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MEMBER FOR GINNINDERRA

Paul Freeman
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Queanbeyan Independent Assessment Panel
GPO Box 3415
SYDNEY NSW 2001

Dear Mr Freeman

I am pleased to attach the ACT Government's submission to the Inquiry on residential development in the Queanbeyan local government area. The ACT Government appreciates the understanding shown by the Panel and the Secretariat in agreeing to an extension of time for the submission to meet established government processes.

Please contact Rod Burgess from the Chief Minister's Department on (02) 6207 6045 if you have any queries about the submission.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jon Stanhope".

Jon Stanhope MLA
Chief Minister

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ACT LEGISLATIVE ASSEMBLY

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CHIEF MINISTER'S DEPARTMENT

Commission of Inquiry into residential development in Queanbeyan City Council

ACT Government Submission

1. Introduction

The Australian Capital Territory (ACT) was excised from NSW a century ago to house the nation's capital. As a jurisdictional island surrounded by NSW, the ACT has significant ongoing interaction with the communities which surround the ACT. Thousands of people cross the border both ways each day for business, employment, recreation, education and services. The ACT needs to have an active and enduring interest in its surrounding region as the region affects all aspects of Canberra's economic, social, cultural and environmental development.

Of the cross border region's 394,000 residents¹, 18%, or almost one in five, live in NSW. This demonstrates the significance of the impact on the ACT of the surrounding region as well as Canberra's role as the regional centre. About a quarter of admissions at The Canberra Hospital are from NSW, and around 14% of school children in the ACT cross the border from NSW.

The relationship between Canberra and Queanbeyan is particularly close. When the ACT was created, Queanbeyan already existed as a regional centre for the surrounding rural activities. As Canberra developed, so did Queanbeyan. It is now one of the largest rural cities in NSW and also among the fastest growing cities in the state.

Canberra, as a large regional centre, provides Queanbeyan with a greater industry and services base than it would otherwise have. In doing so Queanbeyan residents have access to a wide range of employment, social and recreational opportunities. The sub-regional economy is largely driven by Canberra's economic fortunes and so, in turn, is Queanbeyan's economic development and population growth.

Queanbeyan also has an impact on Canberra and the sub-region. Its population supports the sub-region's labour market and provides a larger market for its retail, services and other businesses, thereby delivering better economies of scale. Queanbeyan provides diversity through additional lifestyle, housing, recreational, employment and business opportunities.

However, the existence of the border and the way that population is distributed means that there is a mismatch in funding for service provision and infrastructure. The ACT provides a wide range of services to residents of NSW (mainly from Queanbeyan), but in many cases does not receive full compensation for the cost of providing these services. Similarly, developments in nearby NSW have put pressure on ACT transport and education infrastructure, and no formal mechanism currently exists to compensate for capital expenditure on infrastructure. This is a

¹ 2004 figures from ABS 1307.8 ACT in Focus. The region covered includes the ACT, Queanbeyan City Council, Palerang Shire, Yass Valley Shire and Cooma Monaro Shire.

significant issue for NSW as well, as Canberra also places pressure on NSW infrastructure such as the Kings Highway, and may well have future impacts on Queanbeyan should it serve as a town centre in the future for residential development on the ACT side of the border.

The ACT Government has sought to develop regional relationships through a number of initiatives in recent years. These include:

- a Regional Management Framework (RMF) agreement to encourage cooperation at the NSW-ACT level to reduce impacts of the border on the region and to protect regional resources;
- An ACT and NSW Cross Border Water Resources agreement to sustainably manage the ACT's water resources and set out the way that ACT water can be supplied to NSW; and
- An ACT-NSW Cross Border Region Settlement agreement that works with the water agreement by setting out principles agreed by both the ACT and NSW governments for sustainable urban development in the cross border region.

This Submission sets out the ACT Government's views on planning and development in the sub-region by outlining its planning objectives and context, explaining the regional perspectives that are imbedded in the ACT planning approach, notes the key issues for the ACT in managing the sustainable development of the region, and indicates its preferred approach to residential development in the cross border area.

2. The ACT Planning Context and Planning Objectives

The *Canberra Spatial Plan* is the ACT's principal strategic planning document, providing a clear strategic direction for the development of Canberra for the next 30 years and beyond while allowing for flexibility and responses to change.

