

CORRECTED VERSION

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

Inquiry into departmental and agency performance and operations

Melbourne — 23 April 2009

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Witnesses

Mr C. Banks, chairman, and

Mr P. Seamer, chief executive officer, Growth Areas Authority.

The CHAIR — I declare open the Legislative Council's Standing Committee on Finance and Public Administration public hearing. This afternoon's hearing is in relation to the inquiry into departmental and agency performance and operations specifically in relation to the Growth Areas Authority. I welcome Chris Banks, chairman, and Peter Seamer, chief executive officer, GAA. For the information of witnesses and the committee, for the purposes of this hearing, Brian Tee will be substituting for Matt Viney, the deputy chair.

All evidence taken at this hearing is protected by parliamentary privilege, as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council's standing orders. Any comments made outside the precincts of the hearing are not afforded parliamentary privilege. All evidence is being recorded by Hansard and witnesses will be provided with a proof version of the transcript in the next couple of days. I invite you to make an opening statement, if you wish, and then we will proceed to questions.

Mr BANKS — Thank you, Chair, and thank you for having us today. I would like to ask our chief executive officer, Peter Seamer, to make a presentation regarding the role of the authority.

Overheads shown.

Mr SEAMER — You have a hard copy in front of you, and it is on the screen. Perhaps if we could just run through the GAA; this may be starting from the basics, but it seems a good place to start.

Firstly, the objectives of the GAA as set out under the act are a range of different activities. Basically a lot of them relate to the first point which is the development section, obviously of Melbourne, in a coordinated and timely manner. One of the issues that we are moving into is the provision of infrastructure services and facilities, also in a timely and presumably the right word here is 'coordinated' manner. The objectives also include the sustainable development of land; promoting housing diversity and affordability; employment opportunities; ensuring there is sufficient land for commercial and industrial purposes; and broadly the fostering of community development. They are fairly directly out of the act. It is a reasonable summation.

The function of the authority itself is fairly clear. It is to make recommendations and report to the minister on planning-associated issues with the growth area of land; the use and collection of levies; on the minister's request any other matters as set out within the powers of the GAA; and also to make recommendations in regard to the minister's functions and powers for growth areas.

Additionally there is a broader function to carry out any other function as conferred by the act itself. That is broadly what you will find in the act if you look at what we are about.

Perhaps a little bit more specifically, moving to the next page, the GAA has been in operation since the passing of the appropriate legislation in September 2006. We have six board members who come from a variety of professional backgrounds. Essentially our role is the facilitation and coordination of planning but in a reasonably broad sense for the areas in question. We see our role very clearly as to not duplicate the role of other authorities or councils, but to complement those particularly with regard to the difficult issue of development and growth areas.

Because this inquiry relates to the 2007–08 year, we had 26 staff in that year. Essentially we were funded through conventional budget appropriations but there were other grants provided, particularly with regard to what is called the reducing regulatory burden program, which had a lot to do with streamline and which we can talk about if you wish; and also separately for the preparation of precinct structure plans which, I am sure you know, is effectively a master plan for a new community, new suburb if you like, and the PSP is a tool which has been developing over the last few years. It is clearly a master-plan type document that has a statutory significance.

In terms of costs, the cost for undertaking the planning is shared between the GAA, councils and in some cases as is traditionally the case, developers and landowners.

On the next sheet we have tried to put it in more human-being terms that basically our aim is to produce better, more sustainable and more affordable housing and employment in Melbourne's growth areas. Probably if you try to get it down to a few words, that is the end product. Of all the things we are doing, it has to be about that.

The next sheet that I have got there really tries to look at the way in which the GAA breaks up our internal operations and the areas that we see things in. We thought you might be interested in the way in which we look at our structure. Firstly, we have the area of the bigger picture planning, which is basically planning reform. Some of that is streamlining of the planning processes. The next one is basically policy development with issues like planning guidelines, those sorts of issues, which we are actively involved in.

The next area is probably really the most basic part of our operations, which is the production of precinct structure plans. That is to create land where effectively it is zoned for development and ready for development. That is basically broken into two sections — precinct structure planning itself, and project facilitation. It is fair to say that in planning processes things get caught up from time to time and we move in to actually try to push things through the system, which we have done on a number of occasions to try to get a better outcome.

The next area is infrastructure coordination, and that is planning and some policy issues. By ‘policy’ I mean internal GAA-type policy. Then there are corporate services, which are modelling and just the normal services you would expect in terms of finances, keeping an office roof from leaking, and all the usual sorts of things.

