainability and Environment (DSE) and the National Institute of Economic and Industry Research (NIEIR) in Figure 1.1 suggest that the population of Sale will continue to decline. The population projection from DSE, as shown in the top projection line, indicates no growth in the past decade and that no growth is projected. The lower population projection from NIEIR shows a flattening of the population since 2001 and predicts significant population losses from around 2006 over the next twenty five years.

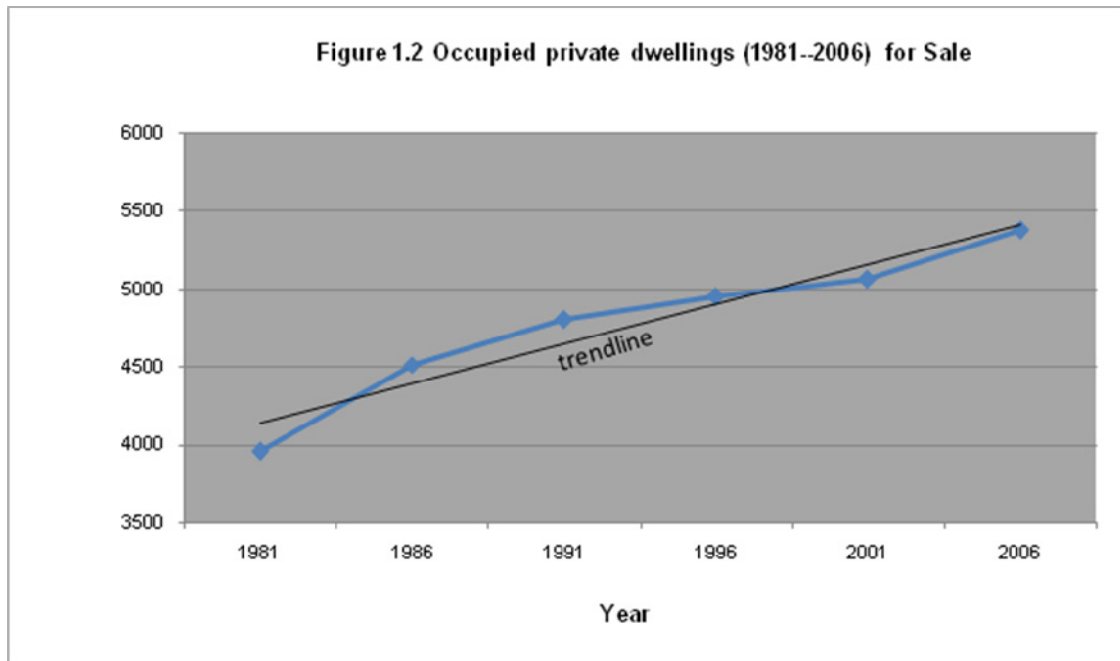


Source: DSE 2004; NIEIR 2004; DPCD 2008
 * Projected population based on historic trends

There was an increasing demand for occupied private dwellings in Sale from 1981 to 2006 (see Figure 1.2). The number of occupied private dwellings increased from about 4000 to 5300 private dwellings over this period. The increasing demand for occupied private dwellings was in contrast to the declining population shown in Figure 1.1.

The increase in the number of occupied private dwellings during a time of population loss in Sale can be explained by a shift towards smaller household sizes. Department of Planning and Community Development (DPCD) figures in 2008 indicate a reduction in the average number of persons per household in Sale from 3.07 in 1981 to 2.35 in 2006. It is expected that the reduction in household sizes may continue. The shift towards

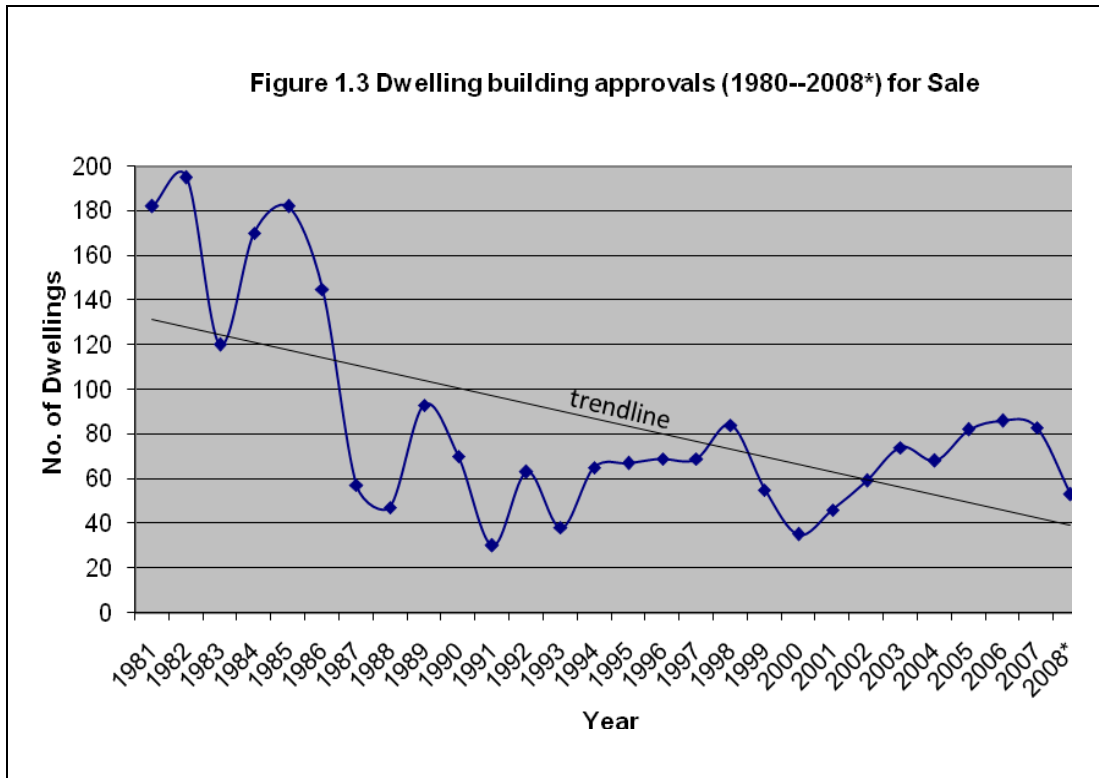
smaller household sizes in Sale has been the main driver of housing demand since the mid-1980s.



Source: DPCD 2008

New dwelling application approvals in Sale has declined since the first half of the 1980s. A trend of a long term decline in new housing development in Sale since the 1980s in Figure 1.3 shows a cyclical process occurring in the new house market indicated by the short term fluctuations in dwelling approvals. The long term decline has resulted from population losses and the slowing of demand for new dwellings in Sale.

It is evident that leading up to the 2001 housing study the population in Sale was decreasing and new building approvals were at their lowest for decades. The decline in resident population and new dwelling constructions was occurring while many other regional cities such as the nearby Gippsland provincial cities of Traralgon and Warragul were experiencing population and housing growth (ABS 2001, 2006; DSE 2004; DPCD 2008).



Source: WSC 2001 and NBA Group 2008
 *53 dwellings approved up until 1 October 2008

Wellington Shire Council was responding to the decline in population and new housing in 2001 by arguing that more land was required for housing to stimulate economic development and to meet the future demand for more occupied private dwellings. Based on very little evidence, a number of council reports argued for a housing-led response to Sale's economic decline (see *Sale Strategy Plan 1996*, *WSC Council Plans 2000–2012*, *Wellington Planning Scheme 2000*, and *Sale & Environs District Report 2001*). The council report that accompanied the *Sale & Environs District Report 2001* stated that increasing the available residential land supply in Sale would:

... have a positive economic and social benefit for the current and future Sale and Wellington Shire community, as the [planning scheme] amendments will enable the recommendations of the 'Residential & Rural Residential Strategy, Sale & Environs District Report, July 2001' to be implemented into the Planning Scheme (WSC 2002:3).

The Minister for Planning in 2000, when approving the new format Wellington Planning Scheme, requested Wellington Shire to undertake a Sale housing review. Before 2000 there had been reports to the Minister from Wellington Shire Council, the community and the Minister's officers that claimed that there was a need for more residential land in Sale. The state planning department initially appeared to support rezoning more land for residential purposes. However, to justify the anecdotal claims provided by council, the local real estate agents, developers and the Minister's officers, the Minister requested Wellington Shire Council to undertake the housing review and proceed with a planning scheme amendment if required.

In 2001 Wellington Shire Council prepared the local housing strategy that found that there was an undersupply of land zoned for housing purposes in Sale (WSC 2001:57). The housing strategy is specifically discussed in some of the chapters of this paper. The district report was done for Wellington Shire Council by this author as a strategic land use planner. The report was one of three local housing strategies prepared for the larger settlements of Sale, Maffra, and Yarram within the Wellington shire. A consistent planning methodology was applied to all of the reports. The planning scheme was the proposed vehicle to release new land and housing as a way to encourage economic growth. The research thesis has enabled this author to reflect on and analyse the political economy around the Sale district report as a university research student. This research has resulted in a rethinking of the local housing strategy work that this author was involved in for some time. The research has provided the opportunity to examine issues in a different way from the experience as a council strategic land use planner.

The Sale housing strategy was identified in the Wellington Planning Scheme in 2000 and in the *2002–2005 and 2003–2006 Council Plans* (or *Corporate Plans*) as a priority action (WSC 2000–2008), so the Wellington Shire Council proposed to implement the strategy by preparing an amendment to the Wellington Planning Scheme to rezone farm land on the eastern urban boundary of Sale to a residential zone. The amendment proposal was placed on public exhibition during 2002. There were many supporters of the council's approach to rezone new land for housing. These supporters included land owners, real estate agents, Wellington shire councillors, and council town planners. However, there were others who opposed the release of new land for housing in Sale and they included

landowners, Victorian planning panels, and the Victorian Minister for Planning. In 2003 the Minister refused to permit the council to rezone the land.

This thesis analyses Sale's economic development and housing provision in two ways. The first presents an *intensive* historical analysis of economic and urban development from the 1940s. The second re-examines *extensive* research of economic development in non-metropolitan cities and towns including Sale. Both forms of research lead to the same finding. The relationship between economic development and housing in Sale after World War II has been that economic development has led demand for new housing. Both forms of research confirm that providing additional land for housing does not lead to new economic development.

Analysis of regional economic governance policy approaches to developing Australian regional towns is a starting point for the answer to the primary research question in Section 1.1 of this chapter. Within this analysis three regional economic governance policy periods are identified: *old style regionalism, new localism, and multifaceted regionalism*. This thesis divides the history of Sale's economic and housing development in this way to provide a useful understanding of the relationship between major economic development projects and the need for new residential land . This thesis helps to explain why Wellington Shire Council developed and attempted to implement housing strategies from the late 1990s that proposed to expand Sale's urban area for housing. It explores the optimism by the Sale council that planning for and supplying additional land for housing would result in economic growth.

The broader research examining growth and decline in Australian non-metropolitan cities and towns is relevant to this research for two reasons. First, it extends our understanding of the relationship between regional economic development and the demand for housing in Australian non-metropolitan urban settlements. It demonstrates that the demand for housing follows economic development, increased employment and the attraction of new workers to regional cities and towns. Second, Sale is one non-metropolitan urban settlement considered in this research and is described as a 'service based city' within the east Gippsland region with a 'low growth housing market'. This research also supports the conclusion that the promotion of housing supply in Sale since the late 1990s was the wrong way to respond to economic restructuring and fewer jobs.

The research into the regional economic governance policy period and the research into the growth and decline in Australian non-metropolitan cities and towns are identified against the key features of the Victorian urban planning system. This is done to better understand the linkages between regional economic policy, non-metropolitan settlements, and regional land use planning. This thesis explores how the Sale council has used the urban planning system to plan for urban growth generated by major economic development projects since the 1940s.

The regional economic governance policy period research and the non-metropolitan settlement research also help to explain the actions of the significant actors in Sale's urban political economy that influenced Wellington Shire Council's attempt to amend the Wellington Planning Scheme in 2002.

The analysis is structured around three secondary research questions that help to answer the primary research question. The research questions are now discussed.

1.1 Research questions

The aim of the thesis is expressed in the following principal research question: ***"Why did the key urban land use planning proposal for an increase in available residential land come to be seen as an appropriate response to a decline in Sale's economic growth in the context of evidence that economic development drives housing demand and not the ready supply of residential land?"***. Three sets of derived secondary research questions focus the analysis on:

- The regional urban governance arrangements in Sale since World War II, and this is explored by asking: *"What has been the nature of the relationship between economic development and housing in the post WWII period in Sale and how does this compare with the broader experience in Australian regional cities?"*
- The Victorian land use planning legislative and institutional arrangements in Sale since World War II, and this is examined by asking: *"What are the key features of urban land use planning processes in Victorian land use planning legislation that*

have been used to guide urban development in Victorian regional cities and how has the relationship between the demand for residential land and economic development been understood and managed in relation to Sale within this planning framework?”

- The playing out of the planning process around the application for the recent rezoning of land in Sale, and this is explored by asking: *“Who are the key actors involved in Sale’s urban land use planning process and how have they understood Sale’s economic decline and appropriate planning responses to this decline?”*

1.2 Methodology

The methodology primarily employed in this thesis is a broad urban political economy framework. The theory of urban political economy refers to a variety of different but related approaches to studying economic and political behaviour to help explain how cities and towns are created and organised by advanced capitalist societies (Gleeson & Low 2000:117). Urban political economy considerations include urban governance roles played by governments, legislative and institutional rules, and the roles of private actors within the market (Beer *et al.* 2003:23–28).

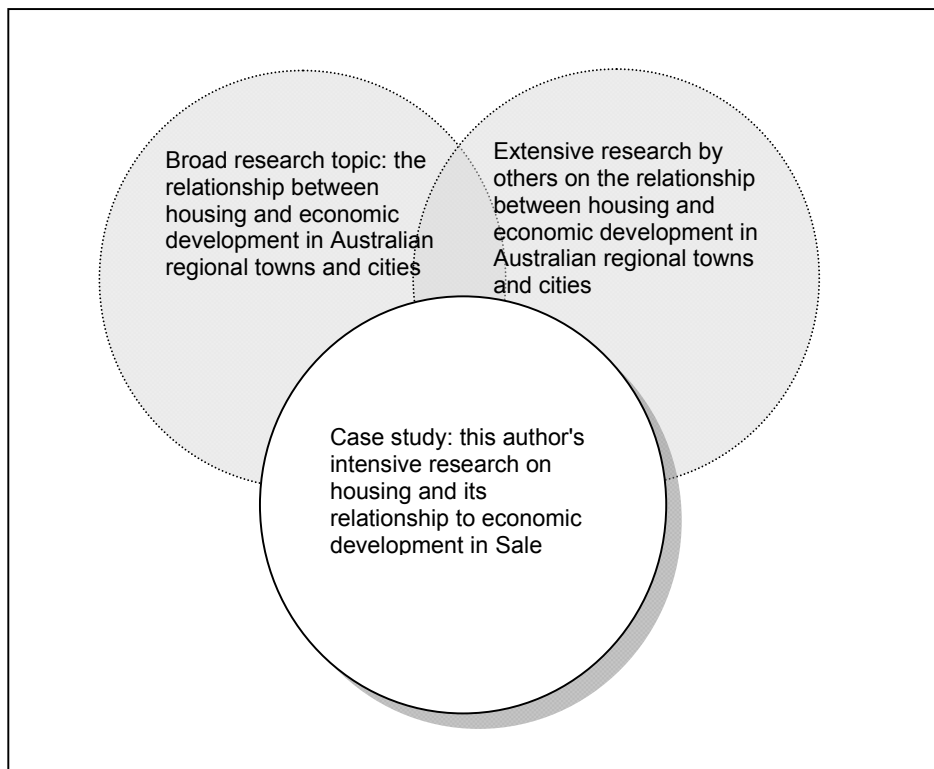
With a qualitative research design, the thesis uses the case study of the City of Sale to relate to the broader research evidence and debate about the relationship between economic development and housing provision in Australian regional cities. The use of case studies allows for in-depth examination of subtleties and intricacies in processes as well as outcomes and for investigation into the contextual setting of a particular situation (O’Leary 2007:116). The use of case studies also allows the researcher to show the complexity of an issue and build on this to explore alternative meanings and interpretations (Blaxter *et al.* 2006:173).

The *intensive research* of the case study will be examined against the *extensive research* that exists within the broader context of Australian regional towns and cities (see Illustration 1.2). Intensive research refers to casual processes and how these processes play out, such as in case studies. Extensive research includes statistical

analysis to find common properties and patterns and is often used in developing typologies (Sayer 1992:249).

The source of materials for the broader research on the development of Australian regional towns and cities and their relationship with economic development and housing can be found in quantitative research that develops typologies to compare and explain patterns of development in regional towns and cities. This thesis draws on two typologies that classify regional towns and cities based on their economic development prospects and housing markets (see Baum *et al.* 1999, 2005; Baum 2006; Wulff *et al.* 2007).

Illustration 1.2 Thesis methodology



Typology-building has its foundations in early urban sociological research into the spatial structure of cities, and more recently in the understanding of the structure of post-industrial cities and urban regions (Massey & Eggers 1993; Coulton *et al.* 1996; Baum *et al.* 2002; Mikelbank 2004; Baum *et al.* 2005; Baum 2006). These typologies are not explanations of processes per se, but are "an attempt to systemize classification in aid of

explanation" (Marcuse 1997:248). They provide a "richer understanding of complex phenomena" (Mikelbank 2004:961) and as such provide useful and often powerful insights into the structural bases of local areas, regions or communities. They offer the necessary comparative basis for detailed empirical research on any one area or collection of areas. It is the ability to explain the overall structure of localities and regions over time that makes them useful.

This thesis contributes to the regional economic development and housing provision debate through an historical analysis of Sale's complex relationship between economic development and housing. Examining the broad urban political economy of Sale since World War II in this way helps to answer the primary research question.

1.3 Methods

Document review

An extensive document review was carried out during the thesis. Part of the document review involved a literature review. A literature review establishes a context in which the subject for study exists and enables comparisons to be made and ideas to be developed into theory (Hart 2007:26). This thesis involved a literature review of: Australian regional economic development and housing; Victorian regional urban land use planning; Sale's economic development and housing; and Sale's urban land use planning processes. Documents were sourced from: university library catalogues; e-journals; Wellington Shire Council; Sale Historical Society; Gippsland Times newspaper; student theses; Victorian Public Records Office; internet; and interviewees. This thesis addresses a perceived gap in the literature and responds by making an original contribution to the regional economic development and housing provision debate through an historical analysis of Sale's complex relationship between economic development, housing and land use planning since World War II.

The review found literature that focused on the various aspects of economic development in non-metropolitan regions. Blakely and Bradshaw (2002) explore the roles of economic development agencies in western markets and Beer *et al.* (2003), Everingham *et al.* (2006), and Collits (2007) specifically explore the development of Australian non-metropolitan regions. Everingham's *et al.* (2006) discussion of the three

Australian regional governance arrangements since World War II – *old style regionalism, new localism, and multifaceted regionalism* – provides an important theoretical framework for this thesis. Periodising the relationship between economic development and housing in post-war Sale in this way assists in understanding why and where urban development has occurred and also identifies why federal, state, and local government and the private sector have participated in various key developments in and around Sale. The exploration of Sale's broad urban political economy helps to reveal that there were links between regional Australia's major economic development phases and the need for the Sale council to expand the Sale urban area for housing. However, none of these authors specifically couple the analysis of regional economic development with housing markets in Australian regional cities and towns.

This thesis draws on typologies that classify regional towns as economically advantaged or disadvantaged (Baum *et al.* 1999, 2005; Baum 2006) and regional towns that have expanding or low-growth housing markets (Wulff *et al.* 2007). The broader urban housing and economic development experience in Australian regional cities is compared to Sale to enrich the understanding of the complex housing and economic markets outside Australian metropolitan cities.

The first typology developed by Baum *et al.* (1999, 2005) classifies regional towns as economically advantaged or disadvantaged. Baum *et al.* conducted two national studies within Australia's metropolitan cities and across its regional cities and towns to see how, over the decades 1986–2001, local communities have coped with socio-economic transitions. They developed a conceptual framework for assessing local community socio-economic performance and vulnerability for approximately 118 of Australia's regional cities and towns with populations over 10 000. The Baum *et al.* (1999) study provided the first extensive insights into the socio-economic patterns that distinguished 'winning and losing' Australian regional cities and towns. The Baum *et al.* typology identifies Sale as an *advantaged service based city*.

The other typology, developed by Wulff *et al.* (2007), classifies regional towns that have expanding or low-growth housing markets. Wulff *et al.* have developed a classification system of housing markets based on the use of statistical techniques to construct a typology or set of ideal types that represent broad patterns and processes in Australian

regional areas. The technique is similar to that used by Baum *et al.* (1999, 2005) to establish a typology of socio-economic advantage and disadvantage in Australia's large non-metropolitan cities, towns and regions. The Wulff *et al.* typology identifies Sale as a *non-metropolitan population centre with a low-growth housing market*.

A further review of literature found there were very few case studies that examined the impact of regional Victorian urban land use planning on regional Victorian towns and cities or the effectiveness of local government's implementing local housing studies in regional Australia, and especially in Victoria. Logan (1981), Budge (2001) and Sinclair and Bunker (2007) do provide some investigation of regional Victorian urban land use planning. In addition to Wulff *et al.* (2007) mentioned above, Hillier *et al.* (2002) and Nankervis *et al.* (2003) also briefly examine non-metropolitan Victorian housing markets in regional towns and cities.

This thesis addresses the perceived gap in the literature and responds by making an original contribution to the regional economic development and housing provision debate by using Sale as a case study to explore the complex relationship between economic development, housing and land use planning there since World War II. This gap in research around regional economic development, housing provision and land use planning also revealed the importance of using research methods for this thesis, such as interviews and other documents to collect data for analysis.

Some of the research relating to Australian metropolitan economic development, housing and land use planning studies acknowledges the need for further research in non-metropolitan regions (Gleeson & Low 2000:2; Gurran 2003:58; Sinclair & Bunker 2007:159). Where further relevant research could be found, most of the discourse was centred on metropolitan issues. This thesis responds to the need for further research in non-metropolitan regions. Sandercock (1977, 1983, 2003), Blowers (1980), and McLoughlin (1992) explore the effects of public and private interests in urban land use planning and the market in metropolitan cities. Gurran (2003) examines issues affecting the implementation of local housing strategies in metropolitan councils in New South Wales, Victoria and Queensland. Thompson (2007) provides a good discussion of general urban and regional planning issues in Australia but only touches on regional urban land use planning. March's (2004, 2007) examination of the institutional

impediments to Victorian planning explores the roles of various actors in the planning system, mostly within a metropolitan context. Much of the discussion in the metropolitan research provided useful information for this thesis.

This thesis examined the history of Sale after World War II to expose the nature and relationship between economic development, housing and urban planning in Sale. A search through the local newspaper, *The Gippsland Times*, since the 1940s provided articles and details on economic, housing and urban planning issues in Sale. Some of the local history of Sale was sourced from Peter Synan's 1994 book *Gippsland's Lucky City*. A series of black-and-white and colour aerial photographs of Sale's urban development were also used. All of these documents helped to inform chapters 2 and 3 by providing evidence for the reasons for Sale's key developments and their spatial relationship with the urban area.

This thesis investigated Victorian state and Wellington shire urban planning and housing policy documents to help understand how and why policy interventions have taken place in Sale. Legislative documents such as various Victorian Acts of parliament, successive Sale planning schemes and other Victorian local government and urban planning legislation were used to make sense of the institutional environment. An inspection of Wellington Shire Council meeting minutes and written submissions from key actors relating to the implementation of the *Sale & Environs District Report 2001* and subsequent planning scheme amendment helped to appreciate how the actors understood Sale's economic restructure and the Sale council's response to the restructure. All of these documents helped to inform chapters 3 and 4.

Australian Bureau of Statistics (ABS) and council data were used in this thesis to provide useful information to understand basic housing market demands for new dwellings in Sale. The analysis of statistical data revealed a significant decline in demand for new dwellings in Sale since the 1990s, with some limited demand being generated by increasing smaller household sizes. ABS figures and Wellington shire new dwelling approval data for Gippsland and Sale informed chapters 1 and 2 and appendix 2.

Interviews

During the course of this research eight semi-structured interviews were undertaken with people that were once in key state government and Sale council positions or people who were involved in the preparation and implementation of the housing study and the subsequent planning scheme amendment (see Appendix 1). The interview method is a valuable technique for collecting data that relates to a specific subject (Blaxter *et al.* 2006:172). A semi-structured interview process is useful in social science research because it begins with defined interview questions or plan but has the flexibility to pursue other interesting but related issues that may develop during the interview (O'Leary 2007:164).

Those interviewed held positions as state government regional managers and officers; local councillors; local government engineers; planning consultants; local real estate agents; and landowners affected by the planning scheme amendment proposal. They were asked questions about the history of Sale's economic, urban planning and housing issues, and about their actions and relationships with other actors. The interviewees were also asked questions about their understanding of the Sale council's responses to the economic restructure since the 1990s. The chair of Planning Panels Victoria refused to allow Planning Panels Victoria officers to be interviewed for this thesis. The interviews revealed that most actors within Sale's urban political economy didn't fully understand broader economic development and housing issues and where Sale's housing market fitted in.

1.4 Plan of the thesis

The thesis is set out in a further four chapters. Chapters 2–4 directly respond to one of the three secondary research questions described in Section 1.1 of this introduction. Each chapter and secondary research question helps answer the primary research question.

Sale's past and current socio-economic environment and spatial development growth patterns are distinguished by three main phases in Australian regional urban governance and regional public policy: old style regionalism, new localism, and multifaceted regionalism. Chapter 2 investigates the nature of the relationship between economic

development and housing in Sale after World War II and compares this with the broader experience in Australian regional cities. This chapter argues that the Sale council considered that providing zoned and serviced urban land was a central feature of the council's approach to supporting economic development. The local council has intervened in the Sale housing supply market on a number of occasions over the last 60 years by rezoning new land for housing. The Sale council's interventions have mostly been in response to new major economic development projects. In the first 30–40 years there was a close association between major economic development projects and the need for more land for housing.

The Sale council's approach to supporting economic development by supplying additional land for housing has depended on key urban planning legislation and processes. Chapter 3 examines the key features of urban land use planning processes provided for in Victorian land use planning legislation that have been used to guide Sale's urban housing development. This chapter explores how the relationship between the demand for residential land and economic development has been understood and managed in relation to Sale since the 1940s. Issues such as the local government amalgamations, the presence of major economic development projects, and the Victoria Planning Provisions (VPP) are investigated.

Chapter 4 identifies the actor groups who debated the supply of urban residential land in Sale in 2001 and 2002 and analyses the arguments they presented through the formal planning process and more broadly. This chapter answers questions about how the actors position themselves around the debate on whether to rezone land, which land, and how much land. Key federal, state, and local actors who participated in the Sale housing review and planning scheme amendment process are discussed. This chapter provides an understanding of how the actors understood Sale's economic climate and how they viewed the rezoning proposal.

Chapter 5 concludes with a summary of the examination of how Sale's local experience with economic development and housing connects to the broader relationship between economic development and housing provision in Australian regional cities. Chapter 5 answers why the key urban land use planning proposal for an increase in available residential land came to be seen as an appropriate response to a decline in Sale's

economic growth in the context of evidence that economic development drives housing demand and not the ready supply of residential land.

Chapter 2

Economic development and housing in Sale

2.1 Introduction

The Sale council has a long history of providing zoned and serviced urban land. The council has intervened in the Sale housing supply market on a number of occasions over the last 60 years. The council's intervention by way of preparing housing strategies and rezoning new urban land has been in response to the housing demand resulting from major economic development projects. In the first 30–40 years there was a close association between major economic development projects and the need for the Sale council to plan and supply additional land for housing. During the first 30–40 years the Sale council successfully rezoned new urban land for housing. However, over the last 15 years the council has prepared housing strategies and attempted to rezone new urban residential land in a period of economic restructuring and loss of jobs. Over this more recent period, the council has faced difficulties in rezoning new urban land for housing.

It is therefore important that the relationship between the supply of land for housing and economic development in Sale is reviewed and compared to other Australian regional cities. This chapter discusses this issue by answering the question about the relationship between Sale's urban housing and economic development: “*What has been the nature of the relationship between economic development and housing in the post World War II period in Sale and how does this compare with the broader experience in other Australian regional cities?*”

This chapter responds to this question in two ways. First, *intensive research* into the historical record of economic and urban development in Sale from the 1940s is examined. Second, *extensive research* that has explored the broader patterns of economic growth and decline of Australian non-metropolitan cities and towns is reviewed.