At the heart of the Spatial Plan is the principle of sustainable development of the region.

The ACT Government believes the concept of sustainable development has three key components:

- recognising the interdependence of social, economic and environmental well-being;
- focussing on equity, fairness and taking account of the effect of actions on others in an interdependent world; and
- meeting the needs of today must not be at the expense of future generations being able to meet their own needs.

The Spatial Plan seeks to reinforce sustainability by strengthening Civic as the CBD for the city, limiting further dispersal of urban settlements, creating opportunities for higher density residential developments in central locations with good access to employment and public transport, and through reduced travel distances and energy consumption. The central employment area will be supported by other major employment centres joined by public transport.

Key elements of the Spatial Plan include:

- Containing growth within about a 15 kilometre radius from Civic for the next 30 years or so;
- Intensification of residential development within 7.5 kilometres of Civic over the next 15 years;
- New residential areas to cater for future greenfields needs at Molonglo Valley and Kowen Plateau. These areas will support existing town centres and employment centres, including Queanbeyan.
- Employment corridors to concentrate development on major transport routes. Three key corridors are an east-west corridor comprising Belconnen-Civic-Fyshwick-Airport-Queanbeyan, a north-south corridor including Gungahlin-Civic-Woden-Tuggeranong, and the Majura-Monaro corridor which includes the airport, Fyshwick and Hume;
- Wildlife corridors to protect biodiversity; and
- Good travel connections resulting from residential development in locations which minimise trip length and journey times.

The Spatial Plan recognises that achieving its goals requires a cooperative approach between the ACT, NSW and the surrounding local government areas. The Spatial Plan suggests that sustainable development will see around 90% of sub-regional growth being accommodated in the ACT. This preserves the relative population shares currently in the sub-region, where Queanbeyan comprises about 9.5% of the combined Canberra-Queanbeyan population.

A further goal of the Spatial Plan is to maintain water quality and availability. Again, this requires a high degree of intergovernmental cooperation to ensure that all of the region's water resources are protected from inappropriate development, and that water quality is properly protected in receiving waterbodies.

3. The ACT and the Region

Since self government in 1989, the ACT has engaged with NSW and local councils to develop agreements and plans to guide regional growth and management. These have involved activities at the regional level as well as local plans to deal with specific cross border issues. This section outlines some of the key initiatives of recent years.

ACT and Sub-region Planning Strategy (released 1998).

This Strategy, endorsed by the ACT, NSW, Commonwealth and local governments, was initiated in 1990 to develop a planning framework for the Canberra region. An interim sub-regional planning strategy was released in 1991, followed a draft long term strategy and 13 position papers released in 1995.

While the Strategy was eventually released in 1998, it reflected conditions and views on regional settlement from the early to mid-1990s. It has now been superseded by the Canberra Spatial Plan, the developing NSW Sydney-Canberra Corridor Regional Strategy, and the associated work on regional settlement undertaken by NSW and the ACT in the last few years.

The Strategy included strategic directions for rural and urban settlement. Among its strategic principles for urban settlement, the Strategy supported (page 24):

- “timely, orderly, economic, equitable and environmentally sensitive growth of the Canberra-Queanbeyan metropolitan area both in the short and long term”; and
- “consolidated development and increased public transport usage should be promoted in order to reduce energy consumption and minimise requirements for additional urban lands”.

The Strategy identified two areas thought to have the best potential for future greenfields development – Lower Jerrabomberra, which extended from Symonston in the ACT through to the Tralee-Envirova area in NSW, and Gooromon-Jeir area in NSW to the north west of Gungahlin (Figure 7, page 23). These were seen as “indicative areas with potential for future urban development in the longer term” (page 27), and it was intended that further investigation would examine whether these areas were the best options for future development, as stated in the action:

- “Review the metropolitan structure of Canberra-Queanbeyan, including further analysis of all growth options by appropriate environmental and planning studies, assessments of social impacts...assessments of economic impacts and possible cross-border institutional arrangements” (page 27).

Subsequent investigations into the ACT portion of the Lower Jerrabomberra area have identified that it is constrained by a number of factors including the presence of endangered high value Yellow-box/Red-gum woodland community, significant Natural Temperate Grassland habitat for the endangered Grassland Earless Dragon, 1 in 100 year flood levels and aircraft noise considerations. Consequently, this area is not considered suitable for broadscale residential development. Notwithstanding, there are opportunities available in this area for uses that are sympathetic with conservation values and the objectives of the Canberra Spatial Plan that are yet to be fully investigated.