Moving in to where we operate, at the present time Melbourne’s growth areas are in six councils, obviously on the periphery of Melbourne, particularly in the north, the west and the south-east. They obviously accommodate a large part of Melbourne’s growth. Probably approximately one-half of Melbourne’s total growth is going on in these councils. That is including consolidation. According to the government predictions, Melbourne will grow by 2.3 million people by the year 2036, the clear majority of which will be in Melbourne. The things that are driving that are basically an increase in fertility rates and the natural increases that flow from that. Basically Melbourne is not having an exodus of people from it, and there are national immigration levels that actually have a very direct effect on the pressures for growth in Melbourne. It is quite a clear relationship.

The plan of Melbourne shows where we are operating and where we are functional. The light green areas on the overhead and the multicoloured ones are the areas within the councils that are part of Melbourne’s growth areas, as set out in the act. The multicoloured areas show precinct structure plans that are currently on our program of 40 precinct structure plans, and you have a colour coding there to show you, in our best estimate at this stage, where they fit in terms of time lines.

You will see that the light-brown coloured areas are ones that have been completed. This is as of December 2008, so it is post the period you are looking at but we thought it was important that you understand where the things that happened in 2007–08 are leading to. The very light blue areas are areas that have been announced by the government as investigation zones, in its December announcements. This is a document which is on our website, so I thought I would put it in just to give you a good picture of what we are saying out there at the moment.

Moving ahead to the next histogram you basically have an indication of the size of the task that Melbourne is facing, and in terms of further housing development here — we are not talking about jobs, although that is an equally relevant issue; this is just houses and other forms of accommodation — basically during the next 20 years there have to be 284 000 houses created in the growth areas of Melbourne if the current trends keep going the way they are going. Obviously there will be other factors that come into that.

The CHAIR — Growth areas being those six LGAs?

Mr SEAMER — Yes. Well, actually let me just be careful about it — there is basically the growth of Melbourne on the outskirts of Melbourne but not including infill development in places like Keysborough or the Dandenong area. If you were to have growth into those areas and the investigation areas identified, that would include those.

As you can see, in terms of total dwelling numbers that is less than half the total amount. They are the predictions put forward in the document *Melbourne @ 5 million*, which was released by the government at the end of last year. Clearly the GAA’s bit, if you like, relates to that 284 000. That red thing on the overhead is the area we are concentrating on.

Just to perhaps go back a step, in order to get a house to come out of a piece of ground that was once, for example, a piece of farming land, you have to go through a series of steps. Firstly, it has to come into the urban growth boundary. That would in today’s world probably ensure that it would be zoned as urban growth zone,

which is a preliminary-type zoning. You would then go through a PSP, in which case it would actually be zoned for development. Then of course you need a permit, and then you need to actually build the property. This is a streamlined process, which I will come to in a moment, but just so long as you are aware where the different parts of the process fit in.

The next sheet also gives you an idea of a preliminary view of the precinct structure plan timetable. These are the numbers of precinct structure plans that we will be producing each year. We have done some work prior to the streamlining work that we have done, that indicates that on average it takes about five years to go through the process of turning some farming land into houses. Our aim is to cut a substantial period of time off that through the streamlining process but obviously, as you can see from that timetable, the work that we started in 2007–08 will be coming through as appropriately zoned land during the course of the 2008–09 year, the 2009–10 year. As you can see there is a big surge coming through in the 09–10 year as our plans indicate.

That is set out in more detail on the next bar chart. As you can see in the 2007–08 year there was a trickle of things coming through. The vertical dotted line shows you what we believe is an average forecast for the demand that is out there, and as you can see in the 2007–08 year, given there is a couple of years time process that it takes to go through, that was below the lines. This year, 2008–09, we will be getting ahead of the actual demand and next year, as a result of a lot of work that we have been doing over the last two years, is coming to fruition so you will actually see the results of a lot of our work coming through at that time.

All of the precinct structure plans shown here are obviously ones that are currently inside your growth boundary. That chart is then shown in a bit more detail under the next sheet to tell you where we are up to as of March 2009 with the different precinct structure plans.

The next slide really tries to look back and say, ‘What have we achieved during the time period that your committee is reviewing?’ and, ‘What would we say were the things that the GAA had done?’. The first area is what we call streamlining but effectively it is an implementation of a faster, better and, very importantly, a more uniform process towards planning.