The intensive research into Sale's economic and urban residential development is guided by a typology that periodises non-metropolitan regional governance: ‘old style regionalism’ 1940s–1970s; ‘new localism’ 1980s–1990s; and ‘multifaceted regionalism’ 2000–current. These are periods that have been distinguished in previous analyses of major changes in regional economies and the way federal, state and local government have responded through the development of policy and

intervened (see Gleeson *et al.* 2000; Beer *et al.* 2003; Cocklin & Alston 2003; Collits 2004, 2007; Maude 2004; Cocklin & Dibdin 2005; Rainnie & Grant 2005; Everingham *et al.* 2006). Within each of these three regional governance periods the focus was on the way regions have been defined, the main drivers of economic development, the role of regional communities in the development process, and policy frameworks used by government to understand what is happening in regions to guide the nature and extent of interventions (see Table 2.1).

This chapter divides the history of Sale's economic and housing development in this way to provide a useful understanding of the relationship between major economic development projects and the need for new residential land. This periodisation helps to provide a framework to explain why Wellington Shire Council developed and attempted to implement housing strategies from the late 1990s that proposed to expand Sale's urban area for housing. This chapter explores the optimism by the Sale council that planning and supplying additional land for housing would result in economic development growth.

The research shows that in the first two regional governance periods it is economic development that created the demand for additional workers, which in turn created demand for new land and housing. In neither of these periods was there any early provision of housing that then led to subsequent economic development. During the third period there was a restructuring of the Sale regional economy due to the loss of major employers and jobs. This is the context in which the early provision of housing came to be promoted by the Sale council as a response to regional economic decline when compared to the experience of the previous governance periods.

The extensive research examining growth and decline in Australian non-metropolitan cities and towns is relevant to this research for two reasons. First, it extends our understanding of the relationship between regional economic development and the demand for housing in non-metropolitan urban settlements. It demonstrates that the demand for housing follows economic development, increased employment and the attraction of new workers to regional cities and towns. Second, Sale is one non-metropolitan urban settlement considered in this research and is described as a 'service based city' within the east Gippsland region with a 'low growth housing market'. This research also supports the conclusion that the promotion of more housing in Sale since the late 1990s was the wrong way to respond to economic restructuring and fewer jobs.

Table 2.1 Australian regional governance arrangements 1944–2010

	Old-style regionalism: late 1940s–1970s	New localism: 1980s–1990s	Multifaceted regionalism: 2000–current
How the region is defined	Regions with social and economic similarities. Issues of providing equity across the regions are a focus.	Regions that are close to global and national markets require economic diversity.	Bioregion: regions with characteristic environmental, social and economic conditions but not necessarily bounded by artificial borders.
The main drivers of economic development	Exogenous development. Industrialisation, urbanisation, resources boom, specialisation, population increases, external expertise, and mobility of labour and capital.	Endogeneous development. A reduction in public funding. A reliance on private initiatives. Communities identify their own priorities and mobilise local capital and local knowledge (i.e. local solutions to local problems). Community capacity building and free market forces are needed. Global and national markets compete with local markets.	Synergistic development. Regional stakeholders (public, private and civil society) are the key actors in promoting change. Local knowledge is linked with regional expertise. Coordination, cooperation and regional communication is needed. Strategic public and private investments in market-based approaches to natural resource management and social and economic issues.
The role of regional communities	Communities provide agricultural produce and resources for a growing urban economy and absorb industry and labour diverted from the larger cities.	Communities are more autonomous and less dependent on government support. Communities are competitive and integrated into the global economy. 'Empowered' firms, individuals, and communities are responsible for their own development and initiate strategies of self-help.	Communities leverage a productive, sustainable lifestyle linked to and complementing metropolitan or large regional centres.
Policy frameworks used by government	Keynesian welfare state. Interventionist. The state legislates service delivery for social and economic development. Agreement between the state and the market that regional economic and social development must be subsidised. A 'safety net' is provided by the underwriting of regionally based firms.	Neoliberalism and 'small government'. A reduction in intervention. Seeking of ways of stimulating action from locally based individuals and communities. The government sets performance criteria, targets and benchmarks and implements privatisation and deregulation of services and industries.	Institutionalised. Provide support to and work in networks with regional groups involved in social and economic development. The government coordinates activities of various government departments and agencies. A 'whole of government' engagement with managing the sustainable resources of a region. Particularly natural, economic, social, human and institutional capital resources.

Source: Adapted from Gleeson & Low 2000; Beer *et al.* 2003; Cocklin & Alston 2003; Collits 2004; Maude 2004; Cocklin & Dibden 2005; Rainnie & Grant 2005; Everingham *et al.* 2006; Collits 2007

In summary, this chapter analyses Sale's economic development and housing provision in two ways. The first presents an intensive historical analysis of economic and urban development from the 1940s. The second re-examines extensive research of economic development in non-metropolitan cities and towns including Sale. Both forms of research lead to the same finding. The nature of the relationship between economic development and housing in Sale after World War II has been that economic development leads the demand for new housing. Both forms of research confirm that providing additional land for housing does not lead to new economic development.

2.2 Old style regionalism 1940s–1970s

The 1940s–1970s can be described as the period of *old style regionalism*. During this period the regions are defined as having social and economic similarities where all regions were expected to have access to equitable social services and the opportunity for economic growth. The main drivers of economic development in the regions were exogenous. The government needed to alleviate overpopulation problems in the metropolitan capitals. Through decentralisation, people from metropolitan capital cities were encouraged by the state and federal governments to relocate to regional towns and cities (McLoughlan 1992:24; Budge 2001:5). Industrialisation of large cities were occurring after World War II. The natural resources boom began around the 1960s and labour and capital were becoming increasingly mobile (Gleeson & Low 2000:6). The governments' agreement with regional communities was that the regions were to provide agricultural produce and resources for a growing urban economy and to absorb industry and labour from the larger cities.

The policy framework used by government to guide the nature and extent of their interventions focused on the continued dependence on the state by the community. There was an expectation that regional economic and development growth should be subsidised by the federal government. During the old style regionalism period, public service departments were responsible for housing and new infrastructure delivery such as road and rail transport, water supply and sewerage. The federal government's reconstruction agenda after World War II through decentralisation policy became a specific function of state bureaucracy departments (Beer *et al.* 2003:10; Collits

2004:86).

This section of the chapter investigates the 1940s–1970s in Sale and identifies the roles and influence of the RAAF, a government migrant holding centre, the Defence Housing Authority, government irrigation schemes, the Housing Commission of Victoria and industrial firms. The role of local government during the period is also examined. Table 2.2 summarises the nature of the relationship of these various actors with housing and economic development in Sale during the old style regionalism phase. By 1954 the population of Sale was 6 537 (ABS 1955) and Illustration 2.1 shows that the town was well developed. Illustrations 2.11–2.13 on pages 34–36 show the location and type of major economic developments and housing development in Sale during the old style regionalism period. Illustrations 2.11–2.13 show that there were many more significant economic development projects that affected Sale's spatial development during the old style regionalism phase when compared to the subsequent two regional governance periods.

Federal government

After World War II the federal government encouraged regional areas to export goods to Europe to assist with Australia's post-war restructuring. In Australian regional areas this was carried out by increasing productivity and expanding the scale and output of manufacturing and agricultural industries (Lawrence 1987:38). The protectionist federal and state governments provided financial subsidies and contributed towards the cost of infrastructure to many regional industries. These new and expanding industries also helped to provide employment for a growing urban economy where labour and industry were being encouraged to decentralise from capital cities into regional areas.

The Royal Australian Air Force (RAAF) was one of the most prominent institutional actors influencing the development of housing and economic development in Sale. During 1940–1943 the RAAF established two temporary military airfields on the periphery of the township to the west and to the east respectively (see Illustrations 2.11 and 2.12 on pages 34–35). The federal government had the view that regional defence outposts were essential for reducing the potential for military invasion after World War II (Everingham *et al.* 2006:145). The establishment of these two temporary airfields led to

Table 2.2 Old style regionalism and Sale's development

Australian regional governance phase	Influence on the development of Sale				
	<i>Federal government influence</i>	<i>State government influence</i>	<i>Local government influence</i>	<i>Private investment sector influence</i>	<i>Community influence</i>
Old style regionalism 1940s–1970s	<ul style="list-style-type: none"> - Government funding assisted cost of infrastructure to large industry and federal government projects. - Two RAAF base airfields established resulting in population increases and demand for housing and services. - Post-war International Refugee Organisation immigration program. The West Sale Migrant Holding Centre was established and resulted in population increases and demand for housing and services. 	<ul style="list-style-type: none"> - Government funding assisted cost of infrastructure to large industry and state government projects. - Sale's housing crises investigated by the Victorian Rental Investigation Bureau. - Housing Commission of Victoria developed public housing estates. - Central Gippsland irrigation district expansion generated employment. - Soldier settlement scheme provided housing and employment for returned WWII servicemen. - Forest Commission provided employment through new pine plantation industry. - Additional public schools. - New elderly aged care accommodation. - Town & Country Planning Act 1944 established the framework for urban planning. -Town & Country Planning Board apply pressure to the Sale council to develop and update the Sale Planning Schemes. 	<ul style="list-style-type: none"> - 1950 Sale Planning Scheme established to guide Sale's development. - Municipal boundary extensions increased the urban area to accommodate increases in population and the demand for housing. - Local water and sewerage schemes developed. - 1975 Sale Planning Scheme established. The scheme rezoned more land for housing. - Local road infrastructure upgrades. - 1970s Sale and Longford structure plans developed to respond to the demand for more housing for Sale. 	<ul style="list-style-type: none"> - New industry and labour arriving from larger cities. - 1960s - 1970s investment by ESSO in natural resources (gas & oil). - Government funding assisted ESSO gas and oil industry. ESSO provided employment and housing for its workers. - Government funding assisted Gippsland woollen mill. The mill provides employment. - Government funding assist Sale butter factory. The factory provided employment. - Government funding assisted Sale plastics factory. The factory provided employment and housing for its workers. 	<ul style="list-style-type: none"> - Growth of welfare state and regulatory protection. - Labour and capital arriving from larger cities like Melbourne. - High demand for housing, resources and infrastructure in the fast growing city of Sale.
Policy framework	← Focus on economic development in regions and an expectation of continued federal and state subsidies and intervention →				



Illustration 2.1
Sale in 1952: The urban area of Sale was well developed.

Source: Sale Historical Society

Note: The aerial photo does not include the suburb of Wurruk to the west of Sale

an increase of 1500 people in Sale due to the influx of RAAF officers and airfield construction workers (Synan 1994:208).

This increased population created a severe housing shortage which resulted in considerable demand for new houses in Sale. Pressure was placed on existing social and infrastructure services to cope with the demands of a growing town. In 1945 the East Sale RAAF Base was made permanent and a number of RAAF schools were established at the site over the next ten years. The RAAF established the first houses off-base for RAAF personnel in Sale in 1954 (Context 2005:2). Illustration 2.2 shows the precinct of 29 houses and illustrates the influence of the RAAF on the development of Sale.



Illustration 2.2
Former 1954 RAAF housing precinct: The development of this small housing precinct is an example of a Commonwealth agencies effort to help solve the post-war housing shortage in Sale.

Source: Wellington Shire Council 2008

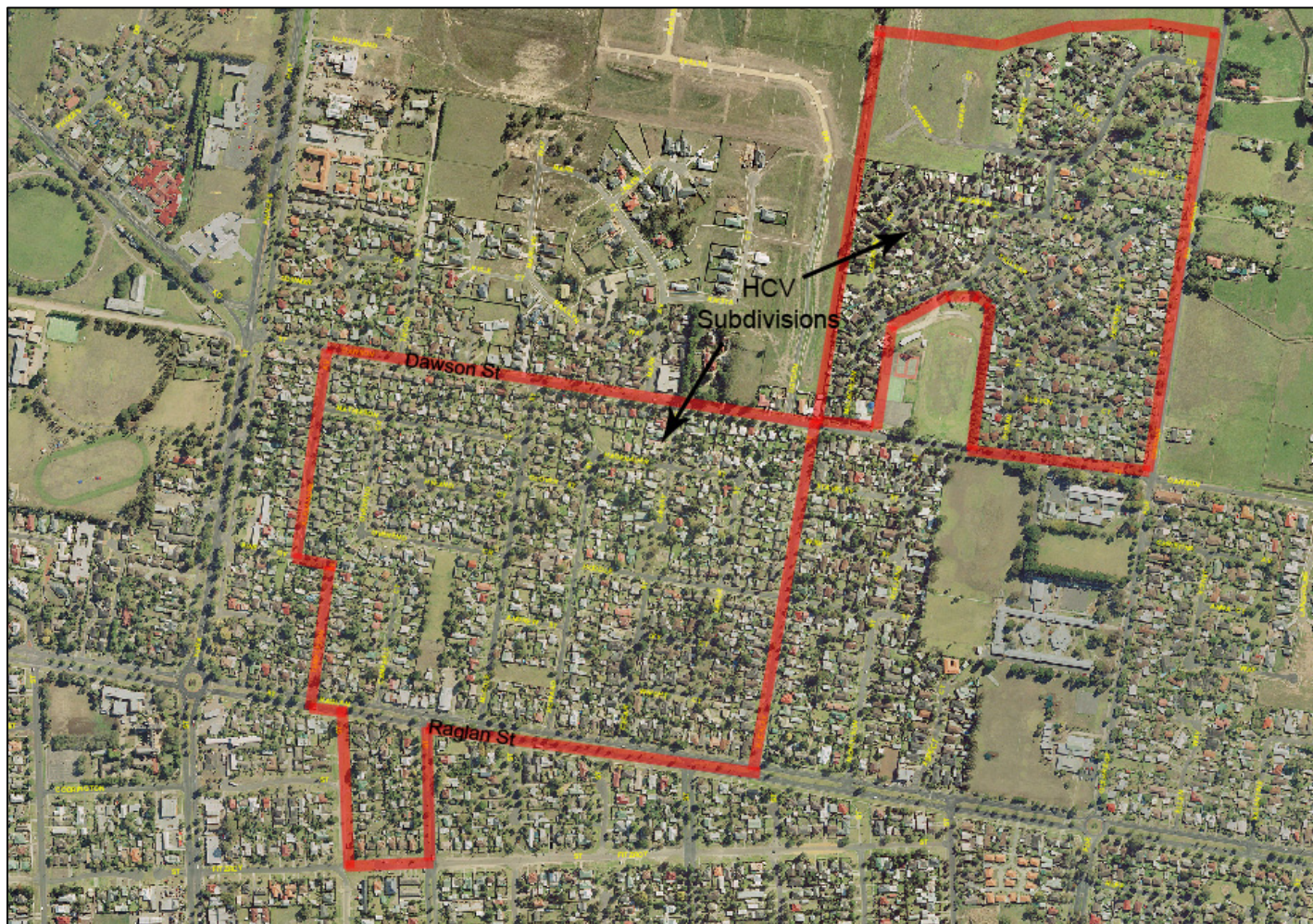
As part of the post-war International Refugee Organization immigration program in the 1950s, the federal government transformed the temporary West Sale RAAF airfield into a holding centre for European refugees. The West Sale Migrant Holding Centre was home to approximately 800 refugee families between 1949 and 1953 (Synan 2002:208). Migrants were bonded to the federal government for two years and were used to provide additional workers to address the labour shortage following the war. The migrants mainly worked on public works projects in the Sale district. Many of the migrants families remained in Sale after their bond with the government had finished. They sought accommodation in Sale and contributed to Sale's housing supply shortage problems.

State government

The federal government's reconstruction agenda after World War II through decentralisation became a state government agency responsibility. The agencies were often in charge of providing new housing and road, rail, transport, water supply and sewerage infrastructure.

Agriculture commodity prices in dairy farming began to increase after the 1940s. At the time, the state government was also looking to provide work for returned servicemen. These two factors led the state government in 1952 to start building the 53 000 hectare Central Gippsland Irrigation District (SRW 2007). The district is now known as the Macalister Irrigation District and borders Sale's urban periphery. A number of soldier settlement dairy farm allotments on the outskirts of Sale were allocated by the government to returned servicemen in the 1950s to assist them to become dairy farmers as part of the irrigation scheme. One hundred and thirty eight returned soldiers and their families began living and working in the irrigation district around Sale and new houses were required to be constructed to accommodate the soldier settlers (Synan 1994:212).

The Housing Commission of Victoria (HCV) in the 1950s helped to address the housing shortage by constructing 123 public housing dwellings in Sale (Synan 1994:237). Illustration 2.3 demonstrates that the HCV were a major actor in Sale's dwelling construction industry. Many of the HCV's subdivisions and housing styles during this time represented the newly developing and expanding parts of the town. The dearth of housing options available to residents and the demand for housing resulted in high purchase and rental prices, so much so that these issues were investigated in the late 1960s by the government Rental Investigation Bureau, who recommended the HCV provide more housing in Sale. By 1970 the HCV held a stock of 560 houses (Synan 1994:237) and built the first three-storey medium density flats to accommodate the ESSO workers and to meet the need to lower housing rents (see Illustration 2.4). The provision of around 100 one and two bedroom flats was a large development for a small rural Australian city and represents the unique local housing and economic environment of the time and the then interventionist policy of the state government.



**Illustration 2.3
Former HCV
dwelling
development:**
In the 1960s and
1970s the HCVs
subdivisions and
housing styles
represented the
expanding parts of
the urban area of
Sale.

Source: Wellington Shire Council 2007



Photo taken 31 March 2007

Illustration 2.4

Former HCV flats: These three-storey flats were purpose built for ESSO workers in the late 1960s. The flats are still the largest and most dense collection of units on one single site in Sale.

Private sector

The government through old style regionalism advocated that regional economic development should rely on the mobility of labour and capital from metropolitan cities to regional Australia. The private sector was provided with incentives to locate in regional areas mostly by way of state government infrastructure funding assistance for new or expanded industrial and commercial establishments and large-scale agricultural developments. In Sale the government support was largely directed towards manufacturing firms (Lewis 2007).

A number of major private manufacturing and agricultural industries commenced or expanded operations in Sale during the 1950s. At the time, the Gippsland Woollen Mills and the Sale Butter Factory employed over 300 staff. The Sale Plastics Factory (now known as Nylex) began operations in 1956 in the north-west of Sale and employed 100 staff (Context 2005:3). These industries were provided with financial subsidies from the state government to locate or expand in the area (Langmore 2007).

In 1965 natural gas and oil was discovered off-shore in Bass Strait not far from Sale. The state government initially supported these industries with substantial financial subsidies (Lewis 2007). The discovery of natural gas and oil converted Australia's dependence from overseas oil supplies to 70 per cent self-sufficiency (Synan 1994:232). This led ESSO to establish its headquarters in Sale (see Illustration 2.5) and was the catalyst for the construction of the Longford gas plant 10 kilometres from Sale. The impact of new

employment opportunities in the gas and oil industry and the associated demand for housing on the local Sale economy and housing market was enormous.

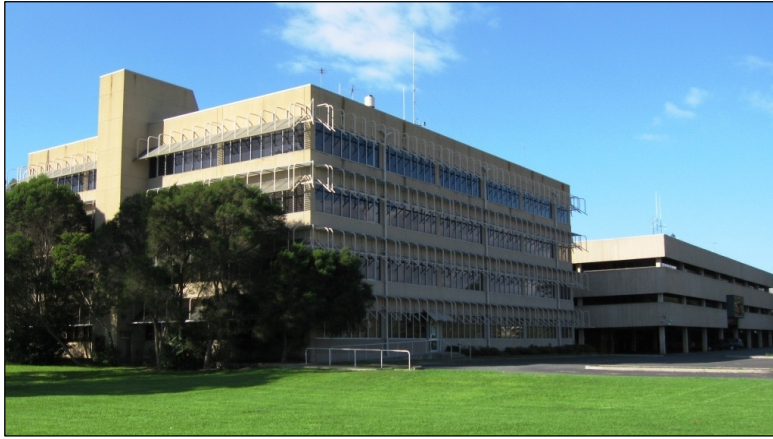


Illustration 2.5
Former ESSO three and four – storey office complex: This purpose built office building is still the largest commercial building in Sale and is a reminder of the economic growth of Sale from the 1960s to the 1980s.

Photo taken 31 March 2007

Local government

During the old style regionalism period Sale was absorbing decentralised industry and labour from capital cities like Melbourne. In 1950 Sale was proclaimed the first city in Gippsland, with a population of 7600 persons (Synan 1994:212). This proclamation established Sale as 'the capital of Gippsland'. During the same year the Sale council prepared the first planning scheme known as the Sale Interim Development Order. The council prepared the Interim Development Order to attract decentralised labour and industry from capital cities and therefore support economic development in Sale (Lewis 2007). The Sale council's first use of formal land use planning to guide development is discussed in more detail in Chapter 3. Other efforts by the council included new relocated larger council offices and the provision of reticulated water and sewerage for most of the city.

The Sale council responded in two ways to the demand for new housing that was resulting from growth in defence, manufacturing, agriculture and the resource industry. The first was to acquire over 4000 hectares in the late 1960s and mid-1970s from the adjoining Avon and Rosedale shires through two extensions to the Sale council boundary. The second was to prepare and plan for growth through the *City of Sale Residential Areas Study 1972*; the *City of Sale Planning Scheme 1975*; the *Shire of Rosedale [Longford] Structure Plan 1976*; and the *Appraisal of Development Prospects*

in Relation to the City of Sale 1982. Land use zonings were changed in the 1975 scheme to rezone more land in the newly acquired areas for urban housing and rural residential housing. Some of the acquired land close to the urban boundary accommodated new housing that was built by the HCV and ESSO.

The 1972 residential areas study recommended increasing the density of Sale's existing urban housing areas and that new residential areas be established for housing that could accommodate an increase from the then population of 10400 persons to a predicted 47750 persons (KL&P 1972:52). The predicted population was not realised and many of the proposed residential areas were not required to be rezoned or developed.

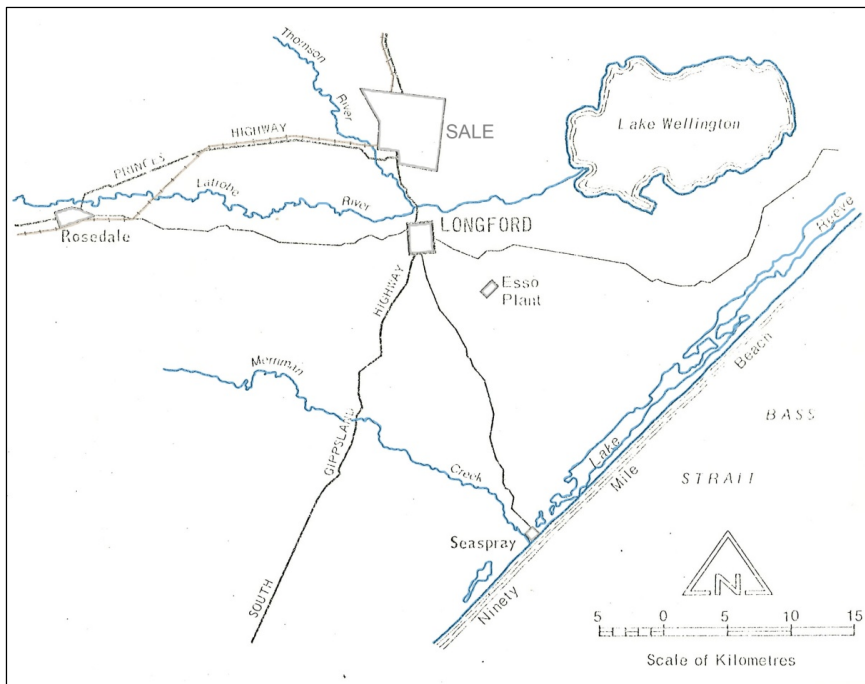
Shortly after the 1972 housing study and the 1975 Sale Planning Scheme was completed, large areas of new subdivisions were developed in East Sale (see Illustration 2.6). The new 'ESSO subdivisions' as they were known were mostly purpose built for ESSO American executives and ESSO workers (Context 2005:7). At this time, 250 ESSO American, Canadian and French families were living in Sale (Synan 1994:238).

The HCV and ESSO subdivisions consumed most of the available undeveloped residential land in Sale. There were also limited opportunities for Sale to further expand the urban boundary for housing due to the adjoining floodplains, highly productive agricultural land, industrial estates and the RAAF base. In 1976 and 1982 the City of Sale and Rosedale Shire Council developed draft structure plans for Longford that could accommodate 30 000 additional persons. The structure plans predicted that Sale would have a population of approximately 50 000 by 2001 and that the nearby township of Longford (see Illustration 2.7) would need to be expanded to alleviate the predicted housing development pressure in Sale (GHD 1976:33; Loder & Bayley 1982:2). The plan to expand Longford was not realised. Sale's 2001 population prediction was overstated by 37 146 persons or 74 per cent. These ambitious plans of the Sale council are evidence of the nature of the council's relationship with major economic development projects and the council's desire to plan and supply additional land for housing as a result of these economic development projects.



**Illustration 2.6
Former ESSO
subdivisions:**
During the 1970s
subdivisions were
created and
developed to meet
the demand for
housing from new
ESSO workers.

Source: Wellington Shire Council 2007



**Illustration 2.7
Sale environs
locality map:**
During the 1970s
Longford was
proposed to
accommodate an
additional
30 000 persons.

Source: Gutteridge Haskins & Davey 1976

The key theme of the state-centred regionalism period was the continued dependence on the state by others. There was a community expectation that regional economic and development growth should be subsidised by the federal and state government. However, the next 20 years (i.e. 1980s–1990s) would herald a new neoliberal approach to providing for economic and development growth and governing non-metropolitan Australia.

2.3 New localism 1980s–1990s

The 1980s–1990s can be described as the period of *new localism*. During this period the regions are defined as being close to global and national markets, where local economic diversity is encouraged. The main drivers of economic development in the regions were predominantly endogenous. Public sector activities such as health, transport, and urban land use planning were defined as commodities to be traded off to serve broader economic purposes (Gleeson & Low 2000:94). There was an assumption that the state must submit to national and global businesses to attract investment. There was also a

need by the government to reduce public expectation of the interventionist role previously performed by the state during the old style regionalism period.

Regional communities were more autonomous and less dependent on government support. Communities were expected to be competitive and integrated into the global economy. Local firms, individuals and communities were responsible for their own development and initiated strategies of 'self-help'.

The policy framework used by government to guide the nature and extent of their interventions focused on a reduction in federal and state government funding to local government and the privatisation and deregulation of services and industries (Collits 2004:90; Everingham *et al.* 2006:146). The policy framework also included less government policy intervention (Gleeson & Low 2000:91), the encouragement of non-government locally based development initiatives (Black & Kenyon 2001a & b), community capacity building among community leaders (Rogers & Collins 2001:13), and fewer local government councils (Martin 2006:224).

The previous section of this chapter demonstrated that during the old style regionalism period the local economy of Sale was strong due to investment in the town by major economic development projects. The relationship between economic development and demand for housing was inextricably linked with these economic projects. Sale had experienced sustained urban growth from the 1940s leading up to the 1990s (see Illustration 2.8).

This section of the chapter investigates the period 1980s–1990s in Sale and identifies the roles and influence of the RAAF, Defence Housing Authority, large employers and the Latrobe Regional Commission. The role of local government and the Victorian local government amalgamations during the period is also examined. Table 2.3 summarises the nature of the relationship of various government and private actors involved with housing and economic development in Sale during the new localism phase. Illustrations 2.11 and 2.12 on pages 34–35 show the location and type of major economic developments in Sale during the new localism period. Illustrations 2.11 and 2.12 show

Table 2.3. New localism and Sale's development

Australian regional governance phase	Influence on the development of Sale				
	<i>Federal government influence</i>	<i>State government influence</i>	<i>Local government influence</i>	<i>Private investment sector influence</i>	<i>Community influence</i>
New localism 1980s–1990s	<ul style="list-style-type: none"> - Privatisation and deregulation of services and industries. - Telecom restructure and loss of jobs. - East Sale RAAF Base restructure and loss of jobs. - Defence Housing Authority established. DHA contributed to the demand for new housing. 	<ul style="list-style-type: none"> - Privatisation and deregulation of services and industries. - Local government amalgamations resulted in Sale local government boundaries becoming a larger municipal area. - The Kennett government local government reform in the mid-1990s resulted in Wellington Shire Council being directly responsible for economic development. - Latrobe Regional Commission established and abandoned 10 years later. - Planning and Environment Act 1987 established. The Act provided the rules to develop an urban land use framework for Sale's future development. 	<ul style="list-style-type: none"> - The Sale council attempted to provide more land for housing to attract population and economic investment. - 1988 Sale Planning Scheme developed to provide an urban land use framework for Sale's future development. - Local government amalgamations forced the Sale council to consider regional socioeconomic issues. - Sale council owned and ran Gippsland Shopping Centre development. 	<ul style="list-style-type: none"> - Local industry competed with global and national markets. - Local industry required to diversify. - National Safety Council of Australia abandoned and loss of jobs. - ESSO restructured and loss of jobs. - Lack of confidence in investing in the Sale market in the 1990s. 	<ul style="list-style-type: none"> - Sale community is more autonomous and less dependent on government support. - Sale community experienced economic decline in the 1990s. - Sale community competed on a regional and global stage by initiating locally based development.
Policy framework	← Federal/ state government reduce intervention and promote 'self help' policies to encourage communities to diversify and become independent →				



Illustration 2.8

Sale in 1990: The photograph shows the ESSO residential subdivision development expansion to the south-east of the city, east of Guthridge Parade and the HCV residential subdivision development expansion to the north of Raglan Street (refer to red boxes).