The more recent joint initiatives outlined below, including the Spatial Plan and the cross border water and settlement agreements, effectively represent the “review of the metropolitan structure of Canberra-Queanbeyan” as called for in the Strategy.

ACT-NSW Cross Border Water Resources Memorandum of Understanding

The legislation covering Googong Dam requires agreement by the Commonwealth Government for water from the dam to be supplied outside the ACT. In effect, this means that Commonwealth agreement is required to supply ACT water to any new urban settlement area in Queanbeyan or other places in NSW.

In early 2000 the then Commonwealth Minister responsible for the ACT advised that “no further interim water supply arrangements would be considered until a formal agreement in relation to the supply of water from the Googong Dam is executed by the Commonwealth and NSW” (letter from the Minister for Regional Services, Territories and Local Government to the Chief Minister, 5 January 2000).

In response, the ACT, NSW and Commonwealth have developed the ACT-NSW Cross Border Water Resources MoU (the “water agreement”) to:

- formalise and secure water supply arrangements to existing NSW recipients;
- articulate the conditions of supply of ACT sourced water to areas outside the ACT;
- provide a framework to allow formalisation of possible future access to NSW water by the ACT; and
- complement the MoU on ACT/NSW Cross Border Region Settlement.

The water agreement does not stipulate precise areas that will receive ACT water – instead, it notes that water should be supplied to areas of NSW that both the ACT and NSW agree are consistent with settlement principles articulated in the ACT-NSW Cross Border Region Settlement MoU (“the settlement agreement”). An outline of this agreement follows.

The ACT-NSW Cross Border Region Settlement MoU

The principle role of the settlement agreement is to set out agreed principles for urban settlement in the cross border region that update and replace the principles in the 1998 ACT and Sub-region Planning Strategy. These principles form the basis for the intergovernmental discussions on areas that will be deemed suitable for urban development (and therefore water supply). The settlement principles articulated in the agreement are:

- All future settlement in the ACT should occur in accordance with the Strategic Direction outlined in the Canberra Spatial Plan; future settlement in NSW should be in accordance with the Sydney-Canberra Corridor Regional Strategy.²
- Subject to the terms of the Memorandum of Understanding on Cross Border Water Resources, water may be supplied to any existing settlement in the Cross Border Region, or any proposed new settlement in the Cross Border Region, where both parties to this MoU agree the settlement is in accordance with the following principles.

Principle 1: All future settlement in the Region should be located to:

- maximise the efficient use of existing infrastructure and services;
- minimise the need for additional infrastructure and services through the use of integrated economic, social and environmentally sustainable planning and design solutions;
- minimise the economic and community cost of providing and maintaining infrastructure networks and community services; and
- protect areas of high conservation, cultural, natural heritage or landscape value.

Principle 2: Any proposed development bordering the ACT and NSW must be complementary and, where appropriate, integrated with the existing land uses (or future land uses proposed under the plans outlined in Principle 1 above if different to existing) on either side of the border to minimise land use conflict. Compatibility of land use, road connections and service ties must support future development.

² Note: The ACT Government has not yet reviewed the draft Sydney-Canberra Corridor Regional Strategy

Principle 3: Future urban residential growth will predominantly be accommodated within existing urban areas (as defined in this Strategy) creating a pattern of compact and consolidated urban areas, surrounded by non-urban lands. New settlement areas should demonstrate a high degree of urban containment with regard to services and employment as a means of enhancing transport efficiency.

Principle 4: Greenfield developments should, where ever possible, be:

- contiguous with (ie. as close as possible) existing urban settlements, or self-contained in their provision of services; and
- released and staged in a manner that is consistent with orderly and economic development and that reflects a sustainable and demonstrated demand for housing in the locality and, more generally, in the Region;

Principle 5: Economic development diversity will be supported by:

- the provision and enhancement of employment lands to accommodate long term needs that will be strongly linked to transport networks. This will be the priority land use for these lands;
- supporting the regional value of key infrastructure assets by limiting activities that may diminish their function or ability to contribute to the Region;

Principle 6: Rural industry and agricultural landscapes will be protected and supported through limiting activities and development that may diminish their economic, cultural and scenic contribution to the Region. Activities and development that are to be limited include rural residential forms of subdivision and subdivision that generally does not support the agricultural use of land; and

Principle 7: Long term land identified as potentially appropriate for urban purposes shall be safeguarded from inappropriate interim land uses and fragmentation that may compromise and conflict with the layout, orderly staging and mix of long term urban uses.