We would like to see a somewhat more uniform process for planning with probably more diversity in the planning outcomes. Whereas in the past we tended to have very consistent types of housing, what we are trying to get is more variety but using a better-known process so that everybody knows what process we are going through.

In doing that we created a streamlined planning process, which I would be happy to talk about if you like. We designed and implemented an urban growth zone which is, if you like, a holding zone specifically designed for development areas. It has a number of benefits during the course of the process. We have developed a precinct structure plan program, which you saw on the previous slides, and we will achieve with this streamlined process substantial holding costs, planning consultant and legal and administrative costs, which we can talk about if you like.

The next broad area is that we are achieving significant process on available zoned land. During the year in question we started a large number of precinct structure plans. They will be coming through in this year and in the 2009–10 year; that is when they will be coming through. We implemented the urban growth zone throughout those areas and that included the zoning work that we are doing which is not only for residential but it is also for employment lands and we are at the full spectrum.

The next broad heading relates to one of the problems that has been around for some time in regard to development, which is the issue of how we adequately manage the protection of native vegetation and fauna in the growth areas. Clearly it is the view of the Growth Areas Authority and certainly the government, because they helped fund us for this, that we are actually out in those growth areas at the moment finding out what is there. We are doing detailed mapping.

In the past there has been too much emphasis on last-minute checking and fighting things through by which time often the important environmental protection that is required is not able to be achieved, and also there are very large costs for people in changes of plan. What we want to do is to do the work up front. You know what it is.

When the precinct structure plan is done you will know exactly where you stand in regard to native vegetation, and appropriate big-picture issues can be sorted out at that level rather than playing catch-up later on. This is a big issue for the GAA, and we have been funded by the state government to do that. We have done the first year of that. There will be more this year but we have done a very large, substantial amount of that.

The next section is improving the environmental and livability outcomes. Probably the biggest part of that is we are doing precinct structure planning guidelines, which have been out in draft for comment for some months. We are hopeful that we will be finishing those in the near future. They are really trying to put more meat on the detail, more protection if you like and more clarification for people undertaking planning about what is required so that we get the better planning outcomes and it is not just an ad hoc process that we are going through.

We have internally built an expert planning team. I use the word 'expert' deliberately because really good quality strategic planners are not a dime a dozen around this town or anywhere else. We have built and we are building a very good team. We have undertaken a number of research issues. One of the more significant ones was the study we undertook on livable communities which was done in conjunction with Melbourne University and Griffith University about the elements that they saw as being creative livability issues, which we are happy to talk about if you like.

Finally, we became more actively involved in infrastructure planning. I think it is a clear view of the state government that they want more coordinated planning and infrastructure issues going together. We have done that through a small, internal team that works on that. Most of the outcomes of this work will be seen in the results of other authorities — councils and other government organisations or statutory authorities — because we work with them in coordinating our planning work with what they are actually doing.

In terms of the achievements as of that time, we tried to put down a few of the issues that we saw as being relevant to the committee today and I hope you found that useful. We are happy to talk about any of those issues if you wish. Moving more onto the financial side, we have put in there — I think it is pretty much the same as in our annual reports — the first balance sheet. Sorry, I still use the terms 'balance sheet' and 'profit and loss'. I apologise that our chief financial officer is not with us today. At last word, he was hiking through some mountains in Spain, which probably says something about his sanity.

The issues we have there I think are all fairly straightforward. Perhaps if you flick to the next page on the profit and loss, I think the government funding is fairly clear cut. We have a \$1 million allocation there in the period for June 2008 for developer and other funding. That relates primarily to the project being done in conjunction with Casey in regard to the planning for Cranbourne East. These are funds — and this is a typical method used by councils — where the developers put money in towards precinct structure planning and then get it repaid through reductions to their DCPs, their council levies, at a later stage, which is fairly conventional funding. But this one, like some of the others, went through our books, and so that is what that one there is. I do not think there is anything particularly outstanding that I would like to comment on about that, but that is probably the one item that you may be interested in. With that, I thank you for the opportunity of making this submission to you, and perhaps I will leave it at that.

The CHAIR — Thank you, Mr Seamer. The committee appreciates your attendance and the presentation you have given this afternoon. As you appreciate, my colleague Mr Guy, the shadow Minister for Planning, will have a number of questions for you, and I am happy for him to take most of the time I ordinarily would. I would like to ask you a couple of things arising from your presentation. With respect to the native vegetation and fauna assessment work that the GAA has undertaken, does that extend to Aboriginal heritage issues which, as you would appreciate, create a similar issue for development projects? Are you getting into that?