Source: Wellington Shire Council 1990

Note: The aerial photo does not show the suburb of Wurruk to the west of Sale

that there were fewer significant economic development projects that affected Sale's spatial development during the new localism phase when compared to the previous regional governance period.

Federal government

Sale experienced employment loss in the early 1990s partly as a result of restructuring to Telecom and the East Sale RAAF Base. This contributed to a decline in Sale's economic performance (Synan 1994:251). The loss of employment also added to a decline in resident population and less demand for new housing because people relocated outside of Sale to find work. The Defence Housing Authority (now known as Defence Housing Australia) was established in 1988 and coordinates the provision of housing for Defence Force and East Sale RAAF Base personnel. The Defence Housing Authority (DHA) was the only significant contributor to the Sale housing market in the middle to latter half of 1990s by generating some demand for dwellings (Wellington Shire Council 2001:18) during a time of economic restructure.

State government

In the 1980s the Latrobe Regional Commission (LRC) worked with the Sale council in identifying appropriate land for new large industry that would generate employment. The LRC also supported Sale council's proposals to rezone land for housing in the 1980s (Smith 2007). However, the state government and the LRC didn't undertake or help with any major economic development projects that significantly drove new housing demand in Sale in the 1990s.

The state government aggressively supported the ideology of more efficient local government services, most notably through the Victorian local government amalgamations in 1994, which directly affected Sale. The amalgamations resulted in the Sale council's takeover the role of the economic development commission (i.e. LRC) that had been set up in the Gippsland regional area. The state government had established the LRC in the nearby city of Traralgon in 1984. The LRC was responsible for regional economic development and some land use planning in the former shires of Sale, Narracan, Morwell, Rosedale, Mirboo, South Gippsland, Alberton and Traralgon (see Illustration 2.9). The LRC didn't attract any major economic development projects that drove new housing demand in Sale. The state government

abandoned the LRC in 1995 (VSG 1995), preferring to leave the economic development of the Sale region to the newly formed Wellington Shire Council and the economic development of the Traralgon district to the Latrobe City Council.



Illustration 2.9
Former LRC jurisdictional boundary: The LRC was charged with the responsibility for regional planning and economic development in Sale and surrounds.

Source: LRC 1987

Local government

The key theme of the new localism period was the federal and state government's promotion of 'self help' policies to encourage settlements to become independent. However, many regional towns and cities like Sale were not achieving economic or housing growth during the period. Regional communities like Sale were now expected to become more autonomous and less dependent on government support. Communities were encouraged to develop their own priorities and mobilise capital and local knowledge. Local government was left to adopt the role to coordinate this whole-of-government expectation and to develop strategies to promote economic growth.

The Sale council in the early 1980s convinced the state government to relocate the existing railway station from the centre of Sale to the outskirts of the city. This was done to enable the railway station land to be made available for new housing and a large regional pedestrian shopping centre consisting of fifty specialty stores. The Gippsland Shopping Centre was constructed in 1984 to compete with the Latrobe Valley trade in

Traralgon and Morwell and to retain retail spending within the Sale area. The local confidence in the economic growth prospects of Sale were strong at the time. The Sale council built and managed the Gippsland Shopping Centre as a commercial business venture. However, the council subsequently sold the centre in the late 1980s due to the start of the economic recession and difficulty in meeting loan repayments. This was a sign for the Sale council that the new localism environment began to present risks for local government.

The Sale Planning Scheme was prepared by the Sale council and approved in 1988. The scheme was used by the council to respond to previous increases in population and the demand for new dwellings. The scheme reserved most of the remaining flood-free areas of vacant farmland for future residential development within Sale's municipal boundary. The City of Sale Planning Scheme is discussed in more detail in Chapter 3.

A few years after the 1988 scheme was approved, Sale began to experience an economic downturn. The National Safety Council of Australia (NSCA), who employed approximately 500 staff, had collapsed in 1989 (Gippsland Times 2007:13). From 1991–1994 ESSO had relocated their administrative activities to Melbourne and approximately 270 local employees and their families were affected (Synan 1994:249). The population and employment loss resulted in a depressed housing market and less demand for housing.

During this time the Kennett government proposed reforms to Victorian local government by consolidating existing small local government areas. The reform proposal led to the Victorian local government amalgamations in December 1994. The amalgamations helped the Sale council to plan for new housing estates outside of the former Sale municipal boundary. Wellington Shire now included the City of Sale and the shire was created from the consolidation of five other municipalities. Unlike those in most other states that had regional development bodies in place, the Kennett government local council amalgamations resulted in the new Wellington Shire Council for the first time being responsible for regional economic development and regional housing issues.

The number of major economic development projects in Sale continued to decrease during the 1990s. The council was supported by the Sale community to think that increasing the available residential land for housing would be an appropriate response to the decline in Sale's economic growth (Wheeler 2008). Sale's declining socio-economic climate was in stark contrast with the concurrent economic and development growth occurring in metropolitan areas and some other large regional centres (Baum *et al.* 1999; 2005). The socio-economic decline that Sale was facing in the 1990s was repeated in many other regional areas, although mostly in towns with a smaller population than Sale (see Rogers & Collins 2001; Cocklan & Alston 2003; Cocklan & Dibden 2005; Rogers & Jones 2006). The new Sale council was now starting to think of using housing-led development strategies to promote economic growth.

2.4 Multifaceted regionalism 2000–current

The time from 2000 until now can be described as the period of *multifaceted regionalism*. During this period the regions are defined as bioregions that share environmental, social and economic conditions but are not necessarily bounded by artificial borders.

The main drivers of economic development in the regions are synergistic. Everingham *et al.* (2006) note that multifaceted regionalism provides a focus on environmental and social issues in conjunction with economic issues in a region. Strategic public and private investments in market-based approaches to natural resource management, social and economic issues are needed to drive economic development. The government promotes the region for economic development while it devolves various decision-making functions to regional bodies (not regional authorities) and key regional stakeholders (Maude 2004:16; Rainnie & Grant 2005).

Multifaceted regionalism policies have been developed for regional communities as a response to the downturn in the local economy in some non-metropolitan regions. Since the 1980s, the self-help model for communities to achieve their own economic and development growth has had some limited success in some Australian non-metropolitan towns and cities (Black & Kenyon 2001; Beer *et al.* 2003). The ability of these towns and cities to achieve economic growth has been linked to the existence of strong social capital and community cohesion (Cocklan & Dibden 2005; Baum *et al.* 2005). Other unique locational factors that assist the economic growth of non-metropolitan towns and

cities include their proximity to larger regional centres and the appeal of lifestyle and high amenity regions in or around non-metropolitan towns and cities (DoP&C 2004; Budge 2006).

The policy framework used by government to guide the nature and extent of their interventions focused on intervention only where necessary. The federal and state governments balance the need for their intervention against the solitary self-help local capacity building model of the previous 20 years (Everingham *et al.* 2006:148). All tiers of government and the community are expected to work together to implement regional economic, social and environmental strategies (Varova 2004:3). Under the multifaceted regionalism policy approach, federal and state government funding and investment along with regional cooperation amongst local government areas are crucial for the successful delivery of development projects.

The previous section demonstrated that Sale's population and new dwelling constructions decreased substantially in the 1990s and that there was a lack of investment in the town from major economic development projects. The decrease in demand for new dwellings is reflected in the limited extension of Sale's residential urban area. Illustration 2.10 shows that limited new housing development has only occurred in the south-east of Sale and to a lesser extent in a small north-eastern pocket since the late 1990s. This part of the chapter investigates the period from 2000 until now and looks at Sale's current stagnant economic, population and housing climate. This section of the chapter also explores the relationship between economic development and housing by reviewing relevant government policy and private developments that have attempted to promote economic and housing growth during the multifaceted regionalism period.

Table 2.4 summarises the nature of the relationship of various government and private actors involved with housing and economic development in Sale during the multifaceted regionalism phase. Illustrations 2.11 and 2.13 on pages 34 and 36 show the location and type of major economic developments in Sale during the multifaceted regionalism period. Illustrations 2.11 and 2.13 show that there were fewer significant economic development projects that affected Sale's spatial development during the multifaceted regionalism

Table 2.4 Multifaceted regionalism and Sale's development

Australian regional governance phase	Influence on the development of Sale				
	Federal government influence	State government influence	Local government influence	Private investment sector influence	Community influence
Multifaceted regionalism 2000 - current	<ul style="list-style-type: none"> - Howard government Commonwealth Sustainable Regions Program provides funding to some major economic development projects in Sale. - East Sale RAAF Base upgrade results in additional RAAF personnel and an increased demand for a small amount of housing. 	<ul style="list-style-type: none"> - Regional Development Victoria established and works with Wellington Shire Council to support some major economic development projects. - Provincial Victoria Make it Happen Campaign promotes the development of regional cities. - Beyond 5 Million Population Policy promotes increased population in regional cities. - Victorian Skilled Migration Strategy promotes employment in regional cities. - Moving Forward: Making Provincial Victoria the Best Place to Live, Work, and Invest Policy promotes the liveability of regional cities. - East Gippsland Institute of TAFE relocation to the central area of Sale. 	<ul style="list-style-type: none"> - Numerous local policy/strategy documents promote the need for growth of Sale's housing and economy. - Sale and Environs District (housing) Review 2001 recommend more land for housing. - Sale and Environs Residential Land Supply Review 2008 recommend more land for housing. - Port of Sale redevelopment allows for new housing. - ESSO BHP Billiton Wellington Entertainment Centre development. - Upgrading of the West Sale aerodrome to attract new industry and jobs. - Regional swimming complex development promotes the liveability of Sale. - Gippsland Regional Sporting Complex promotes the liveability of Sale. 	<ul style="list-style-type: none"> - Nylex manufacturing plant downsizes with loss of jobs. - Wellington Waters housing canal development proposal refused by state government. - Sale Golf Club housing resort development proposal approved by state government. 	<ul style="list-style-type: none"> - Community becomes a part of new regional networks or bodies to promote economic, social and environmental sustainability. - Local Government District Advisory Networks set up to provide community advice to Wellington Shire Council.
Policy framework	← Government and the community work together to implement regional economic, social and environmental strategies →				

phase when compared to the previous two regional governance periods. It should also be noted that most of the economic development projects proposed during the multifaceted regionalism period are yet to be completed.



Illustration 2.10
Sale in 2006: The photograph shows that the only sizeable residential subdivision development expansion was in the south-east of the city (see red box) already within urban and residential zoned boundaries.

Source: Wellington Shire Council 2006

Note: The aerial photo does not show the suburb of Wurruk to the west of Sale

Federal government

Since 2000 the federal government has instituted a number of policies aimed, in part, at affecting regional population, economic and development growth, primarily through the departments of Infrastructure, Transport, Regional Development, and Local Government. The most visible programs were the Regional Partnerships Program and the Sustainable Regions Program in 2001 (both now defunct). The Sustainable Regions Program assisted regional communities to address priority issues they themselves identified. The program supported regions facing economic, social and environmental change. Funding assistance under the program was provided to a limited number of major economic development projects in Sale. However none of the funding for these economic development projects directly required the establishment of large new housing estates.

The upgrading of the East Sale RAAF Base during 2005 - 2009 to enable the relocation of an officer training school from another base created only a small demand for new dwellings because some of the new staff and students could be housed 'on base'. This small demand for new dwellings in Sale was not enough to warrant an increase in Sale's available residential land.

The federal government has funded regional development organisations and area consultative committees (e.g. Gippsland ACC) and more recently Regional Development Australia committees. These committees provide regional economic and strategic planning advice to the federal government (PoV 2009:16). However, the recent federal non-interventionist Liberal and Labor governments have encouraged the funding of specific major regional economic development projects as the responsibility of state and local governments (Courvisanos & Martin 2005:3; PoV 2009:15).

State government

The Victorian government has developed several significant regional policies over the last ten years. The policies have been developed to address Melbourne's growing overpopulation by encouraging some of the metropolitan population to locate in the regions. These initiatives principally affect regional population, economic and development growth. They include:

- The creation in 2003 of Regional Development Victoria, a statutory body under the *Regional Development Act 2002*, with the objective to promote regional areas as places to work, live and invest;
- The *Provincial Victoria Make it Happen Campaign* in 2003, a \$1.3 million marketing campaign aimed at attracting people to live, work and invest in provincial Victoria (VSG 2003);
- *Beyond Five Million Population Policy* 2004, devoted to regional population issues and stating that economic and development growth policy intervention is required to achieve the expected provincial Victoria population goal of 1.75 million people by 2025 (DoP&C 2004);
- The *Victorian Skilled Migration Strategy* 2004–2007, in which assistance is provided to help attract and settle skilled and business migrants and their families in regional Victoria (DVC 2004);
- *Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest* policy 2005 and 2008, providing \$502 million for provincial Victoria up until 2015 by developing infrastructure in regional areas and accelerating the development of regional statutory urban land use plans for major regional centres (DoI&RD 2005; PoV 2009:17).
- Four regional fast-rail projects, with the objective of shortened travel times to Geelong, Ballarat, Bendigo and the Latrobe Valley (i.e. Traralgon near Sale). It was envisaged that shortened travel times would bring economic benefits to towns, and result in population increase, new investments and improved job opportunities.
- *Ready for Tomorrow: A Blueprint for Rural and Regional Victoria* 2010, providing \$630.7 million to help grow regional industries and create jobs; programs to build the skills of the regional workforce; new investment in regional infrastructure; and support to preserve the culture and amenity of the small towns (RDV 2010).

Some of the major economic development project proposals in Sale over the last ten years have been supported by the above Victorian government regional policies. Table 2.6 on page 48 provides evidence that the Port of Sale redevelopment and the West

Sale aerodrome infrastructure upgrade received funding under these policies. However, neither of these projects directly resulted in the need for large new housing estates in Sale. Furthermore, despite some financial support being provided by the Victorian government towards infrastructure projects, Sale's economic climate has continued to stagnate. This has resulted in fewer large-scale economic development projects being developed during the multifaceted regionalism period. The next section of this thesis explores this further.

Local government

Following a period of local government amalgamation and capacity building, Wellington Shire Council was seeking to plan for the economic future of Sale and the surrounding region. At the same time, federal and Victorian government policies were promoting regional population and economic growth. The amalgamations and government policy resulted in Wellington Shire Council's development of strategies to deal with the declining economic and housing climate in Sale. However, these strategic initiatives were developed in the absence of new major economic development projects in Sale. The nature of the relationship between economic development and housing in Sale began to change from the late 1990s. The traditional development triggers for Wellington Shire Council to expand Sale's urban area for housing were not present at that time. Based on very little evidence, the Sale council began to believe that increasing the available residential land for housing would be an appropriate response to the decline in Sale's economic growth.

The relevant Wellington Shire Council policy documents that address housing issues over the last ten years are detailed in Table 2.5. Most of the policy documents suggest strategies for Wellington Shire Council to improve the declining demographic and economic climate of Sale through a housing-led response.

Some of these strategies were adopted by the council. The authors of the strategies credulously put forward that the ready supply of residential land can drive economic growth. One of the council reports that accompanied the Sale & Environs District Report 2001 stated that increasing the available residential land supply in Sale would:

Table 2.5 Sale housing policy documents 1996–2009

Housing policy document	General content
Sale Strategy Plan 1996	Strategy that recommended more land be provided for retail and residential purposes in and around Sale. The strategy was prepared in response to the amalgamations in December 1994.
Wellington Shire Strategy Plan 1997	Included economic strategies relating to cultural, environmental, shire services, community and social services, economic development and housing outcomes. Strategy was prepared in response to the amalgamations in December 1994 and the need for a regional Wellington strategy. Some recommendations directly relate to Sale and the need for additional housing if the population increased.
Wellington Council Plans. Various 2000–2012	Strategic plan outlining council projects and funding commitments over consecutive 5 year periods. Numerous projects identified for Sale including providing funding to rezone new large tracts of land for housing estates.
Wellington Planning Scheme 2000 (as amended)	Major statutory land use document guiding urban development within Wellington Shire. Large section in the scheme devoted to the housing development expectations for Sale, including detailed strategy plans to guide future housing development.
Sale and Environs District Report 2001	Housing review that concluded there was an undersupply of residential zoned land and recommended more land be rezoned in Sale.
Port of Sale Business Master Plan and Opportunities Study 2002	Justification provided for a major tourism, education, cultural and housing precinct near the Port of Sale.
Wellington Population Analysis Issues and Discussion Paper 2004	Population and economic analysis of Wellington Shire and the towns forming part of the shire. A number strategies relating to the need for more housing recommended for Sale.
Sale and Longford Residential Land Supply Review 2008	A housing review that came to the same conclusion as the 2001 housing report, i.e. that there was an undersupply of residential zoned land in Sale. However, the 2008 review recommended more land for housing be rezoned in Longford near Sale.
Sale, Wurruk and Longford Structure Plan: Issues and Options Paper 2009	An issues paper that requested feedback from the Sale community before establishing a broad policy framework for urban growth and development (including housing) in Sale. The final paper will provide objectives for achieving housing strategies and making recommendations for changes to be made to Wellington Planning Scheme. This may involve rezoning more land for housing.

... have a positive economic and social benefit for the current and future Sale and Wellington Shire community, as the [planning scheme] amendments will enable the recommendations of the 'Residential & Rural Residential Strategy, Sale & Environs District Report, July 2001' to be implemented into the Planning Scheme (WSC 2002:3).

The National Institute of Economics and Industry Research (NIEIR) produced the *Wellington Population Analysis Issues & Discussion Paper* in 2004. They also put forward a similar argument relating to the economic benefits of increasing the available land supply for 1 to 5 acre housing allotments in and around Sale. NIEIR suggested that Wellington Shire Council should work towards a housing-led economic growth recovery strategy, arguing that the provision of new land for housing could maximise the economic and population benefits to the Sale region by creating opportunities for families to move to or remain in the region (NIEIR 2004:1,30). Under this housing-led growth recovery strategy it was estimated that there was the potential to generate additional demand for 633 dwellings in Sale by 2026 and therefore attract new people to Sale (NIEIR 2004:117).

The *Sale, Wurruk and Longford Residential Land Supply Review 2008* repeated the virtues of increasing the available residential land supply as an appropriate response to the decline in Sale's economic growth:

The Wellington Planning Scheme needs to be amended to ensure it can provide an adequate supply of appropriately zoned land. More land is required to facilitate residential development and the ancillary benefits that come with this type of economic activity (NBA Group 2008:58).

From these policy documents there is a clear assumption by Wellington Shire Council and their consultants that increasing the available residential land supply is an appropriate response to the decline in Sale's economic growth.

A review of Sale's significant economic development projects is provided in Table 2.6. During the period described as multifaceted regionalism, none of the Wellington Shire Council housing policy documents that were prepared (see Table 2.5) respond directly to a major economic development project. Furthermore, the projects described in Table 2.6

have not been on the scale of the major economic development projects that were occurring in Sale during the old style regionalism period. Most of the economic development projects shown in Table 2.6 are yet to be fully developed. None of the government funding that has been provided for specific economic development projects in Sale has directly resulted in a need for large new housing estates. The few private projects such as Wellington Waters and the Sale Golf Course redevelopment have been abandoned or are having difficulty finding market interest.

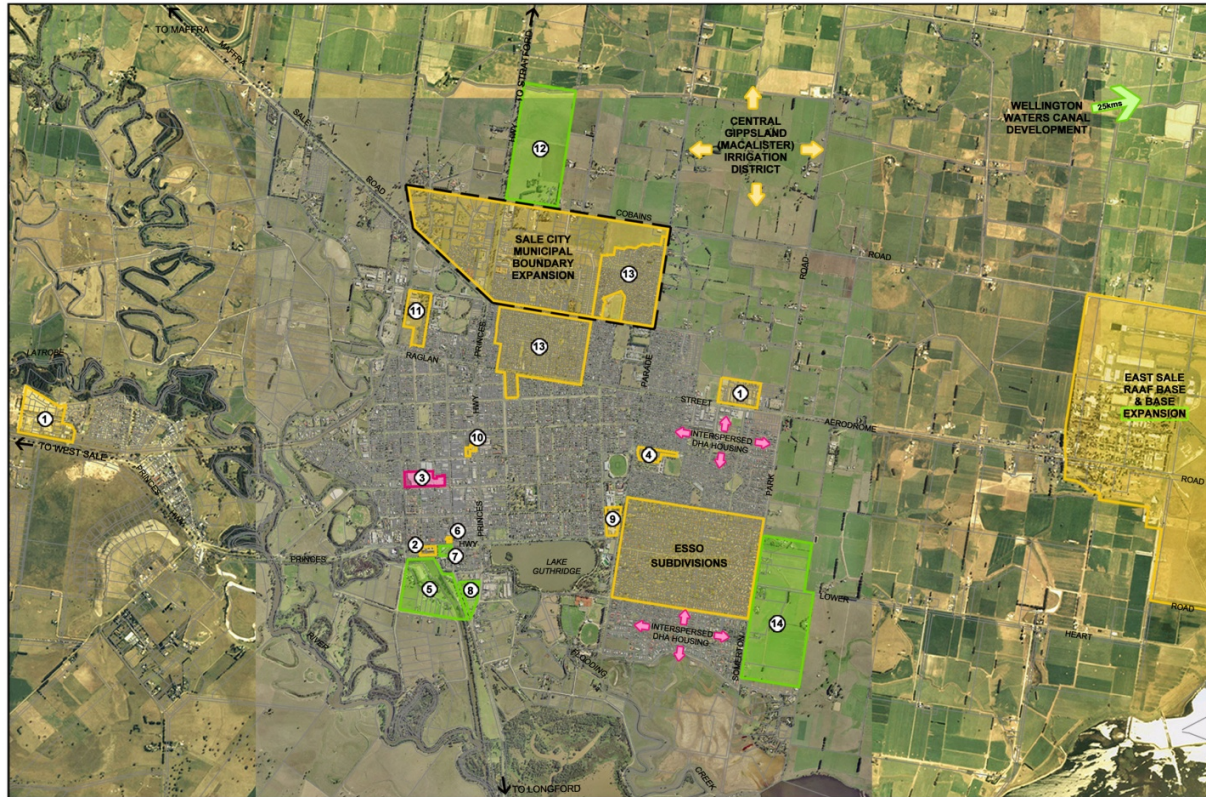
Table 2.6 Sale economic development projects 2000–2009

Projects completed	Government and private sector assistance	Background
Port of Sale Redevelopment Stage 1 2002 (Stage 2 incomplete)	<i>Federal:</i> Commonwealth Sustainable Regions Program \$220 000 grant. <i>State:</i> Regional Infrastructure Development Fund \$1 964 000 grant.	Capability to generate over \$50 million of investment. Wellington Shire Council is currently seeking the private market to develop Stage 2 of the port area but has experienced limited interest. The Port of Sale development is part of council's central tourism strategy for Sale.
ESSO BHP Billiton Wellington Entertainment Centre 2003	<i>State:</i> Arts Victoria and the Community Support Fund. <i>Local government:</i> Facility constructed on council-owned land and partly funded by council. <i>Private sector:</i> ESSO sponsorship package, and businesses and individuals in the local community.	\$5.9 million 400 seat live theatre cultural facility intended to promote the liveability of Sale.
East Sale RAAF Base 2005–2009	<i>Federal:</i> Department of Defence announcement of \$60 million expansion plan. <i>Local government:</i> Strong lobbying by council for expansion.	Transformed the RAAF Base into an officer training base. Created 63 permanent new positions, with additional temporary students completing courses in Sale annually. Strong lobbying by council for the expansion.
West Sale Aerodrome 2006	<i>State:</i> Regional Infrastructure Development Fund \$450 000 grant to upgrade existing infrastructure. <i>Local government:</i> Council-owned land to be made available.	Enabled industries to expand and encourage other new industrial activities to locate at the airfield. Intended to provide employment and stimulus to the local economy. The development forms part of council's main industrial strategy for Sale.

<p>Sale Lex Glover Regional Aquatic Complex 2007</p>	<p><i>State:</i> The Brumby government provided \$2.5 million through the Better Pools program and Sustainability Victoria provided \$100 000.</p> <p><i>Local government:</i> Council-owned land was made available and funding of \$4 million was also committed by the Wellington Shire Council.</p> <p><i>Private sector:</i> ESSO BHP contributed \$200 000 and \$70 000 was raised through community contributions.</p>	<p>The Sale swimming pool underwent a \$7 million upgrade in 2007 and now offers in addition to the outdoor complex a lap pool, hydrotherapy pool, gym and multipurpose rooms, meeting room, cafe and crèche. The development is intended to promote the liveability of Sale.</p>
<p>Projects not completed</p>	<p>Government and private sector assistance</p>	<p>Background</p>
<p>Wellington Waters Canal Development 2000–2007</p>	<p><i>State:</i> Not supportive of proposal.</p> <p><i>Local government:</i> Fully supportive of proposal.</p> <p><i>Private sector:</i> Fully funded by private development.</p>	<p>1500 lot marina environmentally sustainable residential development on Lake Wellington near Sale. Refused by Planning Minister in January 2007.</p>
<p>Nylex Manufacturing Plant Retention 2006</p>	<p><i>Local government:</i> Offer to rezone new land and contribute to cost of relocation.</p>	<p>Nylex announced in 2006 that it was moving some of its Australian operations offshore to Malaysia and China. Despite council's offer to rezone land on the outskirts of Sale for a new plant and contribute to the cost of the relocation, the Sale Nylex plant is expected to cease activity in the area in 2011.</p>
<p>East Sale Institute of TAFE 2004–2009</p>	<p><i>State:</i> Victorian Department of Education provided preliminary approval for the relocation.</p> <p><i>Local government:</i> Council-owned land to be made available.</p>	<p>New \$25 million TAFE relocation adjoining the Port of Sale. Wellington Shire Council supports the proposal as it would enable students, particularly the youth to access the facility, stay or locate to the area. The relocation is expected to provide social and economic benefits to the region. It is one of council's main strategies to address the high levels (up to 55%) of emigration of 15–34 year cohort in Sale. Yet to be developed.</p>
<p>Sale Golf Course Redevelopment 2006–2009</p>	<p><i>Private sector:</i> Fully funded by private development.</p> <p><i>Local government:</i> Supported by council.</p>	<p>300 lot residential redevelopment of existing Sale Golf Course in Longford. Approved by Minister for Planning in 2007. Yet to be developed.</p>

<p>Gippsland Regional Sporting Complex 2008–2009</p>	<p><i>State:</i> The Brumby government provided \$3.7 million through the Community Facilities Funding program.</p> <p><i>Local government:</i> Council-owned land was made available and funding of \$3.2 million was also committed by the Wellington Shire Council.</p>	<p>Vacant land to the north of Sale is to be used for a combined netball, football, cricket, hockey and soccer recreational facility. The development forms part of council's main recreational strategy for Sale. Minor works for stage 1 began in late 2009. The development is intended to promote the liveability of Sale.</p>
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SPATIAL DISTRIBUTION OF THE IMPACT OF REGIONAL ECONOMIC DEVELOPMENT POLICY ON SALE'S DEVELOPMENT POST WORLD WAR II



LEGEND

1. ESSO RELATED INDUSTRIES
2. FORMER ESSO H.Q. & SALE BUTER FACTORY
3. GIPPSLAND CENTRE PEDESTRIAN MALL
4. FORMER RAAF HOUSING
5. PORT OF SALE REDEVELOPMENT
6. FORMER COMMONWEALTH OFFICES
7. ENTERTAINMENT CENTRE
8. TAFE RELOCATION INITIATIVE
9. FORMER RAAF HOSPITAL
10. FORMER HCV THREE-STOUREY UNITS
11. SALE PLASTICS FACTORY & HOUSING
12. FUTURE BULKY GOODS COMMERCIAL AREA INITIATIVE
13. FORMER HCV HOUSING
14. FUTURE HOUSING AREA INITIATIVE

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KEY:

OLD STYLE REGIONALISM
1940's - 1970's

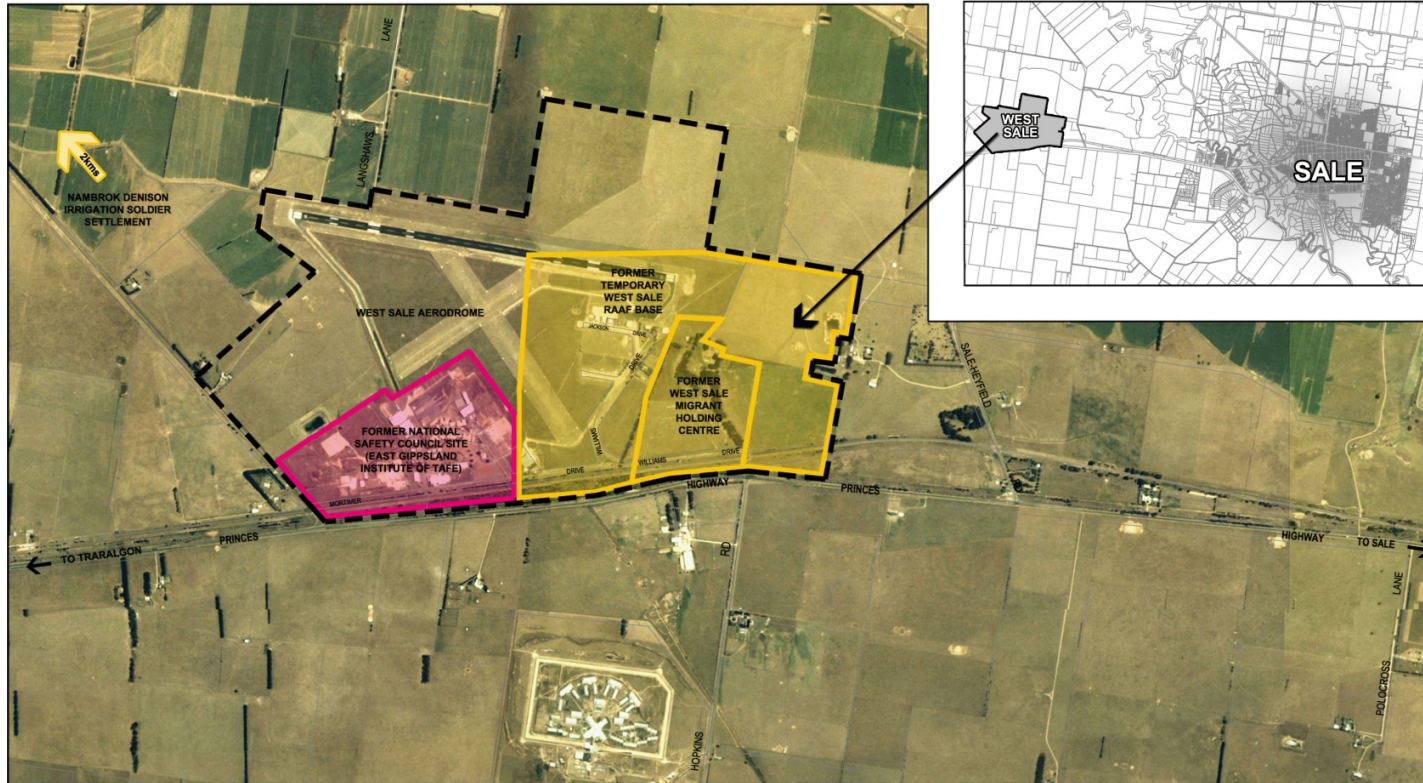
NEW LOCALISM
1980's - 1990's

MULTIFACETED REGIONALISM
2000 - current

SCALE: 0 500 1000 2000
Metres

Illustration 2.11
This aerial photograph and Illustrations 2.12 and 2.13 show that during the old style regionalism period numerous major economic development projects were completed that resulted in the need for the Sale council to expand the urban area of Sale for housing.