These settlement principles are consistent with the ACT Spatial Plan and will be used in the developing Sydney-Canberra Corridor Regional Strategy.

The settlement agreement works in conjunction with the water agreement to provide for water supply from the ACT to NSW, but it too is a framework agreement and therefore does not specify particular areas deemed suitable for development. To examine the question of which specific development proposals would be suitable for future water supply, the NSW and ACT Governments jointly developed a draft cross border region settlement strategy (“the draft settlement strategy”). While it has not been endorsed by either the ACT or NSW governments, it reflects the professional views of the ACT and NSW administrations and is based on advice received from consultants reports.

The draft Cross Border Region Settlement Strategy

The draft Cross-Border Settlement Strategy was prepared to determine the most sustainable urban residential settlement pattern for the Cross Border Region. It detailed a methodology for

assessing the suitability of future urban residential development proposals, and assessed proposed urban development proposals against the development principles of the ACT/NSW Cross Border Region Settlement Agreement.

The final draft of the settlement strategy and its supporting research concluded that:

- “the highest priority for future residential growth is infill development within or adjacent to current zoned Canberra and Queanbeyan areas (including the completion of Gungahlin and the proposed Molonglo Valley area);
- other areas supported for limited urban expansion are Yass and Bungendore townships; and
- the proposed residential development areas of Googong and Kowen appear to satisfy the preliminary assessment for suitability for urban development. However, both areas need significant further investigation before being assessed as fully compliant”.

It also concluded:

“The proposed residential developments south west of Queanbeyan in the vicinity of the Hume Industrial Area are not supported for residential development as they do not comply with all of the principles. Accordingly, the Strategy does not support urban residential development in the South West Corridor, including the proposed residential developments at Poplars, Tralee and Environa. A preferred approach, subject to further investigation, would be for major employment generating development to proceed in this area. This will complement existing development and the ACT Spatial Plan Majura-Monaro employment corridor provisions.

While not identified as a current area for urban expansion, Gooromon-Jeir will be safeguarded from inappropriate interim land uses and fragmentation that may compromise and conflict the layout, orderly staging and mix of long term urban uses.”

The ACT Government supports the conclusions above with regard to the proposed residential developments within the Queanbeyan City Council area.

4. Issues for the ACT in regard to cross border development

Residential development in a cross border area results in significant cross border traffic for work, business, recreation, cultural pursuits, health care, education and many other aspects of daily life. As noted earlier, the ACT region is different to other cross border areas in Australia because of the magnitude impact on government supplied services and infrastructure in the ACT. For example, while people living in Wodonga may use health services in Albury and have significant local impact, the relative impact on the total NSW government health system is minor. In the ACT, NSW use represents about a quarter of the annual use in public hospitals. While the ACT receives compensation from NSW for this use, a high degree of coordination is needed to ensure that services are supplied for the appropriate population.

This section of the Submission deals with the issues the ACT Government sees as important for the Commissioners to consider during the Inquiry. These are:

- Water supply and protection of water resources;
- Sustainable residential development and sequence of development;
- Government service delivery; and
- Infrastructure development.

Water Supply and Protection of Water Resources

Googong Dam and the Googong Catchment

The Googong Catchment Area comprises 891 sq km of the catchment of the Queanbeyan River, upstream of Googong Dam. The Googong Dam has a storage capacity of 125,000ML and a surface area at top water level of almost 800 hectares.

The function of the Googong Dam and its catchment is for potable water storage and supply, therefore managing the catchment, including development within and adjacent to the catchment, should be assessed with consideration to impacts on both the quantity and quality of water.

There is a suite of legislation detailing responsibilities for the Commonwealth, NSW, the ACT and local governments. The “Summary of Legislative Responsibilities – Cross Border Water Supply between the ACT and NSW” prepared as part of the regional water agreement sets out these powers and responsibilities. Generally, Commonwealth and ACT legislation defines the powers of the ACT Government in managing water resources in the ACT and Googong Dam, while NSW law governs planning, development and environmental management in the wider catchment area.