Mr SEAMER — 'Getting into it' is the correct term. We have been concentrating in the last year essentially on native vegetation and fauna. This year we will be working with AAV to look in more detail at all the cultural and heritage issues, both Aboriginal and other ones, and that will be being done this year.

The CHAIR — So they will then be covered at the structure plan stage?

Mr SEAMER — They will be covered in accordance with the appropriate legislation and as much as can be within the precinct structure plan. The legislation for cultural heritage has its own specific criteria, and we have to work within those.

The CHAIR — You would be looking, to the extent possible, to get that up-front at the PSP stage?

Mr SEAMER — Correct.

The CHAIR — Can I ask you about the three PSPs that were completed in 2007–08. Typically what time frame is required to get to a completed PSP? How long are these work in progress, and with respect to those ones, can you update the committee on what has occurred since the completion of those PSPs in terms of actually translating into developments?

Mr SEAMER — The typical time for PSPs is something which is effectively still work in progress. The PSPs are a relatively new creation. They take a number of years to do. The GAA is streamlining the way in which they are done. The way in which we have done that is to really concentrate on the PSP but take out some of the sequential steps after that that were being done previously — for example, previously there were a number of steps, and there are Gantt charts showing the old process and the new process, so we can provide those to you, if you would like.

The CHAIR — That would be helpful.

Mr SEAMER — Certainly. So what you will see when you see those Gantt charts are things like where once you have done a PSP we believe it is no longer necessary, for example, to have development plans, but in the past they were doing a PSP, a development plan, sometimes multiples of them, and each of those would require getting an amendment to the planning scheme. That would require authorisation from the minister, so it was this very, if you like, sequential and relatively laborious process that the government was seeking to streamline. When they funded us for the work to do the streamlining, they were saying that this was about, and I think the term that has been used is ‘reducing regulatory burden’. I think that is what it is about. So in doing the PSP, the aim would be to take the total process from being effectively a farm, zoned farming, through to a house popping out of the ground from around five years to a lesser period.

I believe in some announcements that the Premier made he was talking about taking a year out of that process, and we think that will be more than able to be achieved — and that is certainly what we are working on. In terms of the PSP itself, it will not necessarily be any shorter than what it was before, but what will happen is that these other sequential things will be wrapped into that — the authorisation stage and in many cases the planning permit stage. If you use section 96 of the act, you can do a rezoning with the planning permit at the same time, and Cranbourne East is a good example of that. This is actually an accelerated process. The important thing about the acceleration is that we are doing the important work first and we are doing it more thoroughly than ever before, and the example I gave before was in regard to native vegetation. That is only one. It also applies to road planning and other issues.

There was a second part to your question. I would like to take that on notice if I could. In regard to the three PSPs there, which are Cranbourne North, Epping North East and Tarneit West, I will come back to you and advise you where they are up to.

The CHAIR — Just as to where they have progressed to. The other question I wanted to ask at this stage was that you touched in your comments on the developer and other contributions that flowed in 2007-08. Is that an ongoing? You gave that particular example. What was the basis for that developer making a contribution through to the GAA, and is that a process that we can expect to see going forward where developers will be making revenue contributions to the GAA for your PSP work?

Mr SEAMER — The history to these issues is that landowners and developers have always paid for planning to some level or another. If you go back to the big developments of the 1980s and 1990s, things like master plans and the terminology that was around in those days would have been paid for pretty well entirely by the — depending on what size it was, but by and large it would be paid for by — the landowners or developers. In PSPs councils have used developer and landowner funding, to be reimbursed from the DCP in recent years to gain sufficient funds for them to be able to undertake the planning that they need to do. This type of use — because this is effectively something we are doing closely in conjunction with Casey — was following on from that.

On the issue about where the funds come from for PSPs, I think there is a degree of the circumstances that it applies to. There have been examples where landowners have wished to accelerate the planning of their areas.

For example, if the council has a particular program of development of PSPs, and the developer for whatever reason wants to accelerate their area, in a number of cases they have gone to the council and said, 'We will either pay for this, or we would like to pay for this but have it reimbursed from the DCP'.

Those sorts of processes have been used, and to some extent they may be used in the future. But the government has funded us to a greater extent to actually allow more funds to be put towards the planning than it has in the past. That will allow the GAA and the councils involved to be able to shoulder more of this burden than, say, a couple of years ago.