SPATIAL DISTRIBUTION OF THE IMPACT OF REGIONAL ECONOMIC DEVELOPMENT POLICY ON SALE'S DEVELOPMENT POST WORLD WAR II



KEY:

OLD STYLE REGIONALISM
1940's - 1970's

NEW LOCALISM
1980's - 1990's

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Illustration 2.12
This aerial photograph and Illustration 2.11 show that during the new localism phase major economic development projects decreased and therefore the need for the Sale council to expand the urban area of Sale for housing also decreased.

SPATIAL DISTRIBUTION OF THE IMPACT OF REGIONAL ECONOMIC DEVELOPMENT POLICY ON SALE'S DEVELOPMENT POST WORLD WAR II



KEY:

OLD STYLE REGIONALISM
1940's - 1970's

MULTIFACETED REGIONALISM
2000 - current

SCALE: 0 500m 1km 2km

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Illustration 2.13
This aerial photograph and Illustration 2.11 show that during the multifaceted period major economic development projects decreased and therefore the need for the Sale council to expand the urban area of Sale for housing also decreased.

2.5 Economic development and housing markets in non-metropolitan Australia

The relationship between Sale's economic development and housing markets is obviously complex. However, as Sale is one of many non-metropolitan cities across Australia, it is important to compare the nature of the relationship between economic development and housing provision in Sale with the experience of these other non-metropolitan cities.

The study of the relationship between economic development and housing provision can be understood by examining two key features of non-metropolitan cities and towns. First, Sale can be placed on a continuum of socio-economic advantage and disadvantage and be described as an 'advantaged service based city'. Second, Sale can be placed on a continuum describing the strength of non-metropolitan housing markets and be described as a 'non-metropolitan service based city with a low growth housing market'.

The research relating the relationship between economic development and housing provision in non-metropolitan cities helps support the conclusion that the promotion of housing supply in Sale by the Sale council was the wrong way to respond to economic restructuring and fewer jobs.

Non-metropolitan socio-economic opportunity and vulnerability

Sale has been classified as an 'advantaged service based city': Baum *et al.* (1999, 2005) and Baum (2006) conducted national studies within Australia's metropolitan cities and across its regional cities and towns to see how, over the decade 1986 - 2001, local communities have coped with socio-economic transitions. They developed a conceptual framework for assessing local community socio economic performance and vulnerability for approximately 118 of Australia's regional cities and towns with populations over 10 000 (see Illustration 2.14 and Table 2.7). These studies provided the first extensive insights into the socio-economic patterns that distinguished 'winning and losing' Australian regional cities and towns. The 'advantaged and disadvantaged conceptual framework' helps to locate Sale within a continuum of advantaged and disadvantaged Australian regional towns in relation to their economic development opportunities.

The Baum *et al.* research demonstrates that some advantaged service-based non-metropolitan cities like Sale around 2001, were experiencing economic decline or stagnation. The earlier part of this chapter argues that from the start of the 1990s Sale had difficulty attracting increased employment opportunities and new workers. The research also shows a similar relationship with employment in Sale during this period.

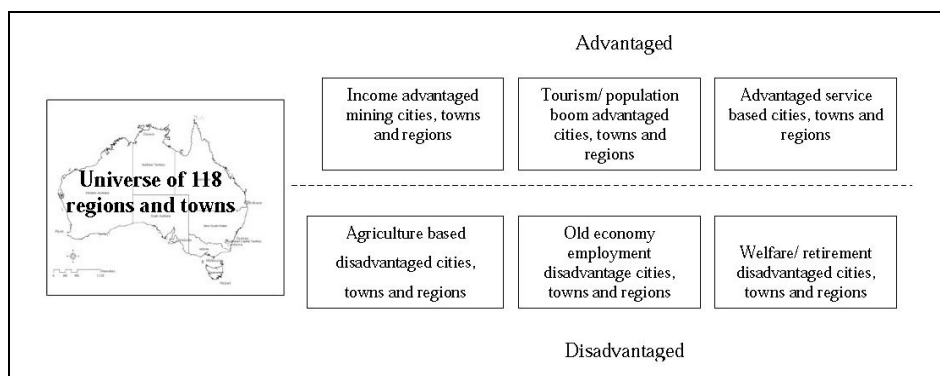


Illustration 2.14
The universe of Australian regional cities and towns: Sale is one of eleven Victorian cities with a population over 10 000 persons that are classified as an 'advantaged service based city'

Source: Baum 2006

The Baum *et al.* research demonstrates that in 2001 Sale's economy depended to a considerable degree on government-funded service functions, including administration, health and education. The research finds that cities like Sale experienced economic decline or stagnation and employment in these towns reflected the broad role and population-based functions of these places. The cluster that includes Sale indicated that there was an above average number of educated professionals and an average number of vulnerable occupations in serviced-based cities. Furthermore, mass goods and service industries, including soldiers, teachers etc., were evident and the service industry sector accounted for the largest proportion of employment. Many of the cities and towns like Sale are a 'jumping off point' for workers in the mining and extractive industries (Baum *et al.* 2005: 4.11).

Sale was not one of the wealthy localities in non metropolitan Australia in 2001 and Sale had more low-income than high-income individuals. The Baum *et al.* research shows that although Sale had an above average number of educated professionals, the number of people with basic schooling was below the average. Sale had pockets of disadvantage with single-parent households, people receiving aged pensions and rent assistance payments, and public housing tenants being above the average (Baum *et al.* 2005:4.12).

The research demonstrates that advantaged service-based non-metropolitan cities like Sale around 2001 were experiencing difficulties in attracting economic development, increased employment opportunities and the new workers.

Table 2.7 Advantaged and disadvantaged Australian regional centres 2001

State	Income-advantaged mining cities, towns & regions	Tourism/population boom-advantaged cities, towns & regions	Advantaged service-based cities, towns & regions	Agriculture based disadvantaged cities, towns & regions	Old economy, employment disadvantage cities, towns & regions	Welfare/retirement migration disadvantaged cities, towns & regions
NSW	Singleton, Muswellbrook	Queanbeyan, Snowy River	Lake Macquarie, Maitland, Tamworth, Armidale, Dumaresq, Dubbo, Bathurst, Orange, Goulburn, Wagga Wagga, Albury, Newcastle	Gunnedah, Moree Plains, Narrabri, Mudgee, Cowra, Parkes, Young, Tumut, Griffith, Leeton, Inverell	Cessnock, Lismore, Richmond, Casino, Grafton, Greater Taree, Kempsey, Broken Hill	Port Stephens, Great Lakes, Tweed, Ballina, Byron, Maclean, Bega Valley, Eurobodalla, Shoalhaven, Coffs Harbour, Hastings
VIC			Warrnambool, Horsham, Shepparton, Echuca, Wodonga, Wangaratta, Sale , Traralgon, Ballarat, Warragul, Bendigo	Ararat, Mildura, Kyabram, Moira - West, Swan Hill	Portland, Moe, Morwell	Bairnsdale
QLD	Banana, Emerald, Mount Isa	Calliope, Gladstone, Whitsunday, Douglas, Thuringowa, Cairns	Rockhampton, Mackay, Atherton, Toowoomba, Townsville	Kingaroy, Bowen, Burdekin, Jondaryan	Bundaberg, Gympie, Maryborough, Warwick Central	Burnett, Hervey Bay, Livingstone, Gold Coast, Maroochy, Noosa
SA			Mount Gambier, Port Lincoln		Murray Bridge, Whyalla, Port Pirie, Port Augusta	Copper Coast
WA	Kalgoorlie/ Boulder, Port Hedland, Roebourne	Greenough, Wyndham East, Kimberley, Broome	Bunbury	Esperance	Geraldton	Busselton, Albany
NT		Katherine, Alice Springs				
TAS			Launceston, West Tamar		Burnie, Central Coast, Devonport, Waratah/ Wynyard	

Source: Baum 2006

Non-metropolitan housing markets

Sale has been classified by Wulff *et al.* (2007) as a 'non metropolitan population centre with a low growth housing market'. Wulff *et al.* have developed a classification system of housing markets to construct a typology or set of ideal types that represent broad patterns and processes in Australian regional areas. The classification system is similar to the technique used by Baum *et al.* (1999, 2005) and Baum (2006) to establish a typology of socio-economic advantage and disadvantage in Australia's large non-metropolitan cities, towns and regions. Wulff *et al.* has investigated the period from 1991 to 2001 and has identified as part of the typology a total of 518 non-metropolitan areas across Australia. The analysis of these areas has resulted in two large-region clusters, one small-region cluster and two remote-region clusters (see Illustration 2.15) with either expanding or low growth housing markets. The classification system helps to locate Sale within a continuum of advantaged and disadvantaged Australian regional towns in relation to their housing market opportunities.

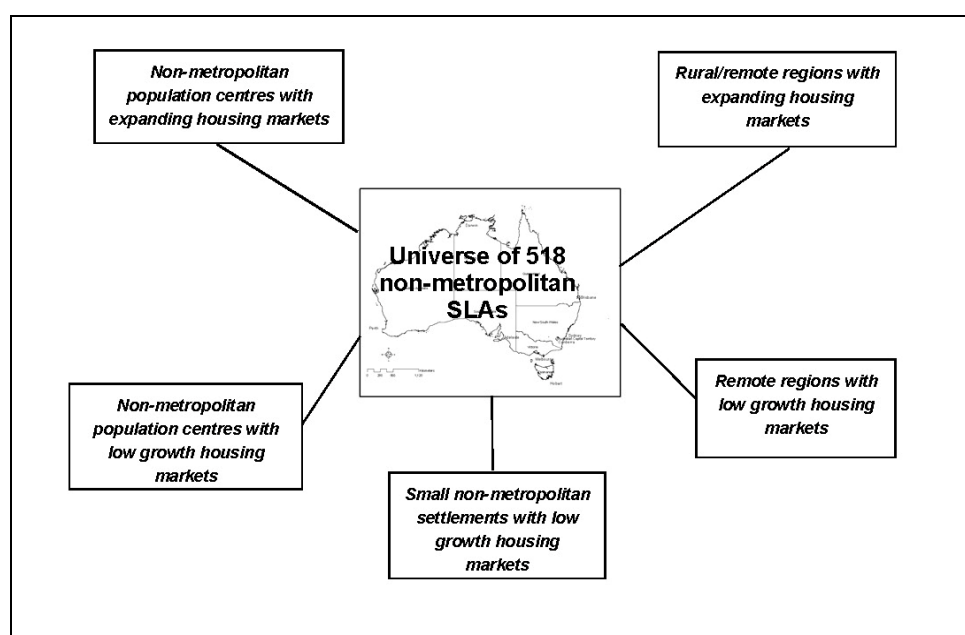


Illustration 2.15
Non-metropolitan housing markets:

Sale is one of 27 Victorian cities classified as a 'non metropolitan population centre with a low growth housing market'. The cluster includes coastal and inland cities.

Source: Wulff *et al.* 2007

The Wulff *et al.* research demonstrates that there were many non-metropolitan centres with low-growth housing markets like Sale leading up to 2001. The research shows that Sale is included in the cluster of regional centres with low-growth housing markets (see Table 2.8), and finds that in 2001 Sale had above average levels of households suffering rental financial stress (18.6 per cent). The cluster that included Sale had the highest proportion of urban population (71.7 per cent) and had a below average level of access to

Table 2.8 Australian non-metropolitan centres with low-growth housing markets 2001

New South Wales	Queensland	Victoria
Muswellbrook	Gatton	Colac-Otway - Colac
Scone	Bundaberg	Warrnambool
Singleton	Coolooloa - Gympie only	Glenelg - Portland
Lismore	Gayndah	S. Grampians - Hamilton
Richmond Valley - Casino	Kingaroy	Ballarat - Central
Bellingen	Maryborough	Horsham - Central
Grafton	Mundubbera	N. Grampians - Stawell
Nambucca	Murgon	Mildura
Greater Taree	Toowoomba	Swan Hill - Central
Kempsey	Dalby	C. Goldfields - Maryborough
Tamworth	Goondiwindi	Mount Alexander - Castlemaine
Gunnedah	Stanthorpe	Greater Shepparton
Inverell	Warwick - Central	Campaspe - Echuca
Armidale Dumaresq - City	Balonne	Campaspe - Kyabram
Glen Innes	Murweh	Moira East - Yarrowonga
Moree Plains	Roma	Moira West - Cobram
Narrabri	Rockhampton	Delatite - Benalla
Dubbo	Gladstone	Mitchell North - Seymour
Mudgee	Banana	Wodonga
Narromine	Longreach	Indigo Pt B. - Rutherglen
Cobar	Bowen	Wangaratta - Central
Bathurst	Burdekin	E. Gippsland - Bairnsdale
Blayney	Charters Towers	Wellington - Sale
Orange	Hinchinbrook excl. Palm Is.	Latrobe - Moe
Greater Lithgow	Atherton	Latrobe - Morwell
Oberon	Cairns - Pt B.	Latrobe - Traralgon
Cowra	Johnstone	Baw Baw Pt B. West - Warragul
Forbes	Mareeba	
Parkes		
Goulburn	South Australia	Western Australia
Yass	Barossa - Angaston	Bunbury
Young	Clare and Gilbert Valleys	Collie
Bega Valley	Berri & Barmera - Barmera	Manjimup
Cooma-Monaro	Berri & Barmera - Berri	Katanning
Wagga Wagga	Loxton Waikerie - East	Albany - Central
Cootamundra	Loxton Waikerie - West	Narrogin
Tumut	Renmark Paringa - Paringa	Moora
Griffith	Renmark Paringa - Renmark	Northam
Hay	Murray Bridge	Merredin
Leeton	Naracoorte and Lucindale	Geraldton
Murrumbidgee	Tatiara	
Albury	Mount Gambier	Tasmania
Corowa	Wattle Range - East	George Town
Berrigan	Wattle Range - West	Launceston
Deniliquin	Port Lincoln	Northern Midlands
Broken Hill	Ceduna	West Tamar
	Port Pirie - City	Burnie
	Flinders Ranges	Central Coast
		Devonport
		Waratah/Wynyard

Source: Wulff *et al.* 2007

key services (i.e. Accessibility Remoteness Index of Australia, mean of 4.0) (Wulff *et al.* 2007:72). Sale had an above average proportion of State housing authority tenants (5.1 per cent) and below average rates of change in population, households, dwellings and the percentage of owners. In particular, the Wulff *et al.* research found that population growth was low and both household change and dwelling change were below average at approximately 11 to 12 per cent. The share of outright owners of housing also fell by 0.9 per cent (Wulff *et al.* 2007:73).

The research demonstrates that Sale's housing market was depressed at the time of the Sale Council's attempt to release more urban land for housing.

2.6 Conclusion

This chapter showed that in the first 30 to 40 years after World War II there was a close association between major economic development projects and a need for the Sale council to provide more land for housing. Over the last 15 years in Sale the relationship between major economic development projects and housing changed and so did the need to release more land for housing. This chapter discussed this by periodising Sale's economic development since World War II and examined the relationship between Sale's urban housing and economic development compared with the broader experience of other Australian regional cities.

This chapter answered the question about the relationship between Sale's urban housing and economic development. The question was: "*What has been the nature of the relationship between economic development and housing in the post WWII period in Sale and how does this compare with the broader experience in other Australian regional cities?*" This question is now able to be answered in summary.

The question was answered by presenting an analyses of Sale's economic and urban residential development based on *intensive research* into the historical record of economic and urban development in Sale from the 1940s. This chapter also examined *extensive research* that explored the more recent broader patterns of economic growth and decline of Australian non-metropolitan cities and towns.

The intensive research into Sale's economic and urban residential development was guided by a typology that periodised non-metropolitan regional governance: 'old style regionalism' 1940s–1970s; 'new localism' 1980s–1990s; and 'multifaceted regionalism' 2000–current. Within each of these three regional governance periods the focus was on: the way regions were defined; the main drivers of economic development; the role of regional communities in the development process; and policy frameworks used by government to understand what was happening in regions to guide the nature and extent of interventions.

In the first two regional governance periods (i.e. old style regionalism' 1940s–1970s and 'new localism' 1980s–1990s) the research showed that it was economic development that created demand for additional workers, which in turn created demand for new land and housing. In neither of these periods was there any early provision of housing that then led to subsequent economic development. During the third period (i.e. 'multifaceted regionalism' 2000–current) there was a restructuring of the Sale regional economy and a loss of major employers and fewer jobs. This was the context in which the early provision of housing came to be promoted by the council as a response to regional economic decline when compared to the experience of the previous periods.

The chapter argued that the extensive research examining growth and decline in Australian non-metropolitan cities and towns was relevant to this research for two reasons. First, it extended our understanding of the relationship between regional economic development and the demand for housing in Australian non-metropolitan urban settlements. It demonstrated that the demand for housing follows economic development, increased employment and the attraction of new workers to regional cities and towns. Second, Sale is one non-metropolitan urban settlement considered in this research and was described as a 'service based city' within the east Gippsland region with a 'low growth housing market'. This research also supported the conclusion that the promotion of housing supply in Sale since the late 1990s was the wrong way to respond to economic restructuring and fewer jobs.

In summary, this chapter analysed Sale's economic development and housing provision in two ways. The first presented an intensive historical analysis of economic and urban development from the 1940s. The second re-examined extensive research of economic

development in non-metropolitan cities and towns including Sale. Both forms of research resulted in the same finding. The nature of the relationship between economic development and housing in Sale after World War II was that economic development led the demand for new housing. Both forms of research confirmed that providing additional land for housing does not lead to new economic development.

The Sale Council's approach to supporting economic development by supplying additional land for housing depends on key urban planning legislation and processes. The next chapter explores this issue.

Chapter 3

Planning processes used to plan Sale

3.1 Introduction

The Sale Council's approach to supporting economic development by supplying additional land for housing has depended on key urban planning legislation and processes. This chapter focuses on how the evolution and impact of the legislative framework of urban planning has influenced Sale's urban development since the 1940s. The chapter analyses how the Sale Council has used the urban planning system to respond to the demand for residential land.

This chapter answers the question about the main features of the urban planning system used to plan for Victorian regional cities and particularly Sale's development: *"What are the key features of urban land use planning processes in Victorian land use planning legislation that have been used to support urban development in Victorian regional cities and how has the relationship between the demand for residential land and economic development been understood and managed in relation to Sale within this planning framework?"*

This chapter answers this question by presenting two arguments. The first is that urban land use planning processes in Victorian land use planning legislation has not been the main driver of Sale's urban development. Instead, land use planning for residential housing was used by the council to respond to and guide the growth demands resulting from major economic development projects. This chapter pursues this argument by examining spatial relationships between major economic development projects in Sale and the need for the council to use urban land use planning processes to guide Sale's urban development, especially for housing.

The second argument is that there has been a change in the relationship between the demand for residential land and economic development in Sale. This change has taken place during reforms to local government and the Victorian land use planning process and this was the arena within which the Sale Council's understanding of the relationship was developed. This change has led to optimism by the council that planning and supplying additional land for housing would result in economic development growth. This chapter explores this argument by examining local government amalgamations, the presence of

major economic development projects, and the key features of Victorian regional land use planning processes, particularly the Victoria Planning Provisions (VPP).

Due to the nature of the research question, the chapter sometimes uses technical land use planning terms. A glossary of land use planning abbreviations and terms is provided in Appendix 3 to assist the reader.

3.2 The planning system used to plan Victorian regional cities

The key features of regional Victorian and Sale urban land use planning processes during the three Australian regional governance periods since World War II is provided in Table 3.1. These features include compliance with various Victorian government urban land use planning Act requirements. They also include the preparation and enforcement of local planning schemes that set out land use zones and overlays and prescribe what use and development is prohibited or requires a planning permit. Other related urban town planning functions include developing strategic policy direction, undertaking strategic planning studies to guide consideration of planning permits, and changing local planning schemes by way of amendments.

Table 3.1 Regional Victorian and Sale land use planning 1944–2010

	Australian regional governance periods 1944–2010		
	Old-style regionalism: Australia late 1940s– 1970s	New localism: Australia 1980s–1990s	Multifaceted regionalism: Australia 2000–current
Features of regional Victorian and Sale land use planning processes	1944 Town and Country Planning Act	1980s Planning Panels Victoria 1981 The Department of Planning	2001–2010 Victoria Planning Provisions amendments
	1944–1981 Town and Country Planning Board	1983–1990 Ministry for Planning and Environment	2007 Department of Planning and Community Development
	1960s Town and Country Planning Act Amendments	1980s Town and Country Planning Act Amendments 1987 Planning and Environment Act 1996 Planning and Environment (Planning Schemes) Act 1997 Victoria Planning Provisions	2010 Review of the Planning and Environment Act
	*1954 Sale Interim Development Order	*1984 Latrobe Regional Commission	*2000–2010 Wellington Planning Scheme
	*1975 Statement of Planning Policy No.9 (Central Gippsland)	*1988 Sale Planning Scheme	
	*1975 Sale Planning Scheme		

Note: * denotes features specific to Sale

Planning in Sale during old-style regionalism

The Sale Council prepared its first formal Interim Development Order (IDO) in 1954 (Gippsland Times 1955:3) that was later gazetted in 1955 (Victorian State Government 1955). Until the early 1950s, only a few towns such as Wangaratta and Swan Hill commenced IDOs (Budge 2001:9). The *Town and Country Planning Act 1944* gave powers to Victorian local government to use interim planning controls to manage the use and development of land while the council prepared more comprehensive planning schemes. These provisional controls were known as IDOs. However, only a few regional councils had IDOs in place and, those that did, wanted to use the interim provisions to respond to the decentralisation move from metropolitan to regional areas (Gippsland Times 1946:1). Illustration 3.1 demonstrates that the Sale IDO enabled the council to require planning permits for all land uses and development and made possible the option to progress mapping of basic zones for shops, houses and factories.

The Sale IDO was one of Victoria's first rural regional planning schemes (Public Records Office 2007) and was developed to provide guidance to the local council in response to the impacts of the increased population and housing demand at the time. In 1943 the establishment of two temporary RAAF airfields and in 1949 the new West Sale Migrant Holding Centre increased the population of Sale by 1500 RAAF personnel and 800 refugee families respectively (Synan 1994:208). In 1950 Sale was proclaimed a city. The local council received development interest from a number of large manufacturing industries such as the Sale Plastics Factory (now known as Nylex) to establish in Sale.

The Sale IDO was initially seen by the local council as the tool to designate locations for new industries and as a solution to manage the associated population and housing crises. Under the IDO, areas within the urban locale of Sale were set aside for housing. The IDO ensured that new housing areas had an adequate separation buffer from industry. The Sale IDO was a preliminary step to a more comprehensive local planning scheme some twenty years later.

A more comprehensive local planning scheme was developed by the Sale council in 1975 and gazetted in 1977 (see Illustration 3.3). The need to prepare the 1975 scheme was a direct response to the office, industrial and housing demands generated by the discovery of natural gas and oil off shore in Bass Strait not far from Sale. Sale had been transformed into a gas and oil boom town, which led to office, industrial and housing supply crises resulting in two municipal boundary extensions. Pressure was also being placed on the council by the state government Town and Country Planning Board (T&CPB), planning experts and

consultants to depart from the 1954 IDO and prepare a new updated scheme that included surveyed zoning maps (Lewis 2007).

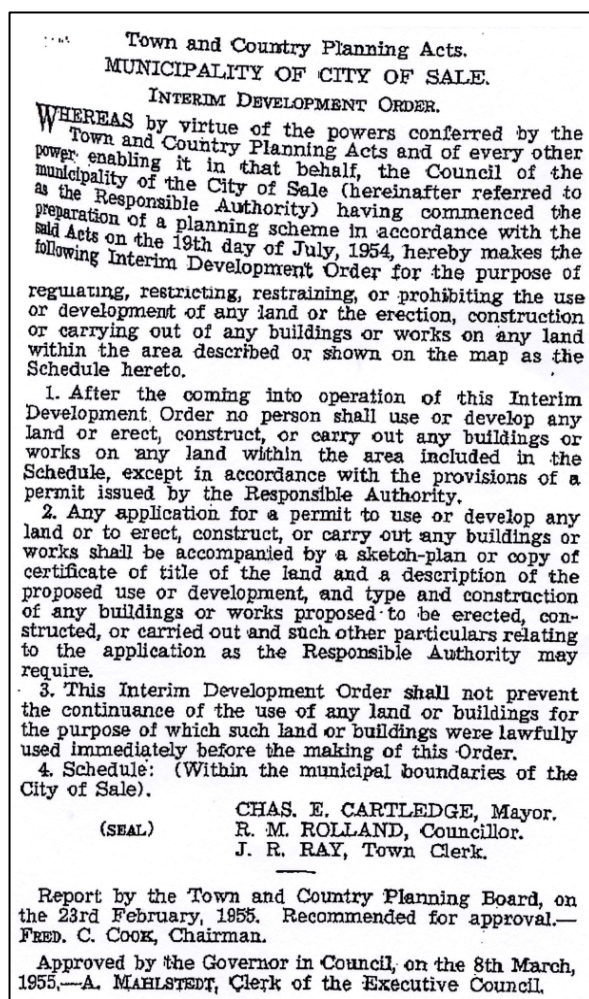


Illustration 3.1
IDO 1954: was the Sale Council's first attempt to use urban planning provisions to guide and manage the impacts of the increased population and housing demand that resulted from major economic development projects at the time.