Importantly, the ‘paramount rights’ to the use and control of waters of the Queanbeyan and Molonglo Rivers and their tributaries are for the purposes of the Australian Capital Territory. NSW has obligations to not pollute, and to protect from pollution, the rivers throughout their course above the Territory.

The condition of the Googong Catchment

Over the last two years, the ACT undertook some preliminary desktop analysis of the catchment to understand the condition of the Googong catchment. The studies, by Ecowise and Agrecon, point to the need for a more detailed comprehensive study of the catchment to determine the factors influencing the yield from the catchment and the quality of water. Unlike the Cotter catchment, which is located within the Namadgi National Park, the Googong catchment has a number of land owners and as a result, a multitude of activities within the catchment. Activities associated with farming, rural residential developments and recreational activities all impact on the quality and quantity of water. Understanding these activities and devising an appropriate management plan within the Googong catchment is imperative to the long-term sustainability of the ACT and region’s water supply.

Catchment outcomes from the ACT/NSW Cross Border Water Resources Agreement

The Cross Border Water Resources MoU requires the development of a catchment management plan for Googong/Molonglo (including Jerrabomberra) Catchment to be developed within two years of signing. A key component to inform the development of the management plan will be a more comprehensive study of the catchment building on the studies already undertaken.

Water quality risks identified include bacteriological through septic tanks, stock and feral animals, holding and control of chemicals, contaminated sites such as sheep dips, old rubbish dumps, sediment control, clearing of native vegetation and recreational activity. Water quantity risks include the extent of water use and interception within the catchment (ie farm dams), policing of licensed water users and vegetation management.

ACT concerns for the Googong Catchment, Googong Dam and ultimately the region's water supply.

A key concern for the ACT regarding the catchment is any development that may impact on a significant piece of regional infrastructure – Googong Dam. Whilst equipment to reduce the household water consumption can be installed in new residential developments, it is the associated recreational activities from larger concentrations of population bordering the catchment, and controlling their activities within the catchment, that is of greater concern.

Security of water supply for the ACT and region has been addressed through the recent work of ACTEW to augment the water supply by pumping water from the Cotter dams to Googong Dam. However, significant residential development adjacent to the Googong Dam Area (that is, the dam and foreshores area) will place substantial recreational pressure on the area which will be extremely difficult to manage in accordance with the dam's water supply function. In particular, unauthorised entry and activities including by feral animal will be virtually impossible to manage thus presenting a real risk to potable water quality within the region. It is critical to have an agreed approach to managing these activities by all jurisdictions.

In regard to the Jerrabomberra, there is a need to ensure that streamflow leaving the catchment is not further stressed, in addition to protection of water quality.

Sustainable residential development and sequence of development

The Canberra Spatial Plan and the water and settlement agreements set out principles for sustainable residential urban development. Adherence to these principles should result in desired outcomes such as:

- A compact, contained urban form in the Canberra-Queanbeyan metropolitan area;
- Efficient use of infrastructure, including transport;
- Equitable and ease of access to services;
- Limit ecological footprint; and
- Careful sequencing of development.

The draft settlement strategy indicates which proposed development areas appear to meet the principles of the settlement agreement. It therefore addresses spatial issues but does not indicate the most sustainable development pattern and sequence of development.

The ACT Government believes the sequence of development is a vital part of the development process. In the ACT, government control over land development means that land can be released in an orderly and planned way to meet market demand while achieving broader objectives such as sustainability and affordability. However, in NSW the private sector development approach means that careful strategic planning is needed to ensure development meets the range of objectives listed above.

Residential development in the Queanbeyan area, particularly in the Jerrabomberra estate, has had significant impact on the population of Queanbeyan in the last decade or more. In recent years, Queanbeyan has grown at a higher rate than the ACT, but this was not always the case. ABS census figures show that Queanbeyan's population grew by 7.4% from 1991 to 1996, while Canberra's grew by 10.7% for the same period. In the 1996-2001 period, Queanbeyan grew by 14.1% while Canberra grew by only 4.1%. More recent figures have shown this difference is declining, with the 1999-2004 estimates showing total population growth of 16.8% in Queanbeyan and 10.9% in Canberra.