Ms BROAD — Thank you for your presentation and your appearance here today. You have outlined in your presentation the progress with the PSPs, which is significant. I take you to the matter of the number of lots zoned for housing in the nine completed structure plans. Could you outline for us how that is impacting on the supply of zoned housing lots — in reference to what is the, if you like, average annual demand, how that supply is being affected by the PSPs, and prior to these new arrangements what the rate was, so that we can actually see what a difference it has made in terms of the supply and also the impact on affordability?

Mr SEAMER — We have some specialist graphs on this. I have not brought them today, but perhaps I could just refer you to the one that I showed you before, which is this bar chart. The vertical line there shows us what we believe is a fairly average demand, which is really around 10 000, 12 000, 14 000 per year. That is the sort of demand that has been around for the last couple of years.

There has been an accelerated demand in the last couple of years, there is no question about that, and Melbourne, in comparison with other places in Australia, has experienced a higher level of demand than we were used to, certainly in percentage terms. I think there are lots of people going around talking about Melbourne's growth being the greatest since the gold rush and all that sort of thing — and it is perfectly true.

There was no doubt that when we started this program, the production of zoned land was well below what was needed. I think that is highlighted in the red year that is on that graph there. What we want to do is get to a point where supply is up to a figure which is around 10 years zoned land supply available, which was something that was put out by the government a few years ago in terms of its targets.

Clearly this has a direct relationship to affordability. You will see that when there is a shortfall of supply, prices move very quickly. In the history of Australia — and I am not talking about Victoria so much — there have been periods in the last 10 years where there has been a shortfall of both raw land and housing supply. You have had a very direct cost increase for people buying homes coming from that.

I have another graph — I have not brought it with me today — that talks about final house prices. If you would like us to, we could do something for you and pass that through, if that would be helpful. Clearly we see that getting on top of the supply issue is a crucial one.

That has two different components to it. The first is that you have to have sufficient raw land supply for people who are going to develop land to be able to buy. Then you have to have sufficient houses or house lots that developers have produced for home buyers to buy. If you have a problem at either two of those stages, you only need to get one of them wrong and you will have a problem with the end affordability issue. At the moment what we are doing with the PSPs is ensure that there is sufficient zoned land so people who wish to develop land can develop that land, and then there will be sufficient supply for the home buyer to buy.

To answer your question directly, I do not have the figures on affordability with me today. We can certainly supply those to you if you would like. But we see a very direct relationship between supply and costing.

Ms BROAD — To summarise, in terms of meeting the government's objective that has been set of the 10-year supply, and I think more specifically the additional 90 000 homes by 2012 — —

Mr SEAMER — Yes.

Ms BROAD — Based on the progress that has been made through the PSPs to date, would you say that you are on track in terms of meeting those government objectives?

Mr SEAMER — Yes, we are. Our aim is to be at that 10 year supply. Clearly that green supply line is what we are working so hard to achieve. That assumes we have demand at that level. If you have much less demand

then it makes it easier to achieve the 10 year supply. If demand goes up — and I notice there have been some announcements about the first home buyers scheme in the last couple of hours, which may affect demand a little — then it will bite into that supply. Yes, our plans are to have it online, mainly through that large amount of work that is coming through in that particular year.

Ms BROAD — Thank you. In addition to access to those lots and affordability considerations, livability is also a major consideration. Helping to bring forward basic community services and ensuring that these areas are sustainable — socially, economically and environmentally — by having all of the things that families need are very important considerations, and certainly they are very important government objectives as well as the affordability and supply considerations. Can you outline for the committee how those objectives are being delivered through the PSP, and I think more recently through some of the changes that have been made through the new urban growth zone part of the process as well?

Mr SEAMER — In the work we do with PSPs we are ensuring that more emphasis is placed on a number of issues that affect lifestyles directly. Some of them are quite hard-nosed and some of them involve a range of different service delivery issues. A lot of this will be guided by the precinct structure planning guidelines which, as we said, are out in draft form and which hopefully will be coming through in the not-too-distant future. They will vary from issues like supply of community services in areas. In that particular area we have infrastructure working groups with councils, and we are working out with them their requirements for the new areas so they can put it in their budgets and so it can be reflected in other people's budgets to make sure that there is efficient and appropriate land put aside when we do planning.

I am talking there about what you would normally see as community services, depending on how you define it, things like active sporting spaces. Specific requirements are going into the precinct structure plans, setting aside not only the right amount of land but the right amount of land in the right place. The actual funding of those sorts of issues is something that we are working on in conjunction with councils. At present — and this does not relate particularly to the year in question — we are talking to councils about how they fund those things. Some of the councils are doing good work in analysing this. I know that the City of Wyndham announced about a year ago now a new set of guidelines about community services provision, which I thought was quite a good document. So those sorts of things are going through.