Source: Victoria Government Gazette 1955

The 1975 scheme was principally designed to rezone land in the newly acquired areas for housing and industrial activities (mostly oil and gas related). The 1975 scheme also zoned land for office space to accommodate more businesses. The scheme was heavily supported by a number of strategic studies such as the *City of Sale Residential Areas Study 1972*, which was developed due to the demand for housing being generated by major economic development projects in and around Sale at the time. The 1972 study stated that:

The need for pre-planning the residential areas in the City of Sale is given impetus by the current high rate of building and the pressures on council to approve plans of subdivision (KL&P 1972:1).

The demand for new housing in Sale was so extreme that areas outside the Sale municipal boundary to the north of Sale and at Wurruk were identified for future low density housing

(i.e. 600–800m² allotments) and the centre of Sale was designated for higher density housing (i.e. 150–300m² allotments). Illustration 3.2 shows that the location of the future low, medium and higher density housing precincts. It was predicted that Sale was to grow its population by an additional 37 350 persons to meet the housing demand being generated by major economic development projects (KL&P 1972:52).

The 1975 Sale scheme supported a more compact CBD, curved residential street alignments and modern housing designs. From the late 1960s the conventional grid layout and CBD area that had served Sale since settlement had been criticised by Melbourne and British planning experts (Gippsland Times 1969:3; 1970:2). Shortly after the 1975 scheme was approved the Sale council approved many large plans for residential subdivision. The subdivision design began to influence the residential landscape on the northern and eastern periphery of the existing urban boundary (see Illustration 2.6 in Chapter 2). The new street layout reflected the modern planning thought of the local council engineers and planners at the time and also supported the development of modern houses in the new subdivisions that were being commissioned by ESSO to house American and Canadian families.

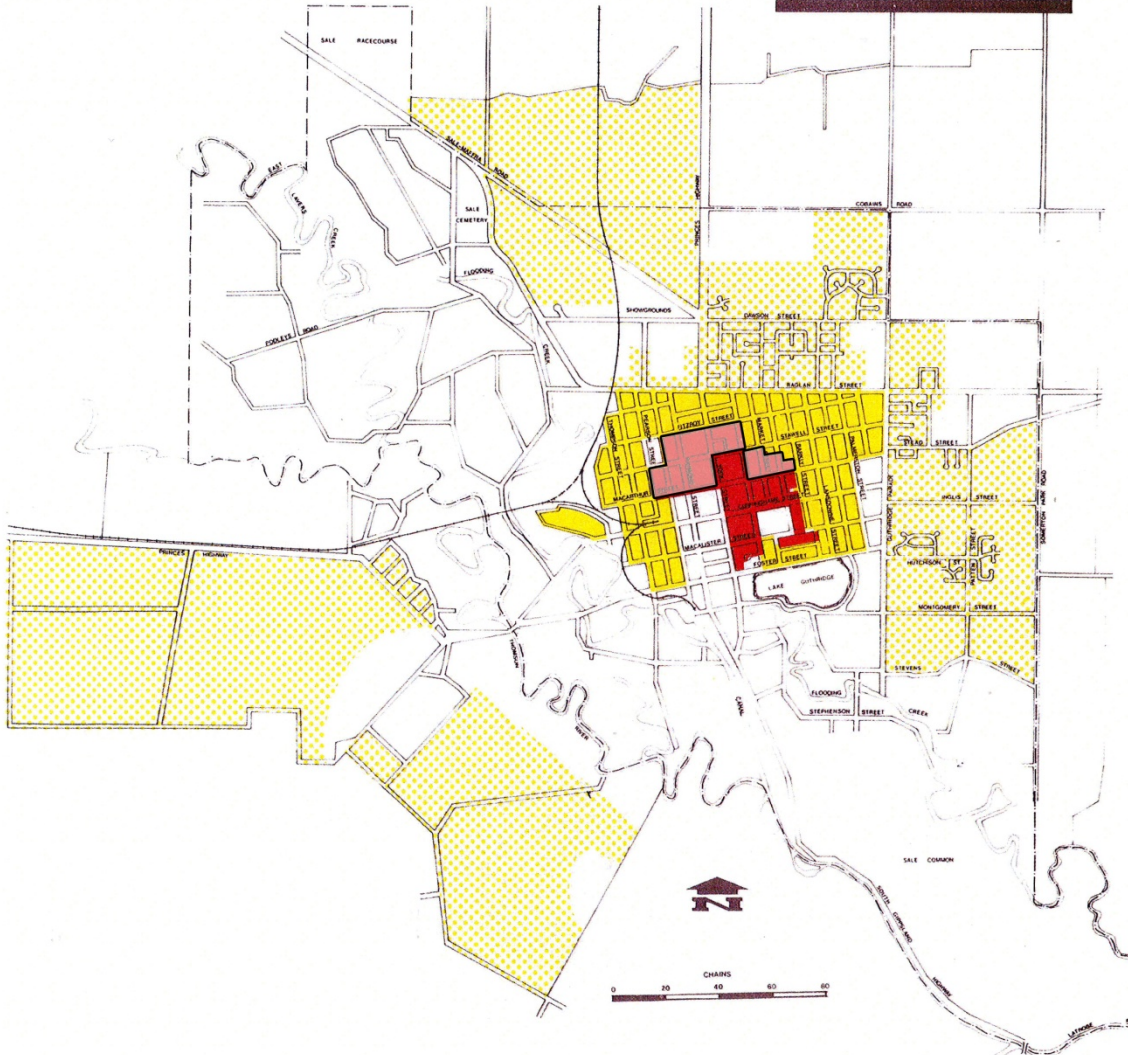
The council used the urban land use system to guide and manage major economic development projects related to RAAF Base airfields, West Sale Migrant Holding Centre and large manufacturing industries and the resultant population, employment and housing growth.

Planning in Sale during new localism

The LRC and the Sale Council continued to use the planning scheme to meet the demand for new land for housing and industry that was generated by major economic development projects. However, they did so during a time of planning policy change. For the first time, the *Planning and Environment Act 1987* legally required the council to adopt a new planning scheme, which consisted of state, regional and local sections. The council prepared its third planning scheme in 1988 (see Illustration 3.4).

The state government took an interest in planning for Sale in the 1980s by establishing the Latrobe Regional Commission (LRC) in 1984. The LRC was responsible for regional planning and economic development in the Sale region (see Illustration 2.9 in Chapter 2), and was a Victorian regional planning authority (along with the Geelong Regional Planning Authority) that concentrated on both regional planning and economic development (Langmore 2007).

CITY OF SALE RESIDENTIAL AREAS STUDY



- High Density
- Medium Density
- Low Density (A)
- Low Density (B)

Residential Density Zones **9**

KEITH LANGE & PARTNERS CONSULTING ENGINEERS & PLANNERS

Illustration 3.2
Residential density zones 1972: The introduction of housing densities was a first for Sale.

Source: Keith Lange & Partners 1972

CITY OF SALE PLANNING SCHEME 1975

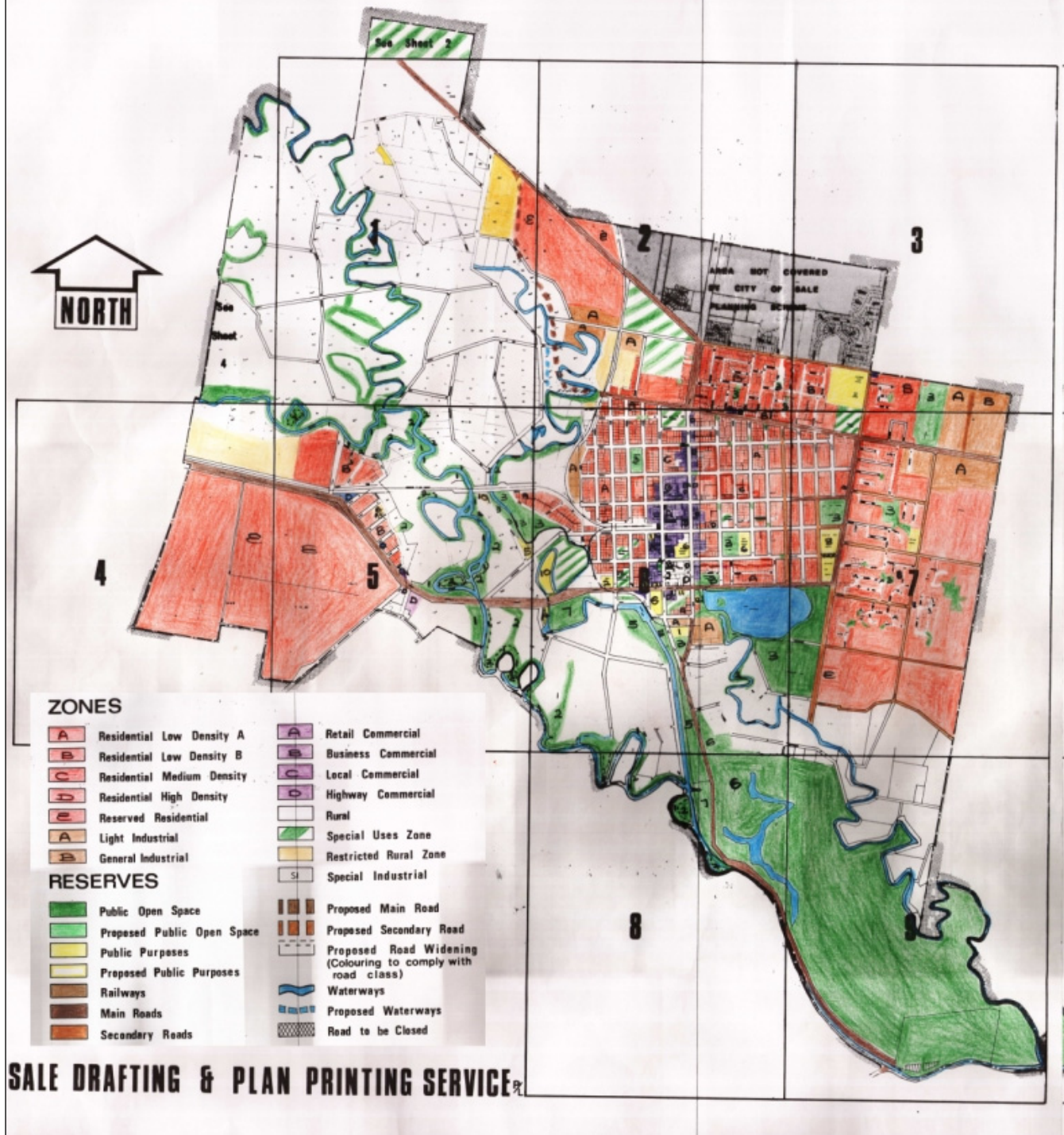


Illustration 3.3
Sale Planning Scheme 1975: The introduction of zoning maps and detailed zoning categories was a significant departure from the 1954 IDO, which did not include formal zoning maps.

Source: City of Sale 1975

The LRC guided the impact of large economic developments in Sale by using planning policy to manage the population growth resulting from these economic developments. The LRC was responsible for implementing and modifying the state government 1975 Statement of Planning Policy (SPP) No.9 (Central Gippsland) in the late 1980s. The revised LRC SPP resulted in land being reserved for coalfields in local planning schemes. This affected Longford near Sale, where future housing opportunities were prohibited on land reserved for winning coal. Another role of the LRC was to draft and implement new regional sections within local Gippsland planning schemes. The LRC included a regional section in the 1988 Sale Planning Scheme. The regional section contained economic development objectives that encouraged the Sale Council to protect agricultural and coal resources but also to provide urban land to meet predicted economic growth and demands for housing (City of Sale 1988:14). The LRC provided support for the council to modify the Sale planning scheme to accommodate the need for further housing and industry during the 1980s and 1990s (Langmore 2007).

Before the Kennett Liberal government's local government amalgamations in late 1994, the four adjoining municipalities were always competing with Sale to attract population, housing and development away from Sale into neighbouring towns. The Sale Council responded by planning for housing and other development to be established within the confines of Sale's small municipal boundary. The 1988 scheme provided an increase in available residential land within the previous municipal boundary extension to the north of the city and reserved land for future residential purposes in East Sale and at Wurruk to the west of Sale. The council was strongly focused on increasing the available residential land supply within Sale's municipal boundary.

When the Kennett government implemented the local government amalgamations, the City of Sale became the larger entity of Wellington Shire Council. This was achieved by consolidating five former municipalities into one large regional shire. For the first time the local council established its own economic development department. Wellington Shire Council was expected to take advantage of the opportunities to be more influential in their region and to undertake more focused regional economic development (Commonwealth of Australia 2003:84). The LRC ceased to be a regional planning authority in 1995 and the state government devolved some of the LRC's statutory planning powers to the Gippsland councils. The dismantling of the LRC was partly due to the Victorian local government amalgamations six months earlier. The local government amalgamations enabled Wellington

Shire Council to start planning for new land for housing and industry outside the former Sale council boundaries.

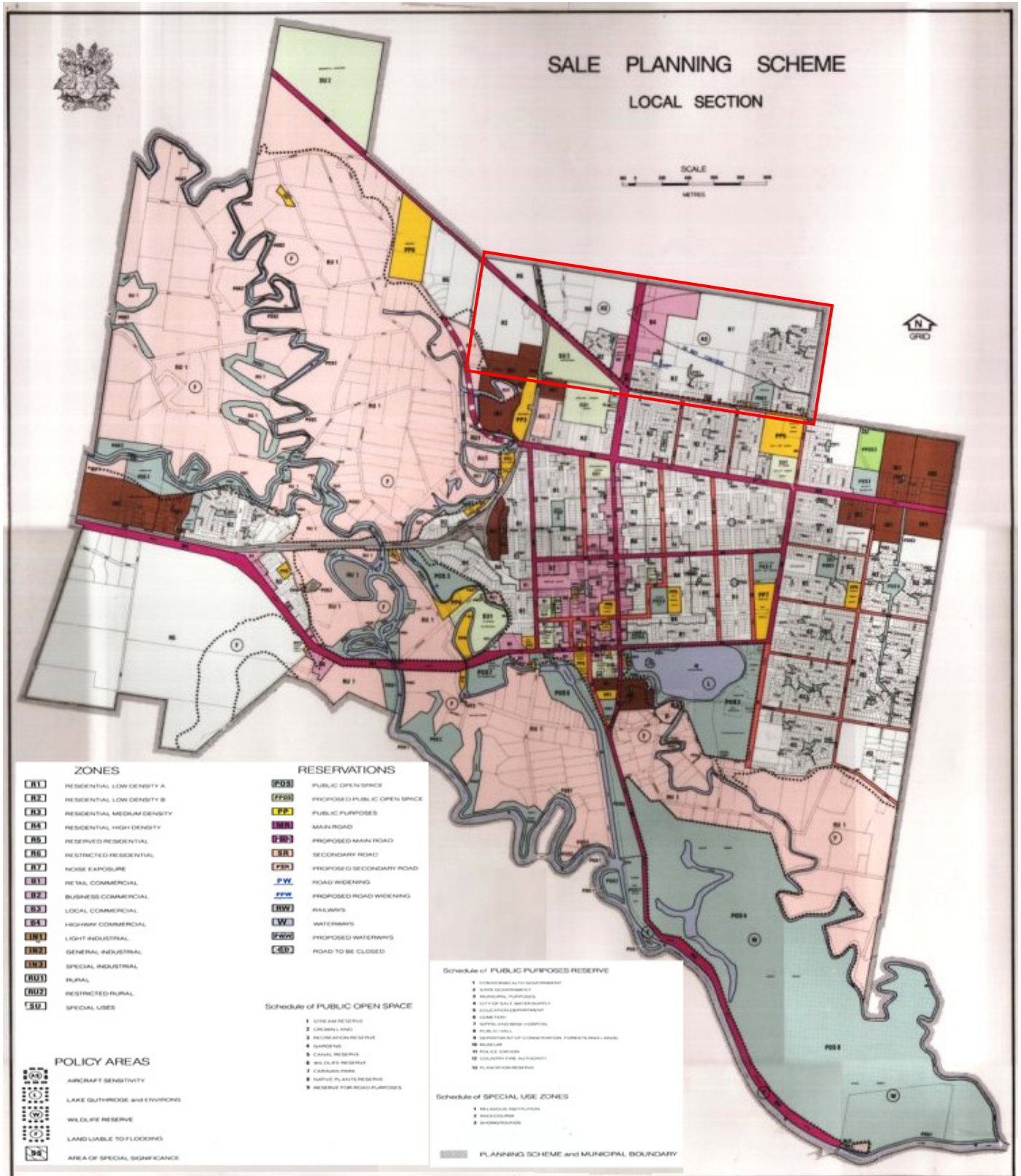


Illustration 3.4
Sale Planning Scheme 1988: The illustration shows that the 1988 scheme provided an increase in available residential land at the location of the previous municipal boundary extension to the north of the city (see red box).

Source: City of Sale 1988

Wellington Shire Council subsequent to the amalgamations was now able to plan for the development of Sale by preparing long-term strategies that identified future housing and industrial areas outside the former Sale municipal border. The *Sale and Environs Strategy Plan 1996* identified future housing areas to the north and east of Sale's township boundary and future industrial areas to the west of Sale's township border (see Illustration 3.5). However, the new regional focus didn't provide the council with sufficient new planning or economic development powers to help expand the urban area of Sale. The council had fewer resources, planning powers and influence than the LRC and the council was also required to conform to a new and emerging set of Victorian urban planning reforms.

Around the same time as the local government amalgamations the Kennett government instigated a major reform to the Sale planning scheme. This reform was part of broader reforms to the planning system across Victoria. The then Planning Minister Robert Maclellan claimed that Victoria's planning system was an impediment to development, did not facilitate economic development, frustrated developers and gave too much power to existing residents, and therefore needed significant reform (Maclellan 1998).

According to Maclellan, the reformed planning system was designed to encourage entrepreneurialism in the market, reduce the need for government intervention in day-to-day planning decisions, facilitate economic development and the promotion of regional competition, and reflect local governments' new regional economic development responsibilities established in late 1994 after the local government amalgamations. A reconfiguration of the roles of the various interest groups occurred, lending more power to state government and private interests. The state saw itself as a corporation engaged in attracting business and thereby creating an entrepreneurial state. This has been the driving force for the planning reforms (Williams 2007a:38).

As part of the reforms, the *Planning and Environment (Planning Schemes) Act 1996* was developed. The Act enabled the state government to prepare the new Victorian Planning Provisions. Wellington Shire Council was required to prepare a new planning scheme in accordance with the VPP and pick and choose 'one size fits all' zones and overlays from the VPP suite. Illustration 3.6 shows the key components of the VPP that apply to all Victorian planning schemes including the current Wellington planning scheme. The state government provided the greatest level of local government control through the Local Planning Policy Framework (LPPF) section at clauses 20 - 22 of the Wellington Planning Scheme. The VPP

SALE - POST AMALGAMATION: LONG-TERM STRATEGY PLAN 1996

(Original Plan Prepared for the Shire of Wellington by Henshall Hansen Associates & Chris Dance Land Design Pty Ltd)

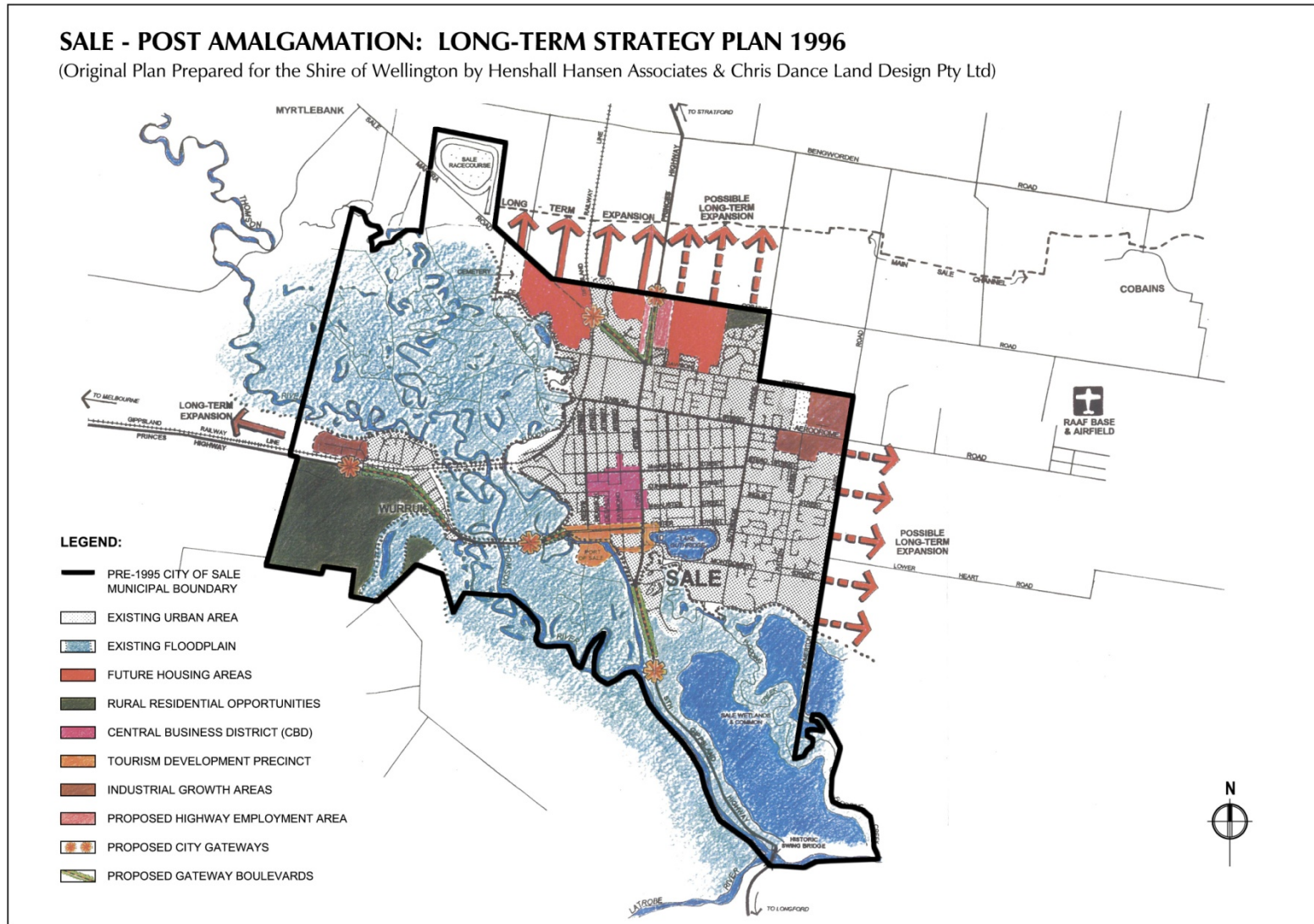


Illustration 3.5
Post-amalgamation Sale strategy plan: The red arrows on the illustration that are outside the old City of Sale municipal boundary show the potential for future housing areas. To date, none of the land identified by the red or brown arrows has been developed for housing or industrial purposes.

Source: Henshall Hansen Associates 1996

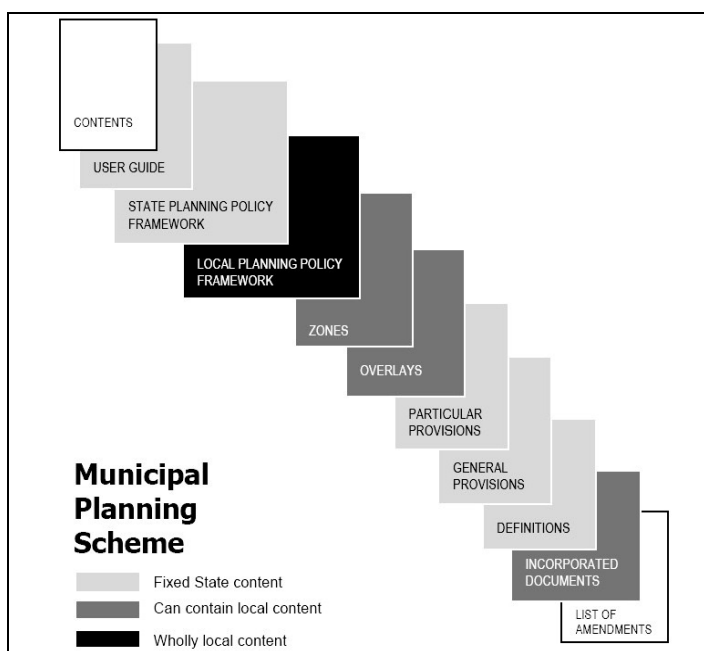


Illustration 3.6
The VPP: The illustration shows the key components of the Victoria Planning Provisions (VPP) that apply to all Victorian planning schemes.

Source: Victorian Auditor General's Office 2008

removed the LRC regional section from the previous 1988 Sale Planning Scheme and only made available a state section (SPPF) at clauses 10 – 19 and a local section (LPPF) at clauses 20 - 22. The SPPF comprised general principles for land use and development in Victoria and detailed the state's policies for key land use and development activities including settlement, environment, housing, economic development and infrastructure. The LPPF set a local strategic policy context for Wellington Shire Council but the LPPF was required to operate consistently with the SPPF.

The state government considered that the former regional section in the Sale planning scheme was not required because Wellington Shire Council was now responsible for five former municipalities and regional issues of strategic importance could now be reflected in the new local section of the LPPF. The new VPP system was intended to introduce a new level of market-based planning for all Victorian planning schemes. The new VPP were proposed to be based around more flexible and less prescriptive zones and overlays (Buxton *et al.* 2005), and were aimed at encouraging local government to articulate (*inter alia*) their preferred local housing and economic development strategies through the LPPF.

Although the VPP were designed to facilitate economic development in settlements across all of Victoria they were really only effective in guiding development in towns where there was urban growth. The new market-based style of planning was better suited to metropolitan

Melbourne or large regional cities like Geelong, where economic growth and market investment in urban development was already occurring. The new market-based style of planning provided optimism to the council that economic prosperity was achievable. The council expected it could use the new VPP in the Wellington Planning Scheme to drive housing demand by increasing the available supply of residential land. The Wellington Shire Council hoped that the new VPP through the use of the LPPF would provide the mechanism to implement the council's preferred local housing and economic development strategies. However, implementing these housing and economic development strategies in Sale during the subsequent multifaceted regionalism governance policy period proved to be much more difficult for Wellington Shire Council than was originally expected.

In the 1980s the Sale council continued using the urban land use system to guide and manage major economic development projects related large manufacturing industries and the resultant population, employment and housing growth. Reforms to the structure of local government and the urban planning system across Victoria by the state government in the mid to late 1990s were intended to encourage urban and economic growth. However, in Sale during this period, these reforms did not assist the Wellington Shire Council to use the planning scheme to increase the urban area of Sale for housing or achieve economic growth.

Planning in Sale during multifaceted regionalism

This part of the chapter further examines the VPP reforms in the late 1990s relating to state government urban planning housing policies. The specific part of the VPP that is investigated looks at the application of the state-wide ten-year housing supply planning provision. How this provision applied to the Wellington Shire Council's planning scheme amendment that proposed to rezone farm land on the eastern urban boundary of Sale to a residential zone in 2002 will also be explored.