The Jerrabomberra estate has more in common with ACT suburbs than the rest of Queanbeyan, and is effectively a dormitory suburb of Canberra. It also lacks all but basic services and community facilities. According to the 2001 census, 69 per cent of the resident workforce of Queanbeyan was employed in the ACT. It could be expected that areas such as Googong would have a higher outflow of residents to employment found in the ACT, as it lacks the employment base of Queanbeyan. The flow could be extensive given the ACT has 95 per cent of total Canberra/Queanbeyan employment.

This analysis indicates that rapid growth is a fairly recent event in Queanbeyan, and to expect that Queanbeyan should continue to grow at rates of 3 or 4% per year is unrealistic.

The ACT Government believes that the sequence of development in the sub-region should ensure that areas with the best access to existing employment and service provision should be developed first.

The Googong residential proposal is remote from any service centres and employment centres. It will not have the population to be anywhere near self sustaining for service delivery or employment, and would therefore become a commuter suburb requiring expensive links to existing areas.

Significant academic and professional contemporary research has been undertaken on the relative size of communities and neighbourhoods that enable them to function in a socially cohesive and sustainable manner. The benchmark considered relevant for sustainable new Greenfield sites in the ACT and surrounding NSW region is 14,000 dwellings (approximately 32,000 residents is needed to achieve a sustainable community.) At this level, the community can support local schools, retail, medical services, public transport and other social facilities without having to leave the area.

With respect to the proposed Tralee development, the ACT Government has consistently opposed the proposal through channels such as its submission to the draft amendment to the Queanbeyan Local Environmental Plan in early 2004. In particular, the ACT does not support the Tralee proposal because of:

- incompatibility with land uses at the Hume industrial area;
- incompatibility with land uses identified in the Canberra Spatial Plan along the Monaro Highway industrial employment corridor;
- the possible long term impact of the development on the operation of the Canberra International airport;
- the possibility of ACT residents being subject to future 'noise sharing' from the airport;
- the implications of the development for the transport network between Canberra and Queanbeyan; and
- the additional pressure on the provision of ACT services and facilities to NSW residents.

The ACT Government supports investigation of the Tralee area as an employment zone, with the potential to attract industry away from the West Queanbeyan area, which could then be converted to high value residential land with excellent transport, employment and service connections.

Given the limited market for new residential development in the sub-region (about 2,000 commencements per year), the ACT Government believes that the most suitable locations for residential development in the next 15 to 20 years are those given highest priority in the draft Settlement Strategy, namely continued infill in the current Canberra and Queanbeyan urban areas, including completion of Gungahlin and the proposed Molonglo Valley. The ACT also supports limited development in Yass and Bungendore towns to provide choice in the market and opportunities for smaller town rural lifestyle.

Government service delivery

As Canberra is the service centre for the surrounding region, it provides a range of services to people who live outside its border. These include health services (The Canberra Hospital is the tertiary referral hospital for south east NSW), education and training at all levels, court services and other justice related activities, sport and recreation, and a range of community services. In some cases this reflects a rational approach to achieve economies of scale (as with the hospital), or Canberra having services that are unavailable or limited outside (for example private schooling). However, in other cases it reflects resident's preferences and convenience factors. Thus many residents of nearby communities who work in Canberra also send their children to ACT child-care centres and schools.

The federal system of government in Australia sees many financial grants distributed according to population shares. In the case of a cross border situation like in the ACT region, the centre which provides services is disadvantaged financially if it provides services to residents from another state. To account for this, adjustments are made in a variety of ways.

The primary adjustment process is the Commonwealth Grants Commission, which decides on compensation for cross border influences. The ACT receives compensation in a number of areas for NSW use of its services (and in turn, NSW receives compensation for ACT use of its services, for example the Sydney-Canberra rail service). Other compensatory methods are also used, including bilateral agreements with NSW (eg hospitals) and cost recovery from service recipients.

However, ACT Government analysis in recent years indicates that the ACT does not receive full compensation for cross border service use. This is because the methodology used to determine costs does not reflect the actual costs to the ACT (Grants Commission adjustments are normally provided at the national average rather than the actual cost).