A lot of the livability issues, however, are not in those areas; they relate to how far people have to travel to work. One of the councils has an average travel distance of 25 kilometres each way to work, which in my view is too much, and what we are trying to do — and it is clearly the chairman's view — is to sort out where people work and live, which is a major issue and an issue that certainly the GAA has been talking about for a long period of time. We want to implement more capacity in local areas for local employment so people do not have to travel.

That is not just about issues of planning; it involves how you get more home-based businesses going, how you get more service to offices in local areas, how you get real office jobs in areas that are not conventionally seen as office areas, and of course if you can do that you get the great benefit of counter-cyclical flow on your freeways, and less pressure on your rail and so forth.

Mr BARBER — Or you trains — —

Mr SEAMER — Sorry? I didn't hear what you said.

Mr GUY — He is just hoping he will not end up with an electorate more than 25 kilometres from the city, that's all.

Mr BARBER — It is the same electorate as yours, Mr Guy!

Mr GUY — That is right. It does go that far.

Mr SEAMER — There is a range of different issues. There is the broader issue of sustainability — what will happen in 20 years time with water and all of those things. So we are trying to put those things into the precinct structure plans. We have been going to a lot of effort to talk to all different authorities — Sustainability Victoria and really everybody — about what they want in the precinct structure planning guidelines. They do cover a lot of these issues, so you are going to see, in the PSPs that come through in the future, more emphasis

on those outcomes and more thoroughness about making sure that they are built into the early stage of the planning and not just something that gets tacked on a couple of years down the track. I hope that answers your question.

Ms BROAD — It does, thank you.

Mr GUY — Thank you very much for coming in. I appreciate it very much. If I could quickly talk about supply issues, you mentioned population as a point there. With the UGZ coming into operation, on the current population growth figures that you have to work around — and I note you are saying you have to effectively double the number of dwellings in growth areas by 2026 — do you have enough land within the current urban growth boundary after the current changes come in at the end of the year? Will you have enough land to accommodate 284 000 by 2026?

Mr SEAMER — That all depends on what comes through later this year, but the government has not made any decisions about what is actually there. As a rule of thumb you would have thought that the amount of land being shown in the investigation areas there would be sufficient for that, but I do not want to pre-empt any decisions being made by other parties.

Mr GUY — I am just saying that you obviously will have the responsibility for implementing that policy and for managing population growth in growth areas; and in fact, as you are saying, for doubling growth area dwelling numbers. I am just keen to see whether or not you are confident that you will have enough land until 2026 on current population growth forecasts, which as we know have changed a number of times lately.

Mr SEAMER — The investigation zones, to my reading, have been designed to achieve the government targets of 20 years of raw land supply. It is 2009 now and we have 20 years supply, that gives you the answer of where we would imagine it would be achieved. However, it is probably fair to say that we are working on the estimates we have at the present time. You and I have both got a crystal ball — it is not a very big one and we are not quite sure what it will be — but, yes, this is aimed around the predictions of what will happen to meet the government's targets of 20 years supply, which are pretty well the right sorts of targets.

Mr GUY — Just on the PSP review, I note there are nine that are complete and there is a timetable which you have set out. If it takes, as I think you said, five years for farmland to be developed into housing and you want to cut that, it seems in 2011 and 2012, according to your documentation, effectively half, or 18 of 40, will be completed, which means that that land will not actually come on-stream until 2016.

Mr SEAMER — No, the five-year period was the typical time taken prior to our streamlining reforms.

Mr GUY — What is that opposed to — four years?

Mr SEAMER — Let us say it is four years — let us hope it is even better. At the time that the PSP gets done, you are half way through that period. Let us say it is four years, the PSP might be two years into that, so it might be two years after that. At the moment, if we are running somewhat below desirable targets for zoned land supply, what this says is that with the work coming through in the year 2008–09, these houses could effectively be coming out of the ground — it could be much quicker than that — within the next 18 months or two years, depending on what it is now.

Mr GUY — But that is at a best case scenario?

Mr SEAMER — No, I would have thought that is pretty much the scenario. Do not forget you have land right at the moment which is zoned and which is not developed. The trouble is it does not meet government targets for that. What this is doing is to pick up that target and get ahead, move the whole thing away from being below the government targets to at least meeting the government targets. That is what we are going to achieve.