Under the new framework of the VPP, the Wellington Shire Council prepared the Wellington Planning Scheme (WPS) in 2000. The WPS enabled state government and local government to develop strategic directions for Sale's economic growth. The WPS is still used by the Wellington Shire Council as the principal urban land use tool to control and plan for existing and future land use and development in Sale. Illustration 3.7 shows that the WPS through the LPPF provided the framework for (*inter alia*) housing and economic development opportunities in Sale. The then LPPF Clause 21.04 identified "*Future Housing Areas*", "*Possible Long Term [Housing] Expansion*" areas, and "*Low Density Residential [Housing]*

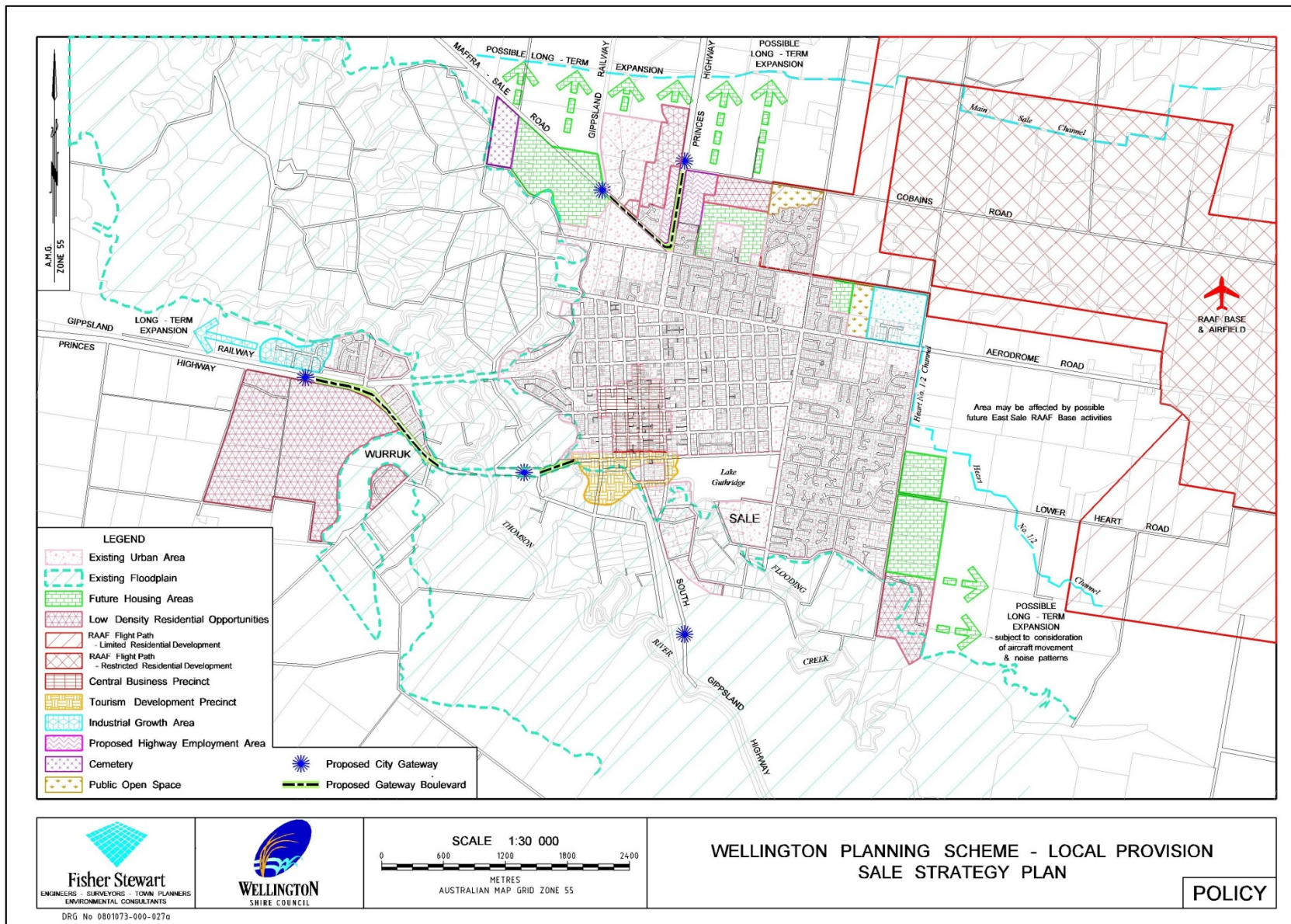


Illustration 3.7
The Sale Strategy Plan 2001: The green bricks and green arrows on the plan provided the framework for existing and future housing opportunities in Sale. None of the green arrows have yet to be developed for residential housing.

Opportunities". The WPS also contained specific local housing and economic strategies at clauses 21.04 and 21.06. The LPPF provided Wellington Shire Council with the ability to articulate preferred local housing and economic development outcomes through the LPPF. However, in reality, the state government required the new LPPF to be consistent with the SPPF section of the planning scheme. This VPP requirement constrained the way in which Wellington Shire Council analysed situations and formulated policy and strategic plans for housing and economic development in Sale.

Since the mid-1990s major economic development projects decreased in Sale and the demand to expand the urban area of Sale for housing also slowed. Against this background the Wellington Shire Council prepared a planning scheme amendment to rezone farm land on the eastern urban boundary of Sale to a residential zone in 2002 (see Illustration 3.8). However, the council was keen to undertake the rezoning because of optimism by the council that planning and supplying additional land for housing would result in economic development of Sale. Wellington Shire Council attempted to change the WPS in accordance with the requirements of the planning rules in use at the time. The *Planning and Environment Act 1987* and the VPP provided a strict methodological framework for council's rezoning proposal.

At the time of the rezoning proposal, the SPPF mandated that Wellington Shire Council plan to accommodate projected population growth over *at least* a ten-year period by ensuring that there was a sufficient supply of residential land in Sale. The then Minister for Planning in 2003 refused to rezone farm land on the eastern urban boundary of Sale to a residential zone because of the lack of strategic justification (Delahunty 2003:1). The Planning Minister's planning advisers recommended that she refuse the amendment. They were of the view that in the absence of major economic development projects in Sale and due to a conflict with state planning policy, the proposal may have led to an oversupply of residential zoned land in Sale. As one of the Planning Minister's advisers (Nichol-Smith 2008) noted:

Council didn't necessarily provide sufficient evidence to contradict the planning panel's recommendation of residential oversupply or demonstrate that there were any major economic drivers.

The residential oversupply issue was specifically addressed in Clause 14 of the SPPF of the Wellington Planning Scheme. Clause 14 stated that council:

... should plan to accommodate projected population growth over at least a ten year period, taking account of opportunities for redevelopment and intensification of existing urban areas as well as the limits of land capability and natural hazards, environmental quality and the costs of providing infrastructure (emphasis added) (DSE 2000:1).

Further guidance was provided in Clause 21.04 of the Wellington Planning Scheme on the upper limit of how many years of residential land should be supplied in Sale at any one time. Clause 21.04 encouraged the council to:

... accommodate future population growth over the next 15 years in those settlements that can accommodate change and are expected to grow (emphasis added) (DSE 2000:2).

The Sale and Environs Report 2001 was the council's background report to the planning scheme amendment rezoning proposal. The background report stated:

The existing undeveloped Residential Zone land is sufficient to provide adequate opportunities for additional residential development in the immediate future ... and in the short to medium term future.

As a consequence, there is no great urgency for any new amendments to increase the amount of Residential Zone land (WSC 2001:53,55).

A fifteen (or more) year supply of residential land is considered more appropriate by a former Wellington Shire Council mayor and Sale council planning consultant, who argue that a ten-year supply rule in regional areas doesn't account for the lag time between initiating a housing review, rezoning the land, subdividing the land, constructing the house, and then people occupying the house. As the former mayor and planning consultant stated:

It is not a major issue if there is fifteen years of land hanging around. That to me is not a major oversupply. Land at approximately twenty years should be available rather than less. Market forces will determine when land will become economically developable (Wellington Shire Council Mayor 2008).

A fifteen year timeline is probably more sensible and realistic one than a ten year one (Langmore 2008).

It appears that the council and its consultants tended to ignore the state government's ten-year residential supply rule and their own Sale and Environs Report recommendations when undertaking the planning scheme amendment in 2002. They were of the view that there should be an increase in residential land supply even in the absence of major economic development projects and an apparent already sufficient supply of residential land.

In Sale in 2001 there were seven major vacant areas of differing sizes already zoned for urban residential housing that were suitable for new subdivision and housing development in addition to existing infill opportunities. Illustration 3.8 shows all of the residential, low-density residential and rural-living zoned housing land in Sale that was vacant in July 2001 at the time of the commencement of the rezoning proposal. The rezoning proposal attempted to supply approximately another five years of residential land in Sale in addition to the already sufficient supply. The independent planning panel who considered the rezoning proposal disagreed with the council's claim that another five years of residential land should be released in Sale:

The Panel has not been persuaded by the Planning Authority's [i.e. council's] arguments or evidence that the demand for new residential allotments in Sale and environs cannot be adequately met by the existing supply of zoned land.

One of the reasons the SPPF encourages provision of a ten year supply of zoned land is to make allowances for the vagaries of owners and the market. It does not require that all land should be made available for development at the same time (indeed, it would be undesirable that it should be).

The Panel also shares the view that it would be desirable for some new development to occur in existing residential areas before there is any significant increase in the supply of Residential Zone land (Planning Panels Victoria 2002:55).

Despite the council's attempt to use land use planning in Sale to drive economic development, the planning scheme was not the main force behind Sale's urban and housing development. There are problems with non-metropolitan councils relying on the new format Victorian planning schemes to increase the available supply of residential land in an effort to drive economic development. This issue highlights the importance of local government having a clear understanding of the relationship between the demand for residential land and economic development.

WELLINGTON RESIDENTIAL AND RURAL RESIDENTIAL STRATEGY

Assessment of the Supply and Demand of Residential, Low Density Residential and Rural Living Land within Wellington Shire

Sale and Wurruk District Areas (Vacant Residential Land) July 2001





KEY:


VACANT LAND JULY 2001

 VACANT RESIDENTIAL LAND

CONSTRAINED VACANT RESIDENTIAL LAND

 NORMAL URBAN RESIDENTIAL ZONE (Average lot size: 700m²)

 LOW DENSITY RESIDENTIAL ZONE (Minimum lot size: One Acre - 4000m²)

 LAND TO BE REZONED FROM FARMING TO NORMAL URBAN RESIDENTIAL HOUSING

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Illustration 3.8
Vacant land supply 2001:
 The 2001 Sale housing review identified a number of existing vacant residential areas.

Source: Wellington Shire Council 2001

3.3 Conclusion

This chapter sought to answer the question about the main features of the urban planning system used to plan for Victorian regional cities and particularly Sale's development: *"What are the key features of urban land use planning processes in Victorian land use planning legislation that have been used to support urban development in Victorian regional cities and how has the relationship between the demand for residential land and economic development been understood and managed in relation to Sale within this planning framework?"*.

This question is now answered in summary by presenting two arguments. The first argument was that land use planning in Sale wasn't the main driver of the city's urban development. Rather, land use planning for residential housing was used by the council to guide the growth demands resulting from major economic development projects. The second argument was that there has been a change in the relationship between the demand for residential land and economic development in Sale. This change has taken place during reforms to local government and the Victorian land use planning process and this is the arena within which the council's understanding of the relationship was developed.

First, land use planning in Sale during the periods described as old style regionalism and new localism wasn't the main driver for Sale's development growth. Major economic development projects related to RAAF airfields, the West Sale Migrant Holding Centre, large manufacturing industries, and oil and gas exploration and related service industries were the main drivers of Sale's economic development during this period. The 1954 City of Sale IDO and Sale planning schemes of 1975 and 1988 were used by the Sale Council to help order and arrange the major economic development projects on the ground and to guide the resulting urban growth, especially for residential housing. During the multifaceted regionalism period there was no investment in Sale from major economic development projects and there was no direct support from the state government through the then defunct Latrobe Regional Commission (LRC). In the absence of these traditional major economic development projects as drivers for Sale's economic development growth, the newly formed Wellington Shire Council hoped that they could use the 2000 Wellington Planning Scheme to expand the urban area of Sale for residential housing.

Secondly, local government amalgamations and the transferring of some of the powers from the LRC didn't provide the Sale council with new planning or economic development powers

to help expand the urban area of Sale. The Sale council had fewer resources and planning powers contra to the LRC. The council was also required to conform to a new and emerging set of Victorian urban planning reforms. Reforms to the urban planning system across Victoria by the state government in 1996 resulted in the development of the Victoria Planning Provisions (VPP). The VPP purported to encourage and support urban and economic growth of settlements across Victoria. The VPP gave birth to the 2000 Wellington Planning Scheme and introduced a series of state government planning policies such as the ten-year residential land supply rule. The local government amalgamations and the introduction of the VPP shaped the Sale council's understanding of the relationship between the demand for residential land and economic development in Sale. Under the VPP framework Wellington Shire Council attempted to change the Wellington Planning Scheme in 2002 by increasing the urban area of Sale for housing in an effort to drive economic development.

This change in understanding of the relationship between the demand for residential land and economic development raises important broader implications for non-metropolitan towns and cities like Sale that are facing economic decline or stagnation. It is of particular relevance to those non-metropolitan settlements that are classified as an economically 'disadvantaged service based city' or a city with a 'low growth housing market' (see Chapter 2). The council's promotion of new land for housing to drive economic development was an approach that ignored the complexity of housing and economic markets outside the metropolitan cities. Understanding economic change and the loss of jobs requires a more sophisticated understanding of regional economics. It also highlights the importance of understanding that economic development drives housing demand and that housing demand does not drive economic development.

There are other actors involved in the application to increase the available supply of residential land in Sale. Their understanding of Sale's economic decline and planning responses are further discussed in Chapter 4.

Chapter 4

Key actors involved in planning for new housing in Sale

4.1 Introduction

The previous chapters discussed the Wellington Shire Council's belief that encouraging new land and housing development through town planning processes was a way of encouraging economic development growth in Sale. Over the last fifteen years in Sale there has been a decline in major economic development projects, new dwelling approvals, and population. As a result of the economic restructure, Wellington Shire Council became overly focused on new residential development as a way of attracting more people to live and work in Sale. Rezoning new land for housing in Sale has many supporters. These supporters include land owners, real estate agents, Wellington Shire councillors, and council town planners. However, there are also those who oppose the release of new land for housing in Sale and they include some landowners, Victorian planning panels, and the Victorian Planning Minister. All of these supporters and objectors are collectively termed actors. These actors all have overlapping interests in new land and housing development in Sale and this mix of interests in urban planning and the urban economy has been termed by some authors as the urban political economy (Sandercock & Berry 1983; McLoughlin 1992).

This chapter systematically identifies the actor groups who debated the supply of urban residential land in Sale in 2001 and 2002 and analyses their arguments presented through the formal planning process and more broadly. This chapter does this by asking the question about how the actors position themselves around the debate over whether to rezone land, which land, and how much land: *“Who are the key actors involved in Sale’s urban land use planning process and how have they understood Sale’s economic decline and appropriate planning responses to this decline?”*.

This question is answered by presenting two arguments. First, there was little or no focus amongst most of these actor groups on the broader economic development issues identified in chapters 2 and 3 and where housing fitted in. Second, all of these actors are influenced to varying degrees by the institutional nature of Victorian government land use planning policies and processes. These arguments are pursued by identifying key federal, state and local actors who participated in the Sale housing review and planning scheme amendment process. This chapter then reviews the key actors' involvement in the Sale housing review

and rezoning proposal to provide an understanding of how the actors understood Sale's economic climate and how they viewed the rezoning proposal.

Planning literature and a series of interviews is used to help identify the actor groups, their interests and the way they interact through the institutional planning process in Sale. The literature and interview research indicates that planning law, government bureaucracy, money and politics influence the actor groups to different degrees. The roles of real estate agents, planners, councillors, landowners, government review panels and government officials are examined to provide an account of their interests and the way they act.

The chapter concludes with a discussion of the council's and the community's understanding of Sale's rezoning proposal and the broader economic and institutional environment.

4.2 Key actors participating in rezoning residential land in Sale

The proposed amendment to the Wellington Planning Scheme in 2002 to rezone additional residential land was based on some of the recommendations of the 2001 housing review. Therefore it is not surprising that some of the key actors participating in the urban planning process in 2002 are also involved in the urban planning and housing system in Sale. Illustration 4.1 shows a map of the actors within the Sale urban planning and housing system. It is evident that there is a plethora of participants interacting with each other through the planning, production, consumption and management of housing in Sale. The map of the actors within the Sale urban planning and housing system also has a wider application to the urban planning and housing supply process in Victoria. All of these actors are influenced to varying degrees by the institutional nature of government land use planning policies and processes (see Chapter 3). Illustration 4.1 shows that Wellington Shire Council plays a central role within the urban political economy of Sale's housing review and planning scheme amendment process.

This part of the chapter is interested in the key actors who were involved in the playing out of the planning process around the Sale planning scheme amendment application to rezone farm land to residential. There is a number of local actors shown in Illustration 4.1 who played key roles in the Sale housing review and planning scheme amendment process.

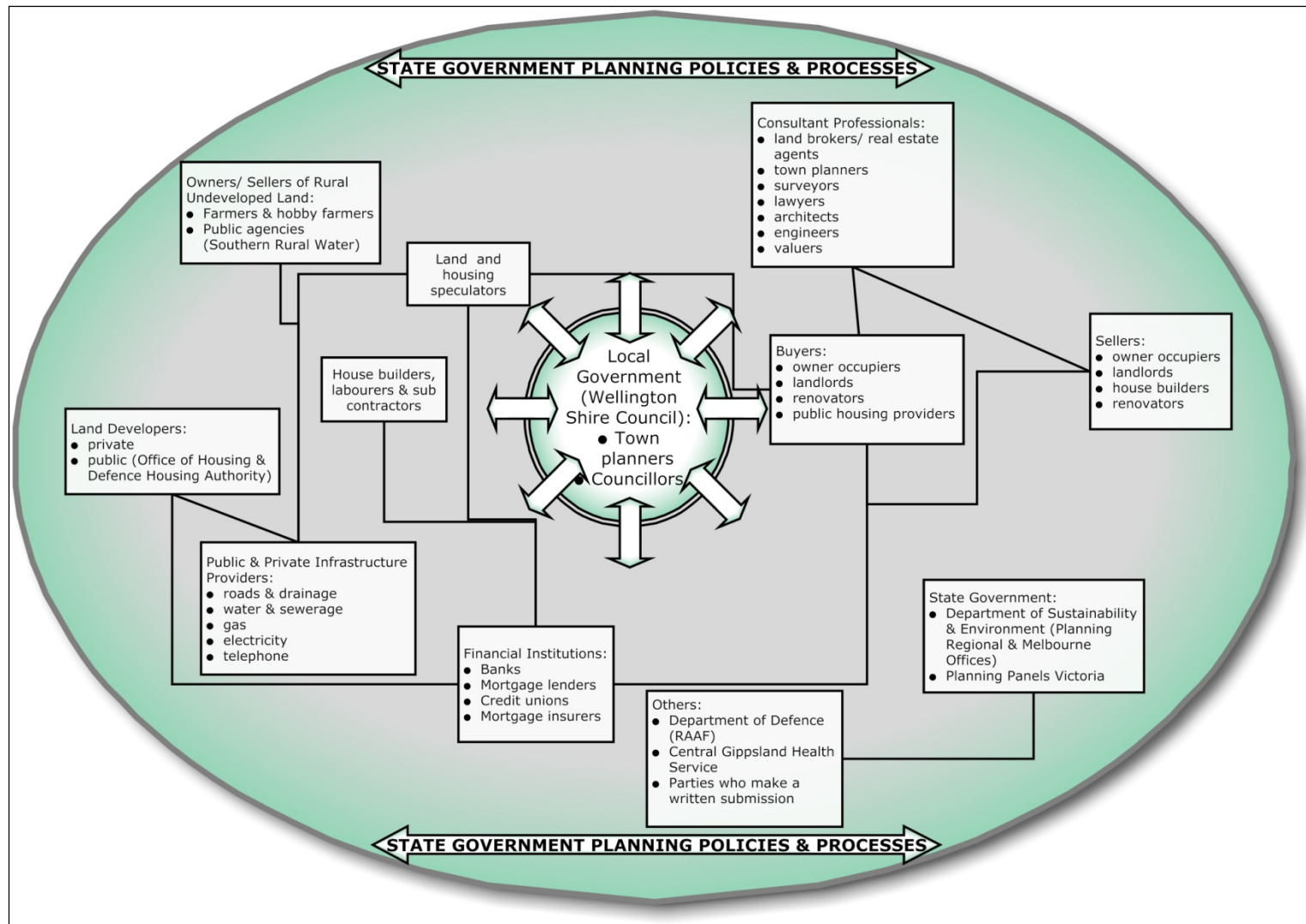


Illustration 4.1
Sale's urban planning and housing system:
 There are many actors within Sale's existing urban planning and housing production system.

These actors can be categorised into four broad groups: federal government, state government, local government, and private actors, and are shown in Table 4.1.

Table 4.1 Key actors participating in rezoning residential land in Sale

Actors			
Federal government	State government	Local government	Private
Department of Defence	Minister for Planning	Councillors	Land owners and submitters
Royal Australian Air Force	Department of Sustainability and Environment (DSE) — now known as Department of Planning and Community Development (DPCD)	Wellington Shire Council administration	Real estate agents
	Planning Panels Victoria	Town planners	

4.3 The key actors' response to the rezoning proposal

Key actors have been identified participating in Wellington Shire Council's attempt to implement the Sale housing strategy, through which it was ultimately decided to rezone additional land for housing. A close examination of the urban political economy of Sale's planning and housing market is now reviewed, that is, the key actors' understanding of the local and broader economic climate and how they viewed the rezoning proposal.

The order of the discussion of each actor in this chapter is related to how the actors are grouped in Illustration 4.1. The order of the actors is also linked to the timeline order of when the actors participated in the rezoning proposal. Local government actors will be discussed first due to their commissioning and carrying out of the rezoning proposal. Private and federal government actors are reviewed next because they responded to the local government rezoning proposal. State government actors are discussed last because they were required to approve or refuse the local government rezoning proposal.

Local government councillors

Councillors have an important part to play in the operation of the planning system and in the approval of planning scheme amendments. Councillors have the task of operating the planning system in their locality and as such are part of a larger planning system. In doing so, the councillors have the power to commission a local planning scheme and give effect to directions on how broader state planning policies will be achieved or implemented in the local context. Councillors in Victoria are democratically elected by the residents and ratepayers of a municipality every four years. As elected members they have a role as local

representatives and as local politicians with their own views about planning and how their area should develop (Scott 1998:50).

Councillors frequently need to decide how much weight to give to a planning proposal in the light of recommendations from their planning officers, independent planning panels and the views expressed by the local community. Councillors face tension between the requirements and rules of the planning system, which may lead them in opposite directions from those demanded by a variety of participants in the planning process (Scott 1998:48).

Nine councillors from Wellington Shire were elected in March 2000 and served until March 2003. During this time the *Sale and Environs District Report 2001* was prepared and the rezoning proposal was placed on public exhibition, a panel was appointed, and the council adopted the planning scheme amendment. The Minister for Planning refused the adopted proposal five months into the next council term in late 2003.

The need for the Wellington Shire Council to prepare the Sale housing strategy was identified in the Wellington Planning Scheme in 2000 and in the *2002 - 2005 and 2003 - 2006 Council Plans* (or Corporate Plans) as a priority action. The housing strategy was clearly a high priority for Wellington Shire Council at the time. The Wellington Shire councillors hoped that the housing strategy would provide a timely supply of attractive, appropriate and affordable housing and therefore improve economic development in Sale. The council's then planning consultant (Langmore 2008) noted:

There was a mood within some of the powers that be in Wellington Shire Council that they were keen to attract more economic development within the municipality and they saw Sale as the best prospect to attract economic development by releasing new residential land to stimulate growth.

The councillors provided unanimous support for the Sale housing review in 2001 and the subsequent rezoning proposal in 2002. They were clearly convinced that the ready supply of residential land could drive economic development. The then mayor claimed:

Not releasing new residential land considerably constrained Sale's development and further expansion because we were missing out on potential purchases and therefore economic development within the town and in expansion of our community.

The situation was seen as negative to economic development because there was lack of choice of available land and we could clearly see that we were losing people out of Sale to neighbouring towns because of no choice of where they could live. That restricted our opportunity to have more people and create more employment (Wellington Shire Council Mayor 2008).

The councillors' view of the need for additional residential land was set against the backdrop of the VPP and particularly the ten-year housing supply rule, both discussed in Chapter 3. There is limited opportunity for councillors to modify the institutional planning framework in Victoria (Nicol-Smith 2008). Councillors are often unwilling to accept that they are constrained by externally set planning policies and by the technical and professional assessment of various considerations and factors in making their decisions. Councillors often ignore the requirements of the planning system as well as the relevant state planning policies, despite contrary advice from their planning officers (Scott 1998:48).

Not only did the councillors give little weight to relevant state government planning policy, it appears that they didn't consider the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these broader issues. The councillors also didn't fully appreciate the need for major economic development projects to create employment and demand for new houses. Rather, the councillors' focus was on increasing the ready supply of residential land to create demand for new houses and based on very little evidence, this would create additional employment in Sale. This is a very narrow understanding of the reasons for Sale's economic decline and was considered by some of the actors discussed below as an inappropriate planning response to the decline.

Town planners

The current institutional roles of planners strongly influence the exercise of their professional judgement and action. March and Low (2004) and March (2007) argue that the institutional setting in Victoria causes planners' decisions to derive almost wholly from four main media – planning law, government bureaucracy, money and politics – rather than substantive questions of collective concern oriented to urban and regional planning. These media constitute the main components of the urban political economy and are an unavoidable part of any planning system.

First, Victorian planning law specifies highly routine and uniform technical procedures (Williams 2007b:99). The planners' decisions are more often made to enable an easy passage through the planning system, ensuring consistency with procedure rather than

achieving a better outcome (March 2007: 378). Second, planning decisions on any vaguely important planning matter are made not by planners, but by other government bureaucrats (i.e. councillors, tribunal and panel members, or the Minister for Planning). This erodes the ability of the planner to effect change. Third, private proponents of planning scheme amendments place pressure on planners in an effort to achieve financial returns as the ability to develop their land (Sandercock & Berry 1983). Private planning consultants, whether contracted to the government or working for the private sector, are paid to achieve their clients' particular goals via the mechanisms of urban planning processes (March 2007: 382). Lastly, political interference by councillors sometimes occurs where the local politicians seek to use the legal and policy framework to achieve local desires (Williams 2007a:45). Planners work within bureaucratic and political instruments of government, through to private land development companies. It is often difficult for planners to claim that they can adopt a politically neutral position while advising politicians on deeply political matters (Hague 1984:99).

The more specific role of planners in residential land and housing provision is inherently contentious. Planners have attempted to regulate the housing market through technical zoning of land and subdivision control to organise urban growth. Strategic planning (i.e. plan making) and zoning controls provide a framework for which investment in residential land and housing can be made. Therefore planning and zoning decisions are crucial elements in the provision of residential land assembly before subdivision.

Wellington Shire Council's strategic planner (this author) and a planning consultant prepared the Sale housing review in 2001 and the subsequent rezoning proposal in 2002. The council's strategic planner and planning consultant were both qualified town planners and approached the housing strategy and rezoning proposal while being schooled in scientific methods and statutory regulations. The technical planning assumptions were required to sit alongside the non-technical councillor and administration view. The planners' technical recommendations may have not supported the council and administration view that encouraging new land and housing development through town planning processes was the best way of achieving economic development in Sale.

Not long after World War II, professional planning organisations such as the Royal Planning Institute of Australia began to flourish and they encouraged planning to become institutionalised in government practice (Marshall 2007:51). As this occurred, the image of planning as being effective, efficient and professional depended on its separation from political values, so its proponents emphasised technical analysis, systematic evaluation and

management (Thompson 2007:16). In Australian regional areas like Sale, qualified planners were first employed from around the 1960s (Lewis 2007).

McLoughlin (1994), March and Low (2004) and March (2007) have criticised the technical plan-making function of planners because the plans are usually not informed by a full understanding of broader and local community issues. Nevertheless, planners produce strategy or structure plans such as the 2001 Sale Strategy Plan (shown in Illustration 3.7, Chapter 3) that seek to mediate between the competing interests of actors in the market. These plans are subject to constant pressure by these actors as a result of capital gains in land value. Sandercock (1977:217) describes strategy or structure plans as 'speculator guides' indicating which areas are to be rezoned from farm land to urban, how much land and at what time.

The strategy plans are also subject to pressures from politicians such as councillors and other elected officials (Scott 1998). Based on very little evidence, most of the Wellington Shire councillors believed that encouraging new land and housing development through town planning processes was a way of encouraging economic growth in Sale (see *Local government councillors* above). The planners who prepared the Sale housing review in 2001 and the subsequent rezoning proposal in 2002 were required to advocate for the Sale council's view to rezone more land for houses even though the planners recommended that there was no urgency to proceed with the rezoning (see Chapter 3).

Councillors often encourage local planners to instrumentally use the 'palette' of state-given VPP controls to achieve local ends. Where councillors seek to influence amendment processes, planners sometimes interpret planning rules in such a way that best reflect council views (March 2007:378). This may be why the Sale council planners originally advised that the rezoning wasn't urgent but then proceeded to agree with the council's view that increasing the supply of residential land would drive economic development in Sale.

The councillors' influence over the amendment rezoning process in Sale is best represented by the urgency and importance the councillors placed on rezoning more land for housing. This can be seen in a series of *Council Plans* (or Corporate Plans) from 2000 to 2003 where the rezoning proposal was continued to be identified as a priority action. However, the Sale housing review stated that there was no great urgency for any new planning scheme amendments to increase the amount of residential zoned land in Sale (WSC 2001:53,55). Council's then planning consultant who co-wrote the housing review noted :

The Wellington area and the whole of Gippsland had been through a difficult time in the 90s with the reduction in scale of employment. Those economically tough times in the 90s had really given people quite a scare. There was a need to find new ways to stimulate economic activity and this could be done through residential growth (Langmore 2008).

One of the council reports that accompanied the housing review stated that increasing the available residential land supply in Sale would "have a positive economic and social benefit for the current and future Sale and Wellington Shire community" (WSC 2002:3). However, neither the housing review or any associated council reports written by the planning officer or consultant investigated or discussed the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these broader issues. The various reports that focused on increasing the ready supply of residential land were viewed by the councillors and their administration as the panacea for Sale's depressed housing market.