It is estimated that the net cost (after compensatory mechanisms) to the ACT community of providing services to interstate residents (overwhelmingly from nearby areas of NSW) is in the order of \$35-51 million per annum. While the ACT also derives some benefits in its role as the regional centre, it is unlikely that the benefits would be of this magnitude.

The ACT is now taking steps to ensure that the shortfall in compensation from cross border servicing is minimised, such as ensuring accurate data is collected and that all transactions are recorded.

It appears certain that if the proposed residential areas in the Tralee area and at Googong go ahead, the families that live there will be heavy users of ACT provided services. The ACT Government is concerned that until adequate compensatory mechanisms are agreed, any more residential development in nearby NSW in what would be essentially dormitory suburbs for Canberra's labour markets and facilities will place greater financial strain on the Territory finances.

In the event that the proposed residential developments are approved it would be an ideal time to develop a framework for negotiating the recovery of recurrent cross border expenses. An appropriate agreement is required to enable both NSW and ACT residents to continue to receive the government services they require at an appropriate standard.

Infrastructure development

It should be recognised that small, dispersed cross border communities are potentially greater users of ACT government services than those in larger more populous communities. This is because at low population levels many services are not provided by NSW due to the lack of viability. Consequently, such communities look outside for the provision of such services. The current cross border cost recovery measures fail to fully recover costs and therefore these communities impose costs on the ACT Government.

As well as creating pressure on services, development in nearby areas of NSW places additional pressure on ACT funded infrastructure, particularly transport infrastructure, but also schools and other facilities.

Development in NSW areas will also create an impact on ACT's existing physical infrastructure. Around 65% of the travel from NSW (including Queanbeyan, Bungendore and Captains Flat, together with rural residential areas) accesses ACT destinations via Pialligo Ave, Canberra Ave and Lanyon Dr. There are also significant cross-border traffic flows on the Barton and Federal Highways, which are funded by the Commonwealth Government, although increased traffic volumes on these major roads will add to pressure for upgrading of other Territory-funded roads (including William Hovell Dr, Gungahlin Dr extension and Majura Rd/Parkway).

Should developments housing several thousand people be approved for the Tralee and Googong areas, the impact on the ACT section of the Monaro Highway would be significant. The road is already approaching capacity at peak periods, and recent NSW rural residential developments to the south of Canberra such as Royalla Station are contributing to the growth in traffic flows in the Monaro Corridor.

The situation requires effective cross border mechanisms for infrastructure planning and coordination and for funding transfers.

Infrastructure planning and coordination has gone ahead under formal and informal mechanisms since self-government. Now that the ACT and NSW have committed to the Regional Management Framework, it is preferable that a formal coordination mechanism be re-established to ensure all governments concerned are working together.

At present there is no formal mechanism for transferring funds from developers in NSW to the ACT Government to cover the impacts of such development. It is important that such mechanisms are developed, not the least because it is possible that in the future developments in the ACT adjacent to Queanbeyan will have infrastructure impacts on Queanbeyan.

Some preliminary work by NSW Department of Planning has indicated there may be ways for such payments through agreements catered for under NSW development legislation.

The ACT Government supports the re-establishment of a formal cross border infrastructure review group and also to development of mechanisms to fund infrastructure works across the ACT-NSW border.

5. The ACT preferred outcome

This section outlines the ACT Government's preferred approach for regional development and also serves as a summary of this document.

Urban development in next 20+ years:

- Sustainable growth in Canberra, Queanbeyan, Yass and Palerang.
- Consolidation of development in areas with best linkages to employment and services, with priority for infill of existing areas of Canberra and Queanbeyan, with limited expansion of Yass and Bungendore,
- Completion of Gungahlin and new greenfields in Molonglo Valley.
- Employment land development in Tralee area, with longer term aim of relocating industrial uses from West Queanbeyan to maximise new residential opportunities in areas with good access to employment, transport and service centres

Strategic studies:

- Develop joint ACT-NSW strategy for future greenfields releases after Molonglo – to include examination of Kowen, Googong and other parts of Queanbeyan City Council area and Gooromon-Jier.

Cross border service costs

- Develop approaches to see a mechanism for more timely and accurate compensation for service delivery and infrastructure development costs. Build on initial NSW work covering developer contributions.
- The ACT Government supports the re-establishment of a formal cross border infrastructure review group and also to development of mechanisms to fund infrastructure works across the ACT-NSW border.

ACT Government

June 2006