Mr GUY — I am conscious of what appears to be a four or five-year process that is, as you are saying, about streamlining planning, but it appears that most of it is coming on-stream in three or four years time. Are you finding any problems with money in the PSP process? In the last two years you will effectively be doing half of them. Are you confident that all of them will be done in time, by 2012?

Mr SEAMER — We have obviously looked at our budgets, and there are a number of different issues about funding things. We are trying to build up a team of people internally. We think that these things can be done not

only better but more efficiently than they have been done in the past. We have done a lot of work on that. We believe that a lot less time can be spent in legal processes, which of course saves a huge amount of money and time. We are confident we will achieve those sorts of things.

We would not be putting this program to you unless we felt reasonably confident. That does not mean to say that every single thing is going to go exactly according to that, but we would not be putting it forward today unless they were clearly our plans.

Mr GUY — In relation to the UGZ, I wonder if you could just outline to the committee how you believe it will actually speed up the process, because it seems to me it is another layer of bureaucracy administering another level of zoning that people have to deal with and accommodate?

Mr SEAMER — Not really, because typically land, let us say, outside the UGB would be zoned farming land. When it comes into the UGB there would be a blanket UGZ zoning for that land, except perhaps for some areas that it could not be applied to — there might be an extractive industry zone or something like that as part of it — but the rest of it would come through.

The actual drawing of the UGZ does not take any time at all. It is saying, 'This is a holding zone'. The UGZ has certain facilities within it to allow advanced development of certain issues. Particularly one of the problems we had in the past was with early onset provision of schools, because basically you cannot build certain things in certain zones. This allowed us to negotiate with a school, for example, and say, 'Yes, we know where it is going to go. That is clearly the place it is going to go. In a PSP it has not been drawn up yet. Yes, you can go ahead with that'. There was a lot of demand for that.

There were issues for developers, where they wanted to put in display homes and things like that, where in the past you actually had to wait until the final zoning was done. So long as you are sufficiently advanced in the planning process, this would allow a council to allow them to develop that earlier on, which would assist them in the marketing of their work. The UGZ is trying to simplify. It does not take any time to implement, and it has certain advantages during the course of the process.

Mr GUY — One of the claims that was made at the time of its implementation and again in your documentation was that it would lower land prices in that urban growth zone by \$10 000.

Mr SEAMER — Not the UGZ itself.

Mr GUY — The point was made that in growth areas there would be a reduction in land values of around \$10 000.

Mr SEAMER — The terminology, if I recall correctly, was that the cost of developing land would be reduced by that sort of figure — I think that was the terminology used. What that relates to effectively, Mr Guy, is the saving in time from the streamlining of the process. What we would be saying there is that if we can take a year out of the process, the holding costs on land and all of the associated issues with sequential development — the cost involved with that — or if we can take some of that out of the process, we will actually reduce the cost of developing land.

Ultimately that will have a direct effect on the cost for which homebuyers are buying land. Against that, of course, through inflation and other issues there will be other pressures on the land. But what we are saying is that if we can introduce the streamlining package — not just the UGZ but the whole streamlining package — then that will bring about substantial savings. I think a figure of \$10 000 was put in our figures, and I think that is quite a justifiable figure.

Mr GUY — Yes, because it says in your annual report of 2007–08 that streamlining planning reforms are estimated to produce savings of around \$10 000 per lot for homebuyers in the growth areas. It is talking about the retail end, so it is not talking about the production end.

Mr SEAMER — No, but it will bring about a saving from what they otherwise would have had to pay. This does not necessarily talk about the overall land prices that are happening outside this, but a saving to homebuyers will come about from the streamlining of the planning process.

Mr GUY — I ask this again because one of the key points for the implementation of the UGZ was that it would reduce land prices at the retail point for homebuyers in growth areas. If I have a look at land prices going from June 05, 06, 07, 08, 09, I see they have risen steadily. I can see no reduction in land prices, even in growth areas or across the metropolitan area. Unless there were a spike in the 2008–09 figure, I cannot see where a \$10 000 figure would be factored in, or at least a \$3000 or \$4000 figure would be factored in.

Mr BARBER — The developers got to keep it, obviously.

Mr GUY — You might be right, Mr Barber, but it is a key point of your promotional material in relation to the UGZ and indeed the government's and the planning minister's, and I would be keen to see via this committee some evidence of where that has actually occurred and where there has been a saving, even of \$1000 at the retail end, thanks to the creation of the UGZ.