Landowners

Planning decisions have major consequences, both positive and negative, for how individuals and communities use and feel about the environments with which they interact daily (Thompson 2007:25). Zehner and Marshal (2007:248) argue that public involvement in planning has become the most significant issue in planning processes. The model of representative democracy that underpins Australian governance gives rise to the assumption that people have a right and a responsibility to voice their opinions and interests as part of planning processes.

Greater recognition of and scope for public involvement in planning decisions characterised the modernisation of the Australian planning systems in the 1970s and 1980s (Williams 2007a:111). Current planning legislation in Victoria includes public participation as an objective of planning. The *Victorian Planning and Environment Act 1987* requires "*a clear procedure for amending [planning] schemes, with appropriate public participation in decision making*" (PEA 1987:s4(2)(h)), "*to ensure that those affected by a proposal for the use, development or protection of land or changes in planning policy or requirements receive appropriate notice*" (PEA 1987:s4(2)(i)).

Typically, people will become involved in a planning proposal when something new, large or different is planned in or near their community. Their level of involvement will intensify if the

project or proposed policy change has a direct impact on their place of residence or potential to alter their lifestyle (Zehner & Marshall 2007:254).

Residential land and housing is often at the forefront of public and planning conflict because land is a crucial factor in housing production. Proponents of planning scheme amendments to rezone new residential land seek financial returns from the ability to develop land (March 2007:381). Any capital gains or losses from investment in dwellings are the product of increased or decreased value of land. Landowners with residential property and home owners can discover as a result of inflation and increasing house prices that they have greater wealth than expected. Australians expect to profit from housing acquisition and resale because it is unlikely they will make losses and more reasonable that they will make gains (Sandercock & Berry 1983:139). Existing home owners are protecting the value of their land when they oppose further expansion of urban areas, because new land and housing competes with existing second-hand housing (Paris 1993:133). A shortage of housing can represent a boom time for established home owners by increasing capital gains.

Paris (1993:13) argues that domestic residential property has become, for the middle class, the major investment item, store of wealth and heritable asset. Higher income earners will pay more for a location in a homogenous high income residential area than a mixed area (Sandercock & Berry 1983:95). Sandercock and Berry (1983) claim that landowners in these areas are aware of the benefits of continued exclusivity and may use their political influence to protect local property values.

Most of the objections to the Sale housing review in 2001 and the subsequent residential rezoning proposal in 2002 came from landowners of established dwellings directly opposite the land to be rezoned. The objectors didn't consider the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these issues. Rather, the objectors focused on protecting the views from their land over the land that was proposed to be rezoned and developed. One of the then objectors noted:

We've got the rural view but we're on the edge of town and we are under the impression that we will always have this rural outlook. The rezoning proposal would have damaged our view and ruined the rural aspect (Objectors 2008).

The objectors were also keen to protect their local property values. Another objector claimed:

The housing that has been going up is substandard, it's sort of cheapish accommodation and in fact has been used primarily for renting to people who have friends or relatives in the local prison. I would hate to think that that is the type of development that would be brought to this side of town (Objectors 2008).

The objectors' concerns with their immediate view being interrupted by new development and a perception that cheap housing would result from the rezoning further confirms their "not in my backyard" (NIMBY) reaction. The objectors' concerns reflects the desire by landowners to protect their narrow territorial interests.

While the objectors focused on the rezoning proposal opposite their land, they were of the view that increasing the ready supply of residential land was an inappropriate response to Sale's economic decline. The objectors didn't support the council's view that increasing the supply of residential would drive economic development in Sale. One of the objectors said:

ESSO left, the RAAF left, I mean the town was not growing. Sale will never ever get to the same population numbers prior to ESSO and the RAAF downsizing. The councillors were pushing the rezoning so strongly that people were buying the story that there was a shortage of residential land in Sale. I'm not convinced that there is this great need for new residential land (Objectors 2008).

It appears that the objectors were motivated to oppose the rezoning by their desire to protect local amenity and property values. For this reason, the objectors' understanding of Sale's economic decline didn't focus on the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these broader issues. It is therefore understandable that the objectors didn't agree with the Wellington Shire Council's view that increasing the ready supply of residential land would be an appropriate response to Sale's economic decline.

Department of Defence (DoD) and the East Sale RAAF Base

The DoD is a federal department that consists of the Navy, the Army, the Royal Australian Air Force (RAAF) and civilians in the Australian public service. The East Sale RAAF Base houses several specialist aircraft-related training schools. The DoD and the East Sale RAAF Base played a pivotal role in the location of land to be rezoned for residential purposes in East Sale due to the presence of the RAAF Base and the function that the base plays in the local Sale economy. The DoD and the RAAF participated in the rezoning proposal to protect the existing and future operation of the base from residential encroachment. The DoD and

the RAAF weren't concerned whether or not an increase in the supply of available residential land would drive local economic development in Sale.

The then Wing Commander of the RAAF Base wrote to Wellington Shire Council in 2001 stating:

The interdependence of Sale and East Sale [RAAF Base] is well established. I therefore recommend, in the interest of both entities, that the proposed zone of residential development to the east of Somerton Park Road be re-examined with the view to protecting its current rural land use status (Polmear 2001).

Wellington Shire Council was conscious not to jeopardise the valuable contribution the presence of the RAAF Base made to the Sale economy or any further expansion options the base may have been considering. However, the council convinced the DoD and the RAAF that the future housing area wouldn't negatively affect RAAF base operations (Lacey 2001).

Real estate agents

Real estate agents often become involved in urban planning processes related to the rezoning of non-urban land to residential because they advise builders, seekers of sites for development, and are mediators in property exchange and managers of rental properties. They advise investors in new housing development and rental properties. The income of these *property exchange professionals*, to use Sandercock and Berry's (1983:92) language, are a direct function of commissions on sales of land and housing and in the number of rental properties on the books. Paris describes real estate agents as "the lubrication enabling the smooth operation of the enormously complex pattern of property exchange in a nation of home owners" (Paris 1993:143).

Some local real estate agents were involved in early council consultation sessions and also made written submissions to the rezoning proposal. The real estate agents in Sale during the 2002 rezoning had a vested interest in maintaining house and rental prices and increasing the available stock of land for housing. As one real estate agent (Wheeler 2008) noted:

Being a real estate agent — if the land was rezoned and there's a lot of blocks come on the market, we'd have a chance of selling them. So, from a financial point of view it would have been good for us.

Sale real estate firms who participated in the rezoning process didn't focus on Sale's broader economic development issues and where housing fitted in. Like some of the other actors involved in Sale's land use planning process, their focus was just on increasing the available residential land supply. The same real estate agent (Wheeler 2008) claimed:

Blind Freddie knew at the time that there was a shortage of land in Sale and prices were creeping up, but I wouldn't know of any other reason why the council would do a rezoning.

It appears that the real estate firms were motivated to support the rezoning by the desire to release more residential land to secure income through greater levels of property exchange. The participation of the local real estate industry in the rezoning proposal supported Wellington Shire Council's view that increasing the urban areas of Sale for housing would drive local economic development.

The planning panel and the Department of Sustainability and Environment (DSE)

The Minister for Planning has overall responsibility for the Victoria's planning legislation and framework including the Department of Planning and Community Development and Planning Panels Victoria. There is a dearth of research around the actions and decisions of planning scheme review panels and the decisions of planning ministers and their advice in determining planning scheme amendment proposals. In Victoria, this is probably because planning ministers and panels aren't required to justify their recommendations once their reports are made public (March & Low 2004:56; Nichol-Smith 2008). In this researcher's case, Planning Panels Victoria refused to participate in research-based interviews or provide formal comment on their consideration of planning scheme amendment proposals.

Planning panels review a proposed councils' planning scheme amendment where submissions have been received that request a change and are not able to be satisfied by the council. The role of a panel is to provide an independent merits review of a planning scheme amendment proposal and provide submitters an opportunity to be heard in an independent forum. A planning panel performs an advisory role by making recommendations to the council and the Minister for Planning. Unlike the Victorian Civil and Administrative Tribunal (VCAT), which review and then rules on a council's planning permit decision, a planning panel makes a non-binding recommendation on a planning scheme amendment to the parties to the review (DPCD 2001:31).

A planning panel performs a merits review that involves a complete rehearing of the merits of the proposal, with the panel exercising discretion in place of the council. The review process provides a safety valve that allows parties to seek adjudication on issues that affect their property, commercial or legal interests. Stein (1999:149) argues that the merits review enables the political flavour of local government decisions to be distilled to reveal the true planning merits that should form the basis of any planning decision. Eccles & Bryant (1999:94) suggest that an independent review of a council's planning proposals must be available to the community to prevent such wide-ranging powers from being placed in the hands of a council without any checks and balances. The merits review enables planning panels to play a significant role in policy development by allowing a planning panel the choice to make recommendations that uphold, clarify, erode or dismiss the planning policies and instruments of a council (Willey 2004:263). However, panellists in Victoria usually maintain conformance with the pre-established VPP policy through panel processes (March 2007:378).

The planning panel that considered the Sale housing review and the subsequent rezoning proposal in 2002 examined Sale's local economic climate to assist them to understand if there was a need to increase the available supply of residential land in Sale. The panel in its report to the council noted that:

Leading up to 2001 there has been a decrease of 512 people (3.8%) since 1996, and a decrease of 1,004 people (7.2%) since 1991. It is apparent that the trend of population decline, established between 1991 and 1996, has not yet been reversed (Planning Panels Victoria 2002:14).

The planning panel also attempted to see where housing fitted in to Sale's declining economic climate. The panel in its report further stated that:

Housing demand is being driven not by population growth but by a rise in household formation rates, associated with falling numbers of people per household. Foreseeable employment growth, even with multipliers, is not likely to have a major impact on housing demand (Planning Panels Victoria 2002:25).

The panel disagreed with the council's claim that more residential land should be released in Sale. Rather the panel focused on the state government's technical ten-year residential supply rule in the VPP (see Chapter 3). The panel in its report concluded that:

The panel has not been persuaded by the Planning Authority's [i.e. council's] arguments or evidence that the demand for new residential allotments in Sale and environs cannot be adequately met by the existing supply of zoned land (Planning Panels Victoria 2002:55).

The panel determined that neither population trends, dwelling approvals, nor local economic drivers indicated a high level of urgency for rezoning additional land for housing development. There was insufficient population and economic growth in Sale to justify any increase in the available supply of residential land (Planning Panels Victoria 2002:58).

The DSE (now DPCD) Gippsland regional office based in Traralgon assessed Wellington Shire Council's request to approve the planning scheme amendment, considered the planning panel's report and made recommendations to the Minister for Planning. The DSE planning advice recommended that the Minister refuse the amendment, being of the view that in the absence of major economic development projects in Sale the proposal may have led to an oversupply of residential zoned land in Sale. As the DSE planning advisor (Nichol-Smith, 2008) noted:

Council didn't necessarily provide sufficient evidence to contradict the planning panel's recommendation of residential oversupply or demonstrate that there were any major economic drivers.

In 2003 the planning panel's and DSE's understanding of Sale's economic decline was that it was predicted to continue and that there weren't any major economic development projects envisaged that would lead to an increase in demand for residential land. While both parties examined the local economic and housing market they didn't consider the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these broader issues. The planning panel and DSE also relied on the state government's technical ten-year residential supply rule in the VPP to inform their decisions. This understanding led to disagreement with the Wellington Shire Council's view that increasing the ready supply of residential land was an appropriate response to Sale's economic decline. The planning panel's and DSE's decision also highlights the importance of the need for major economic development projects to be present to create employment and demand for new houses.

4.4 Conclusion

This chapter demonstrated that there are supporters and objectors to Wellington Shire Council's rezoning of new land for housing to encourage economic growth in Sale. Actor groups who debated the supply of urban residential land in Sale in 2001 and 2002 were identified. Their arguments presented through the formal planning process and more broadly have been analysed.

This chapter answered questions about the how the actors position themselves around the debate over whether to rezone land, which land, and how much land: *"Who are the key actors involved in Sale's urban land use planning process and how have they understood Sale's economic decline and appropriate planning responses to this decline?"* This question is now able to be answered in summary.

This chapter demonstrated that a number of local actors played key roles in the Sale housing review and planning scheme amendment urban planning process. These actors can be categorised into four broad groups: federal government, state government, local government, and private actors. Federal government actors were the Department of Defence and the RAAF. State government actors were the Minister for Planning, DSE, and Planning Panels Victoria. Local government actors were Wellington Shire Council and its councillors, town planners, and consultants. Private actors included landowners and real estate agents.

This chapter presented two main arguments. First, there was little or no focus amongst most of these actor groups on the broader economic development issues and where Sale's housing fitted in. Rather, most of the actor groups focused on Wellington Shire Council's proposal to increase Sale's ready supply of available residential land as a response to Sale's economic decline. Second, all of these actors were influenced to varying degrees by the institutional nature of Victorian government land use planning policies and processes.

The councillors and the council administration didn't consider the broader economic development issues in non-metropolitan Australia and how Sale's housing market fitted in with these broader issues. The councillors gave little weight to relevant state government planning policy. The planners tended to overly focus on the technical rules of plan-making and were influenced to some extent by the council's political preferences. The councillors and the council administration also didn't fully appreciate the need for major economic development projects to create employment and demand for new houses. Rather, Wellington Shire Council overly focused on increasing the ready supply of residential land to

create demand for new houses in the hope of creating additional employment in Sale. This was a very narrow understanding of the reasons for Sale's economic decline and the council's planning response to this decline wasn't supported by the planning panel and DSE.

The DoD, the RAAF and the objectors were not interested in the Wellington Shire Council's unsubstantiated argument that new housing would drive Sale's economic development. The DoD, the RAAF and the objectors were more concerned how the rezoning affected the operation and enjoyment of their land. The objectors were motivated to oppose the rezoning by their desire to protect local amenity and property values. The DoD and the East Sale RAAF Base concentrated on protecting the existing and future operation of the base from residential encroachment.

The local real estate firms were motivated by the desire to release more residential land to secure income through greater levels of property exchange. Based on very little evidence, the local real estate firms and the Wellington Shire Council planners supported the view of the Wellington Shire Council that increasing the supply of residential land would drive economic development in Sale.

The planning panel and DSE sought to understand Sale's local economic climate and relied on technical planning requirements to inform their decisions. Their findings led to a disagreement with the Wellington Shire Council's view that increasing the ready supply of residential land was an appropriate response to Sale's economic decline. The planning panel's and DSE's decision also highlights the importance of the need for major economic development projects to be present to create employment and demand for new houses. The decision also makes clear that planners and local governments need to look beyond traditional technical planning methodologies and local political issues. They must use a range of tools that examine the broader economic and institutional environment in order to understand the complexities of the planning issue they are attempting to resolve.

Chapter 5

Conclusion

The principal research question that guided the analysis in this thesis was: “***Why did the key urban land use planning proposal for an increase in available residential land come to be seen as an appropriate response to a decline in Sale's economic growth in the context of evidence that economic development drives housing demand and not the ready supply of residential land?***”

This question has been responded to in three chapters by explaining: the history of the connection between urban land provision and economic development in Sale and in other Australian non-metropolitan cities and towns; the urban land use planning processes in Sale; and the way in which the actor groups debated the supply of urban land in Sale. Each of these three areas of research were studied by a secondary research question.

Chapter 2 sought to answer the secondary research question: “*What has been the nature of the relationship between economic development and housing in the post WWII period in Sale and how does this compare with the broader experience in Australian regional cities?*”

This led to an analysis of Sale's economic development and housing provision in two parts. The first part presented an historical analysis of economic and urban development from the 1940s. The second part re-examined research related to economic development in non-metropolitan cities and towns including Sale. Both forms of research led to the same finding. Economic development has led the demand for new housing. Both types of research confirmed that providing additional land for housing does not lead to new economic development. This thesis demonstrated that in the first 30–40 years after World War II there was a close association between major economic development projects and a need for the Sale Council to provide more land for housing. However, over the last fifteen years in Sale the relationship between major economic development projects and housing changed due to the withdrawal of major public and private employers and from the early 1990s, a decline in population and new dwelling constructions. After the 1980s Sale faced great difficulties in creating additional employment opportunities. Wellington Shire Council developed and attempted to implement housing strategies from the late 1990s that proposed to expand Sale's urban area for housing. Based on very little evidence, the council hoped that planning and supplying additional land for housing would result in economic growth. However, this thesis concludes that the promotion of housing supply in Sale since the late 1990s is the wrong way to respond to economic restructuring and reduced supply of jobs.

Chapter 3 examined the way the council has used the urban planning system to respond to the demand for residential land in an effort to promote economic development since the 1940s. This chapter sought to answer the secondary research question: *“What are the key features of urban land use planning processes in Victorian land use planning legislation that have been used to guide urban development in Victorian regional cities and how has the relationship between the demand for residential land and economic development been understood and managed in relation to Sale within this planning framework?”* The response to this question has two parts. First, land use planning in Sale has not been the main driver of Sale’s development growth. Before the 1990s, major economic development projects related to RAAF airfields, West Sale Migrant Holding Centre, large manufacturing industries, oil and gas exploration and related service industries, and associated funding and policy support from federal and state governments were the main drivers of Sale’s economic development. The Sale planning schemes were used by the council to help order and arrange the major economic development projects on the ground and to guide the resulting urban growth, especially for residential housing. After the 1980s there was no investment in Sale from major economic development projects and there was no direct support from the state government. There was an absence of traditional major economic development projects as drivers of Sale’s economic development growth. Nevertheless Wellington Shire Council expected that it could use the new 2000 Wellington Planning Scheme as it had done with the previous schemes, to expand the urban area of Sale for residential housing. Second, the local government amalgamations and reforms to the Victorian planning system by the Kennett government in the 1990s didn’t provide the council with new planning or economic development powers to help expand the urban area of Sale. The planning reforms resulted in the development of the Victoria Planning Provisions (VPP). The local government amalgamations and the introduction of the VPP shaped the council’s understanding of the relationship between the demand for residential land and economic development in Sale. Under the VPP framework Wellington Shire Council attempted to change the Wellington Planning Scheme in 2002 by increasing the urban area of Sale for housing in an effort to drive economic development.

Chapter 4 identified the actor groups who debated the supply of urban residential land in Sale in 2001 and 2002 and analysed their arguments presented through the formal planning process and more broadly. The chapter sought to answer the secondary research question: *“Who are the key actors involved in Sale’s urban land use planning process and how have they understood Sale’s economic decline and appropriate planning responses to this decline?”* This thesis demonstrated that there were supporters and objectors to Wellington Shire Council’s rezoning of new land for housing to encourage economic development

growth in Sale. More specifically, this thesis presented two main arguments in answering the secondary research question. First, there was little or no focus amongst most of these actor groups on the broader economic development issues and where Sale's housing fitted in. Rather, most of the actor groups focused on Wellington Shire Council's proposal to increase Sale's supply of available residential land and how the proposal affected the actors' property interests. The councillors and the council administration also didn't fully appreciate the need for major economic development projects to create employment and demand for new houses. Second, all of these actors were influenced to varying degrees by the institutional nature of Victorian government planning land use policies and processes. The councillors gave little weight to relevant state government planning policy. The planners tended to focus on the technical rules of plan-making and were influenced to some extent by the council's political preferences. The state government sought to understand Sale's local economic climate and relied on technical planning requirements to inform their decisions. The state government's findings led to a disagreement with the Wellington Shire Council's view that increasing the ready supply of residential land was an appropriate response to economic restructuring and fewer jobs in Sale.

In conclusion, the primary research question can be answered in summary. Based on very little evidence, the Sale Council hoped that planning and supplying additional land for housing would result in economic development growth. However, providing additional land for housing does not lead to new economic development. Land use planning in Sale has not been the main driver of Sale's economic growth and using the planning scheme is the wrong way to respond to economic restructuring and fewer jobs. During the planning scheme amendment process there was little or no focus amongst most of the actor groups on the broader economic development issues and where Sale's housing fitted in. Furthermore, the actors were influenced to varying degrees by the institutional nature of Victorian government planning land use policies and processes.

This thesis used a case study of the City of Sale to relate to the broader research evidence and debate about the relationship between economic development, housing provision and urban land use planning in non-metropolitan Australian towns and cities. Existing research in this area has largely involved large data sets and comparison of variables across many non-metropolitan towns and cities. This thesis has made a contribution to that debate through an historical analysis of Sale's complex economic development, housing and urban land use planning relationship.

Non-metropolitan councils that seek to increase the available urban land supply as a means to drive economic development raises important broader implications for the growth of non-metropolitan Australian towns and cities. It is of particular relevance to cities like Sale that are facing economic decline or stagnation and to those non-metropolitan settlements in Australia that are classified as an economically 'disadvantaged based city' or a city with a 'low growth housing market' (see Chapter 2). There is a need for further research of the relationship between economic development, housing provision and urban land use planning in non-metropolitan Australian towns and cities with low-growth housing markets in order to better understand their urban development.

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Appendix 1. Interviews conducted

Name	Position	Date Interviewed
Ray Smith	Former Latrobe Regional Commission planner 1990–1995	28 January 2007
Alan Lewis	Former City of Sale engineer 1968–1985	14 May 2007
Objectors to the rezoning proposal (names withheld)	Two landowners from East Sale who objected to the rezoning proposal in 2002	8 April 2008
David Langmore	Former Latrobe Regional Commission director of planning 1984–1995 Former Department of Sustainability and Environment regional planning manager 1995–1999 Former Wellington Shire Council planning consultant 2000–2005	9 May 2007 9 April 2008
Wellington Shire Council Mayor (name withheld)	Former Wellington Shire Council mayor 2000–2003	10 April 2008
David Wheeler	Ronchi Wheeler The Professionals Real Estate agent 1983–2010	10 April 2008
Richard Nichol-Smith	Former Department of Sustainability senior regional planner 2000–2006	17 April 2008

Appendix 2. Selected statistical analysis

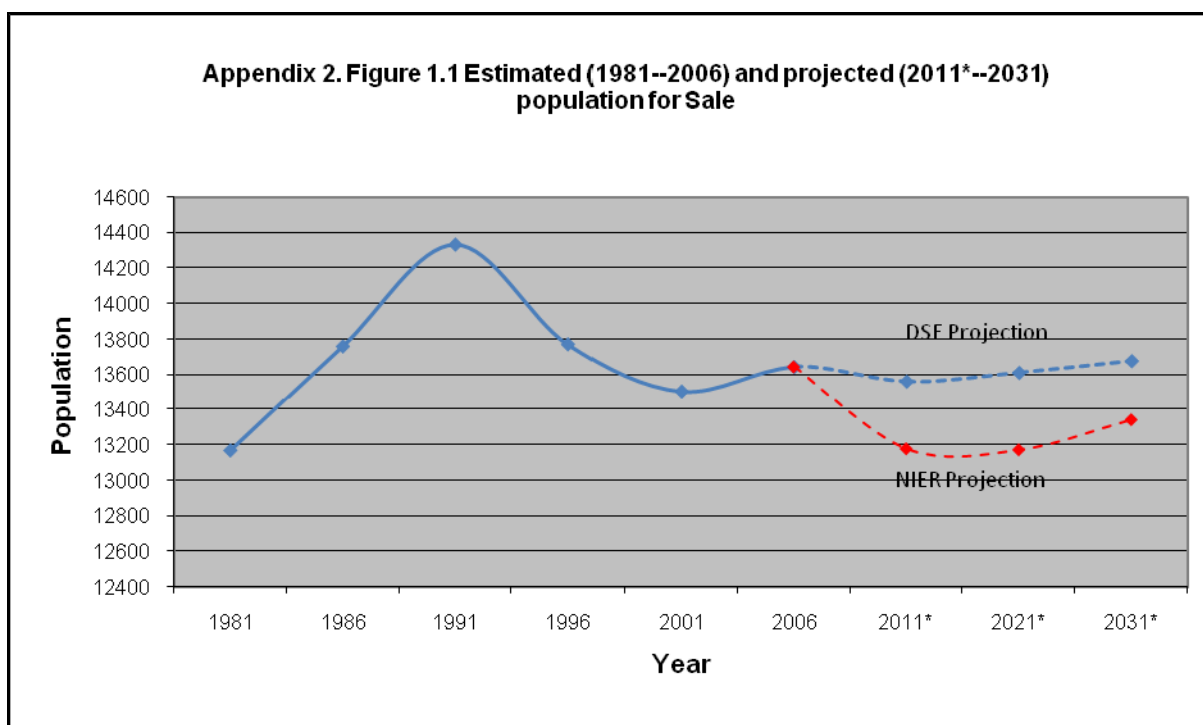
The Sale and Environs District (Housing) Report 2001 provides a detailed analysis of the demographic and economic factors that were affecting Sale before 2002. In addition, the introduction of this thesis briefly explores the current socio-economic climate in Sale. This Appendix updates the 2001 housing report and provides further statistical analysis that supports the discussion on the economic and housing environment of Sale presented in the introduction.

The population of Sale peaked in 1991 mainly due to the discovery of gas and oil offshore and the activities of ESSO in Sale and the region (see Figure 1.1). However, the population in Sale from 1991 to 2001 fell at an alarming rate by approximately 800 persons due to a number of factors, including:

- The loss in the early 1990s of major employers such as ESSO and the National Safety Council and the restructuring of the East Sale RAAF Base.
- An increase in emigration of residents under 15 years old.
- An increase in the proportion of the population aged over 60.
- Difficulty in keeping residents in Sale (e.g. youth, RAAF personnel and gas and oil industry workers).

The population stabilised from 2001 to 2006.

Figure 1.1 also provides two 25 year population projections from 2006. Under the Victorian Department of Sustainability and Environment (2004) projection represented by the upper line, the population of Sale will slowly increase by approximately 171 persons by 2031 or 9 persons per year. The second population projection estimated by the National Institute of Economics and Industry Research (2004) represented by the lower line, paints a darker scenario where the population is to decrease by 165 persons during the 25 year period or a -0.04% decrease per annum. Most rural regional areas with a population of around 10 000 persons or more are self-sustaining and continue to grow (NIER 2004). Although Sale is a part of Gippsland, Gippsland's population is growing at a rate of 2.5% per year, which is higher than the regional Victorian averages (ALP 2006).



Source: NIEIR 2004, DSE 2004, ABS 2006

Persons aged over 60 in Sale will increase by 16% in the next 25 years and the youth aged under 15 will decrease by 7% (see Table 1.1). During 1996–2001 Sale also experienced high levels (up to 55%) of emigration in the 15–34 year cohort (NIEIR 2004) due to the dearth of education and employment opportunities in the area. The transient nature of some of the occupations provided by Sale’s main employers (e.g. RAAF Base and gas and oil industry) further contributes to the high rate of emigration. The fact that Sale cannot naturally grow its population from young people staying in the area presents a hard-hitting challenge to Wellington Shire Council. Without increases in employment opportunities, which in turn lead to an increase in immigration of younger people, or a reduction in the numbers leaving, the City of Sale may be a smaller and significantly older community in the near future.

Appendix 2. Table 1.1 Under 15 and over 60 age structure for Sale and Victoria

Age Group	% of Sale’s Population 1981	% of Sale’s Population 2006	% of Regional Victoria’s Population 2006	% of Victoria’s Population 2006	% Sale’s Projected Population 2031
Under 15	29	21	20	19	14
Over 60	11	19	16	17	35

Source: NIEIR 2004, ABS 2006, DSE 2008

The percentage of Sale households with incomes in the quartiles (i.e. 25%) of income distribution is shown in Table 1.2. Over the 25 year period from 1981 to 2006 there was a marked decline in income levels. The fourth quartile household income fell by 10% and the first quartile increased by 11%. The loss of major well-paying employers in the early 1990s such as ESSO and the National Safety Council and the restructuring of the East Sale RAAF Base contributed to the lower income levels.

Appendix 2. Table 1.2 Income distribution for Sale households 1981–2006

Household income %	1981	1991	2001	2006	% Change 1981–2006
1st Quartile (lowest)	22	27	32	33	+ 11
2nd Quartile	25	26	28	28	+ 3
3rd Quartile	26	25	23	22	- 4
4th Quartile (highest)	27	22	17	17	- 10

Source: DSE 2008

The employment growth trends in Victorian regional cities are shown in Table 1.3. The table demonstrates that most Victorian regional cities are growing. However, Sale is ranked third-last of the 24 regional cities and has a negative employment growth rate of -0.39% from 1996 to 2001. Research carried out by the National Institute of Economic and Industry Research in December 2004 and Wellington Shire Council's Economic Development Strategy 2006 (Nexus Consulting 2006) confirmed that Sale's position in the table has not improved since 2001.

Although there are no direct figures available for Sale, Table 1.4 highlights total building works in Gippsland municipalities over five years. The table demonstrates that Wellington Shire, although the second-largest municipality in Gippsland in population and geographical size and containing the second-largest regional city (i.e. Sale), has the second-lowest value of building approvals in Gippsland. Furthermore, the three Gippsland municipalities of Bass Coast, Latrobe and East Gippsland (two of which border Wellington) all formed part of the top ten Victorian Rural Local Government Authorities in 2005 which attracted the highest building and construction growth (Nexus Consulting 2006).

Appendix 2. Table 1.3 Employment growth trends in Victorian regional cities 1991–2000

Rank	Regional city	1991–2000	1996–2000
1	Shepparton	1.12%	1.75%
2	Echuca	1.38%	1.65%
3	Mildura	1.07%	1.61%
4	Warrnambool	1.21%	1.60%
5	Wodonga	1.55%	1.45%
6	Bendigo	1.07%	1.37%
7	Ballarat	0.55%	1.11%
8	Swan Hill	0.18%	0.90%
9	Horsham	0.42%	0.59%
10	Traralgon	0.10%	0.51%
11	Castlemaine	0.00%	0.51%
12	Bairnsdale	0.93%	0.37%
13	Benalla	0.25%	0.34%
14	Wangaratta	0.03%	0.20%
15	Orbost	-0.42%	0.19%
16	Colac	-0.42%	0.19%
17	Stawell	-0.24%	-0.02%
18	Moe	-0.86%	-0.06%
19	Hamilton	-0.73%	-0.10%
20	Portland	-0.51%	-0.12%
21	Maryborough	-0.43%	-0.13%
22	Sale	-0.59%	-0.39%
23	Ararat	-0.91%	-0.41%
24	Morwell	-1.29%	-0.81%

Source: NIEIR 2004

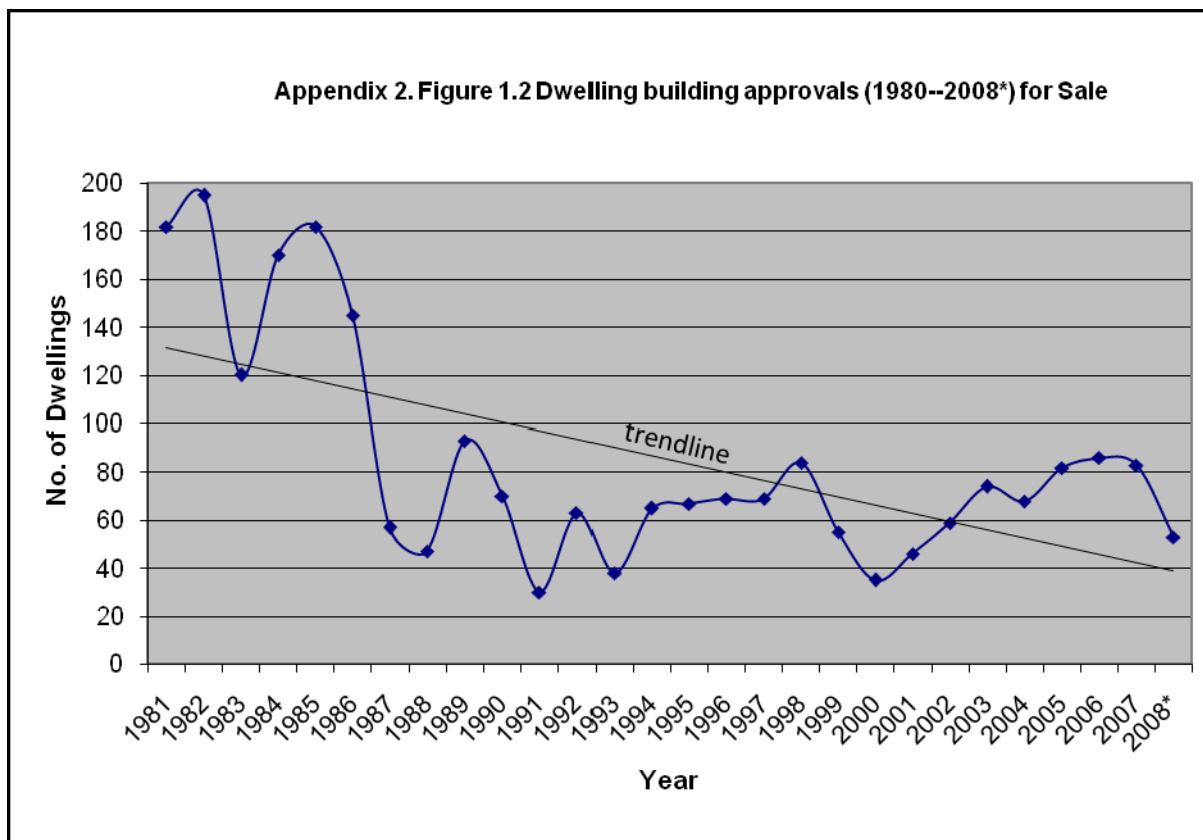
Appendix 2. Table 1.4 Value of building works in Gippsland municipalities 2001–2006

Gippsland municipality and main town or city	Value of building works 2001–2006 for municipality
Bass Coast Shire/ Wonthaggi	\$640 million
East Gippsland Shire/ Bairnsdale	\$526 million
Latrobe City/ Traralgon	\$590 million
Baw Baw Shire/ Warragul	\$473 million
Wellington Shire/ Sale	\$329 million
South Gippsland Shire/ Leongatha	\$287 million

Source: Nexus Consulting 2006

The population, population age profile, household income and employment growth trends, and value of building works do not forecast a prosperous future for Sale (see Figure 1.1 and Tables 1.1–1.4). The following analysis focuses on the housing climate of Sale where similar trends can be observed.

Wellington Shire Council records provide a clear pattern of dwelling approvals in Sale since 1980. Figure 1.2 demonstrates that there have been periods of fluctuation throughout and a substantially lower rate of new dwelling approvals (50% decline) since the late 1980s. From the 1990s the average number of new dwelling approvals has been approximately 60 per year. The loss of major employers in the early 1990s such as ESSO and the National Safety Council, and the restructuring of the East Sale RAAF Base contributed to the lower demand for new dwellings in Sale.



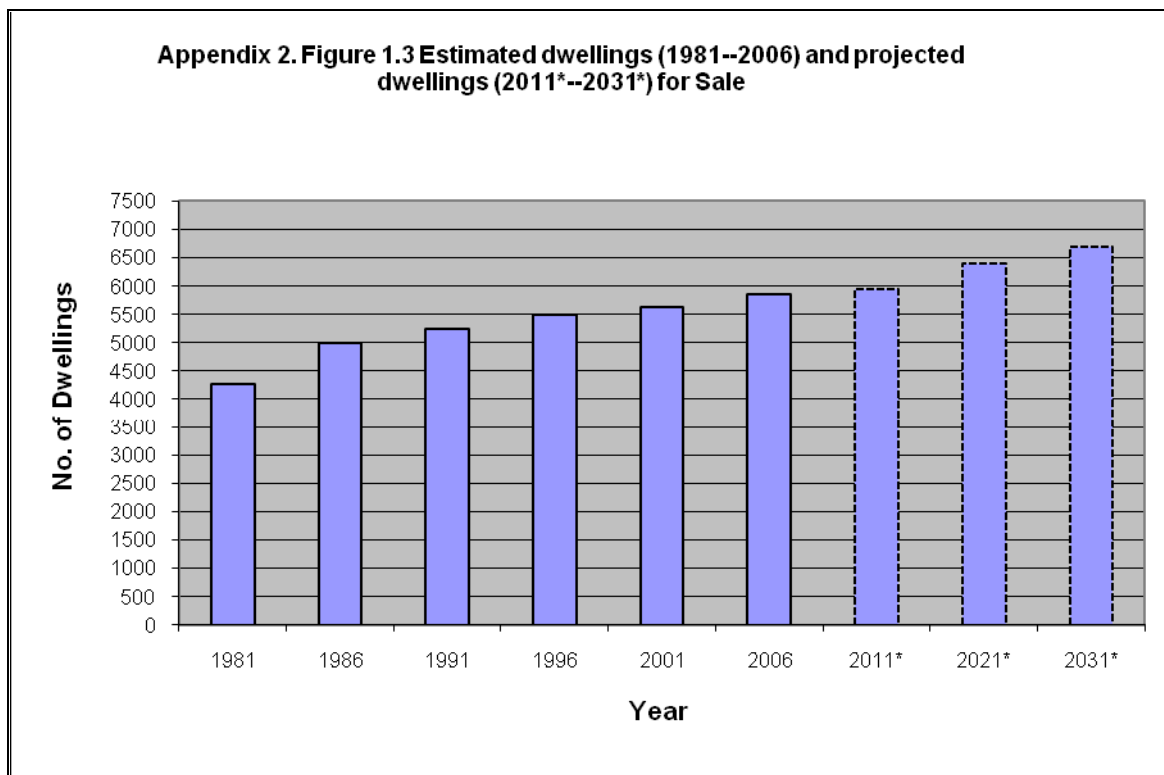
Source: WSC 2001 and NBA Group 2008. *53 dwellings approved up until 1 October 2008

The number of dwellings in Sale grew by 393 (+7%) between 1991 to 2001 while the population fell by approximately 800 persons (-6%) during the same period. However, new dwelling demand in Sale has been primarily driven by increases in numbers of households, resulting from reductions in average household sizes (see Table 1.5). The number of dwellings in Sale are predicted to increase from 2006 until 2031 by another 849 or only 34 per year (see Figure 1.3). This is almost half of the current rate of new dwelling development.

Appendix 2. Table 1.5 Occupied dwellings and average household size for Sale 1981–2024

Year	No. Of occupied private dwellings	Average household size
1981	3954	3.07
1986	4511	2.89
1991	4800	2.77
1996	4948	2.58
2001	5059	2.45
2006	5377	2.35
2012*	5989	-
2024*	6493	-

Source: DPCD 2008. *Projected number of occupied dwellings based on historic trends. Average household size data unavailable after 2006.



Source: DSE 2004, DPCD 2008

The decline in resident population and slowing of dwelling approvals in Sale is occurring while many other regional cities such as the nearby Gippsland provincial cities of Traralgon, Bairnsdale and Warragul have experienced growth. Table 1.6 reveals that all three other cities irrespective of their population and location (see Illustration 1.1) have experienced population growth since 1981 and greater demand for dwelling development over the last five years when compared to Sale.

Appendix 2. Table 1.6 Population growth and dwelling demand in selected Gippsland towns

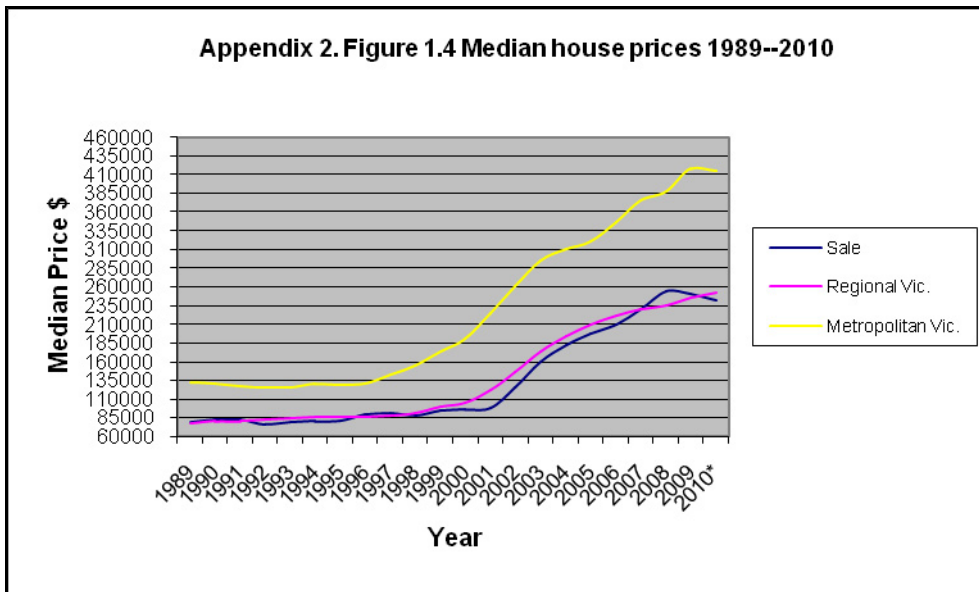
City	Pop. 1981	Pop. 2006	Pop. % Growth P/A	Average dwelling permits p/a last 5y. 2003 – 2008	Distance from Sale
Sale	12 968	12 854	- 0.03	60	
Bairnsdale	9 459	11 026	+ 0.56	108	69 km east / 50 min
Warragul	7 712	11 345	+ 1.28	148	110 km west / 80 min
Traralgon	18 057	19 614	+ 0.29	246	50 km west / 40 min

Source: DSE 2008, WSC 2008, BBSC 2008, LCC 2008, EGSC 2008

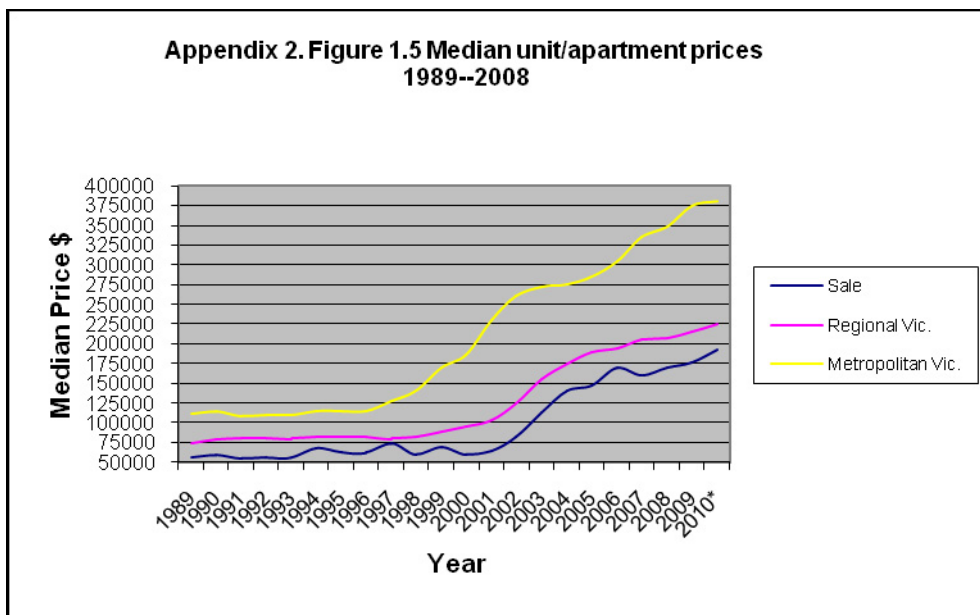
Appendix 2. Illustration 1.1 Selected Gippsland towns location map



The median purchase cost of houses, units and vacant land in Sale since 1989 are shown in Figures 1.4 –1.6. In accordance with national non-metropolitan patterns, all Sale prices are well below Melbourne metropolitan values but have generally reflected the regional and metropolitan housing market growth trends. Although there has been a decline in population and a downturn in the local Sale economy, since 2001 the cost of houses, units and vacant land in Sale, regional Victoria, and metropolitan Melbourne have all increased sharply. However, the purchase cost for houses and units in Sale has been slightly cheaper and experienced less growth in the early 1990s when compared to regional prices (see Figures 1.4 and 1.6). Vacant lot prices in Sale have competed well and since 2004 have generally exceeded regional values by about \$10 000 (see Figure 1.6). Local anecdotal evidence from some of the key actors in the Sale housing market suggested that this may indicate there is a limited supply of new subdivided land being made available to the Sale community and hence high vacant lot prices result due to consistent strong demand.

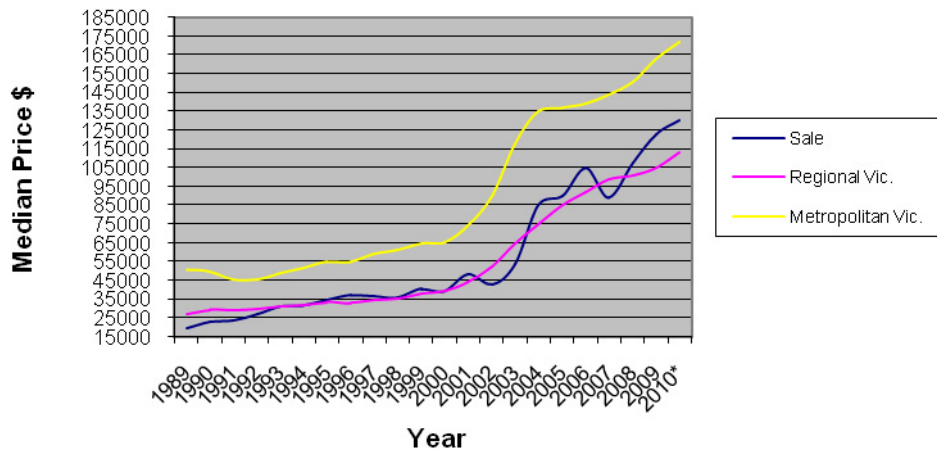


Source: DSE 2010



Source: DSE 2010

Appendix 2. Figure 1.6 Median vacant lot prices 1989--2010



Source: DSE 2010

Appendix 3. Glossary of abbreviations and terms

Abbreviation	Term	Meaning
C12	C12 Planning Scheme Amendment	A proposed amendment by Wellington Shire Council to change the Wellington planning scheme. C12 proposed to rezone farm land on the eastern urban boundary of Sale to a residential zone in 2002.
DHA	Defence Housing Authority	The DHA is an Australian government business agency that coordinates the provision of housing in Sale for the Defence Force and the East Sale RAAF Base.
DoD	Department of Defence	The Department of Defence is a federal department headed by the Secretary of Defence and coordinates the Australian Defence Force, which consists of the Navy, the Army and the RAAF, civilians in the Australian public service, and other companies such as DHA. The purpose of the Department of Defence is to provide military defence to Australia and protect its national interests.
DPCD	Department of Planning and Community Development	DPCD manages the regulatory framework for land use planning, environmental assessment and subdivisions of land, and provides advice on planning policy, urban design and strategic planning information on land development and forecasting. The department manages the ongoing development and maintenance of the PEA 1987, regulations and the VPP on behalf of the Minister for Planning, and provides guidance to the sector in relation to planning issues. The department also supports the Minister for Planning to fulfil his or her responsibilities under the PEA 1987.
DSE	Department of Sustainability and Environment (Planning)	DSE became the DPCD in 2007. Refer above.
ESSO	Eastern States Standard Oil (ExxonMobil)	ESSO's Australian activities range from oil and gas exploration and production to petroleum supply, refining and marketing of fuels, lubricants and chemical products. ESSO operate a state significant gas plant near Sale.
IDO	Interim Development Order	Interim planning controls used from the 1940s to the 1970s to enable planning authorities to prepare detailed planning schemes with ordinance and zoning and overlay maps.

Abbreviation	Term	Meaning
	Local Government Act 1989	Local government in Victoria is administered under the Local Government Act 1989, which provides a framework for the establishment and operation of councils. The Act is the main legislative instrument for Victoria's 79 councils. It commences with a preamble that restates the constitutional recognition of local government as a distinct and essential tier of government. Part 1A of the Act contains the local government charter, which describes the purpose, objectives and functions of councils. In addition to these matters, the Act also includes provisions for council elections, council codes of conduct, council decision-making, levying and payment of council rates and charges, preparation of council plans, budgets and annual reports, and councils' powers to make and enforce local laws.
LPP	Local Planning Policy	Local planning policies are guidelines on how the responsible authority will exercise discretion under the planning scheme controls. The purpose of local planning policies is to state what the responsible authority will do in specified circumstances or the responsible authority's expectation of what should happen. Local planning policies cannot override other VPP controls (see below) in the scheme, but can provide guidance on how to exercise discretion when reaching a planning permit decision.
LPPF	Local Planning Policy Framework	The LPPF sets a local and regional strategic policy context for a municipality, and must operate consistently with the SPPF (see below). Where possible, it must demonstrate how broader state planning policies will be achieved or implemented in a local context. The LPPF comprises a municipal strategic statement and local planning policies.
LRC	Latrobe Regional Commission	Established by the state government in 1984 and made defunct in 1995. The LRC was a regional planning authority responsible for regional planning policy development and encouraging economic development in the central Gippsland area.

Abbreviation	Term	Meaning
	Minister for Planning	The Minister for Planning has overall responsibility for the state's planning legislation and framework, and has powers to grant exemptions from complying with legislative requirements, make directions to planning and responsible authorities, approve planning scheme amendments, and review cases where there is an issue of state policy. The Minister for Planning is also the planning authority and responsible authority on an ongoing basis for a number of designated areas throughout Victoria.
	Multifaceted Regionalism	Key Australian regional governance period providing for economic development and growth and governing non-metropolitan Australia. Applies from 2000 to the present and focuses on promoting funding, investment and regional cooperation as being crucial for success.
MSS	Municipal Strategic Statement	<p>The MSS is a concise statement of the key planning, land use and development objectives for the municipality, and the strategies and actions for achieving the objectives. The MSS is developed by a responsible authority (i.e. council) and:</p> <ul style="list-style-type: none"> - is linked to the council corporate plan and supports the objectives of planning in Victoria to the extent that the SPPF is applicable to the municipality and local issues. - provides the strategic basis for the application of the zones, overlays and particular provisions in the planning scheme and decision-making by the responsible authority. - is reviewed periodically to ensure that it is dynamic and that the strategic direction is revised in response to the changing needs of the community.
	New Localism	Key Australian regional governance period providing for economic development and growth and governing non-metropolitan Australia. Applies from the 1980s to the 1990s and focuses on promoting federal and state government self-help policies to encourage settlements to become independent.
NIMBY	Not In My Backyard	NIMBY is used to describe opposition to a new proposal by residents, even if they themselves and those around will benefit from the proposal. Often the new proposal being opposed is generally considered a benefit for many, but residents near the immediate location consider it undesirable and would generally prefer the proposal to be undertaken elsewhere.

Abbreviation	Term	Meaning
	Old Style Regionalism	Key Australian regional governance period providing for economic development and growth and governing non-metropolitan Australia. Applies from the 1940s to the 1970s and focuses on economic development in regions where there was an expectation of continued federal and state subsidies.
	Overlays	An overlay may apply to a site or area in addition to the requirements of a zone. Both are equally important, but, unlike zones which control use, overlays mainly control how land can be developed and apply to a single issue or related set of issues (e.g. heritage, vegetation protection or flooding). The VPP contains standard overlays for use in all planning schemes state-wide as needed. Each planning scheme includes only those overlays required to implement strategy. Where more than one issue applies to land, multiple overlays can be used. As with zones, many overlays have schedules to specify local objectives and requirements.
PEA 1987	Planning and Environment Act 1987	PEA 1987 provides the legal and administrative framework to regulate and manage the use and development of land in Victoria. The broad purpose of the framework is to define strategic policies and objectives at state and local levels and to control the use and development of land in ways consistent with those objectives. The PEA 1987 establishes the framework for the Victorian planning system.
	Planning and Environment (Planning Schemes) Act 1996	The 1996 Act provides the legal and administrative framework for the establishment of the VPPs.
	Planning Authority	A planning authority is defined by Section 9 of the PEA 1987 as any person or body given the power under Section 8 to prepare a planning scheme or an amendment to a planning scheme. A municipal council may prepare a planning scheme or an amendment to a planning scheme. The Minister for Planning is also the planning authority for land not incorporated into any municipality, such as the Alpine Resorts Planning Scheme, Port of Melbourne Planning Scheme, and the French Island and Sandstone Island Planning Scheme.

Abbreviation	Term	Meaning
	Planning Panel, or Planning Panels Victoria	Panels give independent advice to councils and the Minister for Planning on planning scheme amendment and environmental proposals and submissions. Panels also give submitters (usually opponents to a proposal) an opportunity to be heard in an independent forum. A panel is not a court of law. Planning Panels Victoria manages the conduct of individual panels, which are appointed by the Minister for Planning under the PEA 1987 and the <i>Environment Effects Act 1978</i> .
	Planning Scheme Amendment	A planning scheme amendment is a formal proposal to change to the planning scheme. A planning scheme amendment can be initiated by a municipal council or a council can respond to a request for an amendment. Any person or body can make a request for an amendment. A planning scheme amendment cannot amend the terms of the VPP (see below).
RAAF	Royal Australian Air Force	The RAAF provides air and space power for Australia's military security.
	East Sale RAAF Base	The East Sale RAAF Base is located 2 km to the east of Sale and houses several specialist training schools. These include the air training wing, officer's training school, number 44 wing detachment (air traffic control), number 32 squadron (King Air multi-role aircraft), combat support unit, central flying school (flying instructor training and Roulettes), school of air traffic control, school of aviation warfare, and the photographic training flight school.
	Responsible Authority	A responsible authority is defined by Section 13 of the PEA 1987 as the body responsible for the administration or enforcement of a planning scheme or a provision of a scheme. A responsible authority is responsible for considering and determining planning permit applications and for ensuring compliance with the scheme, permit conditions and agreements. The responsible authority is usually the municipal council. However, in the Melbourne Planning Scheme, the Minister for Planning is the responsible authority for land in a number of areas including the Melbourne Casino area, Melbourne Docklands area, Flemington Racecourse and the Royal Melbourne Showgrounds.

Abbreviation	Term	Meaning
SRW	Southern Rural Water	SRW is a Victorian government authority responsible for managing rural water resources across the southern half of country Victoria. SRW manages the Macalister Irrigation District, which is the largest irrigation area south of the Great Dividing Range. The MID extends around Sale and covers 53,000 hectares.
SPP	State Planning Policy	Victorian planning policy statements prepared in the 1970s and 1980s by the T&CPB (see below) that provided direction on issues of state government interest.
SPPF	State Planning Policy Framework	The SPPF comprises general principles for land use and development in Victoria and details the state's policies for key land use and development activities including settlement, environment, housing, economic development, infrastructure, and particular uses and development. The SPPF is the uppermost statement of planning policy in a planning scheme, second only to the objectives of the PEA 1987. Planning and responsible authorities must take account of and give effect to the principles and policies contained in the SPPF to ensure integrated decision-making.
	Strategic Planning	Strategic planning is the research and formulation of urban planning policies or strategies to implement goals and objectives relating to particular land uses or areas. Strategic planning also involves monitoring and evaluating the implications of the provisions on land use and development. It usually includes the preparation of planning scheme amendments.
T&CPB	Town and Country Planning Board	T&CPB was constituted under the Town and Country Planning Act 1944 and commenced operation early in 1946. It was established to report to and advise the Minister for Public Works on the planning provisions outlined in the Act. The Act gave the Board a number of mainly advisory functions. The most important was in the reporting on planning schemes developed by individual or joint municipalities and submitted to the Minister for approval. The Board was abolished when the Town & Country Planning (Amalgamation) Act 1980 merged the functions of the Board and the Ministry for Planning to create the Department of Planning.

Abbreviation	Term	Meaning
WPS	Wellington Planning Scheme	The PEA 1987 provides for a single instrument of planning control for the Wellington Shire Council – the Wellington planning scheme – which sets out policies and provisions for the use, development and protection of land. The planning scheme is a statutory document and each municipality in the state is covered by one.
WSC	Wellington Shire Council	The Wellington Shire Council is located in Gippsland and undertakes the roles of planning and responsible authorities, represent the interests of local communities, and respond to constituents' concerns.
VCAT	Victorian Civil and Administrative Tribunal	VCAT deals with disputes relating to planning decisions. Parties aggrieved by the planning decisions of responsible authorities may appeal to VCAT for a review of the decision. VCAT is an independent review tribunal, and its decisions are legally binding.
VPP	Victoria Planning Provisions	Each planning scheme is constructed by taking the VPP as the source template. The VPP aim to ensure that consistent provisions for controlling land use and development are maintained across Victoria, and that the structure and format of all planning schemes are the same. The preparation of all planning schemes (including any amendment to a planning scheme), must comply with the Ministerial Direction on the Form and Content of Planning Schemes, and must not include any provision or control other than one selected from the VPP.

Abbreviation	Term	Meaning
	Zones	<p>The VPP contains standard zones, which can be used in all planning schemes as required. Zones are the primary decision-making tool in a planning scheme and control how land can be used in any given area (e.g. residential, industrial, business, etc). Zones establish the types of land uses that are either prohibited or permitted in the area covered by the zone and, if permitted, whether they require a planning permit or not. When developing a planning scheme, a planning authority (i.e. council) must choose the most appropriate zones from the VPP for implementing the SPPF and LPPF in the local context. As such, not all zones may be relevant to every planning scheme, and only those required to implement the strategic objectives of the scheme are chosen. New zones or changes to the nature of existing zones can only be introduced by the Minister for Planning through an amendment to the VPP. However, some of the standard zones have schedules to provide for local circumstances.</p>

Sources: DPCD 2001, VAGO 2008