Mr SEAMER — I reiterate that the saving is in relation to the total streamlining package, of which part of it is the UGZ. The main part of the saving comes about from the streamlining of the planning that we were talking about before. Having the PSP not being run sequentially to development plans I think is taking a year out of the process. We believe that will save figures in the order of magnitude that are talked about there, ultimately to the homebuyer.

One of the issues with the PSPs is that a lot of the land that is being sold now has gone through the old process. The PSPs take time. When you look at the figure, the stuff that will be coming through — —

Mr GUY — I did not put the figure on it; you guys actually put the figure of 12 months time. I did not say in 12 months time; it was the government and yourselves who said within 12 months.

Mr SEAMER — The saving of 12 months.

Mr GUY — The 12 months from February 08, or June 08 when it was gazetted, that within a 12 month time frame the cost of land would be reduced by up to \$10 000 in growth areas.

Mr SEAMER — The saving for a homebuyer will be of that magnitude, from what they otherwise would have had, with an implemented streamlining.

Mr GUY — Who came up with that figure?

Mr SEAMER — That particular figure — we did some work on it at one stage to look at what might come from it.

Mr GUY — Was it done internally by the GAA or by the departments or by a consultancy? Or was it a process that was examined?

Mr SEAMER — There was some consultancy done. The real way to analyse that figure will be to look at how long the new tranche of PSPs take to do in comparison with the old ones. That is where you prove it. There are too many external factors coming into individual pieces of land to say in this particular month this has gone down. You are not going to see one particular part of the whole process; you have to take the whole thing together. What we are saying is that if you looked at how long it took under the old system and then how much time it is taking under the new system to do it — let us have a look at the time and cost savings from that. The trouble is that most of the PSPs that we are working on even now have had one foot in the old world and one in the new world, and it will be the ones that come entirely through the new world where you will see where you will get that saving. It might be good in the future to actually go through — which we will be doing — and review how much time we have saved from this, but it is too early to do that.

Mr GUY — I ask it again because at the time of the announcement in February 08 there was no qualification given on this by the Premier. It was a very clear and unambiguous point put forward, and that is that this process within 12 months will save up to \$10 000 at the retail end. I assume the Premier did not just make it up, so I ask: is there material that was produced by the Growth Areas Authority that actually devised or came to the figure of \$10 000? You have more or less said that there was, and I wonder if it is possible for the committee to get a copy of that to actually ascertain what it was based on and what were the terms of reference or the points that gave rise to the figure of \$10 000 within 12 months.

Mr SEAMER — We provided some information through to government on the issue. That information was provided, presumably, as part of the government's deliberations on the issue. We would be happy to check with the minister and see whether he is comfortable with that being made available, and if that is the case, it will be provided.

Mr TEE — That is a fair enough answer.

Mr GUY — It is a fair enough answer, you are quite right, Mr Tee, even though you are a late arrival to the committee. Just in relation to the 90 000 lots that were obviously promised by the UGZ, I am keen on the current status of that. Again it was a pretty definitive figure — that 90 000 lots were going to be released. What is the current situation? Is the GAA monitoring how many have been released since or what we have gotten up to?

Mr SEAMER — Yes, we review it basically every three months. I have not got those figures with me today. But once again I would be happy to provide you with an updated situation, with the status of where the exact supply is from our latest figures. I think our latest will come through from a review done in March. We will probably have them about now, so we will be able to give you something in a couple of weeks.

Mr GUY — Okay, I appreciate it. You touched on a number of points in your presentation about the urban growth boundary and obviously the process that I know you are going through at the moment. Some documentation that you put forward and the maps that you put forward have mentioned the investigation areas. I note they are a little behind — a couple of months behind from when they were meant to be out. I think it was 30 June that the draft was meant to be out. Is there a reason they are a couple of months late?

Mr SEAMER — I think that process is actually being managed by DPCD, so it is probably most appropriate to raise the question with it rather than us.

Mr GUY — So you do not have any input into the outcome of the — —

Mr SEAMER — We, like a number of other authorities and government departments, have been party to the process, but DPCD is managing the overall part of that process. That is something you would have to raise with it.

Mr GUY — So in terms of the final deliberation of the 40 per cent — or the 20 000 hectares or whatever — that needs to come in, you will be a part of the process that makes the final decision as to which land is chosen in those investigation areas to come in?

Mr SEAMER — We will have, like the other departments, relevant input to that, but we are not the final decision-maker. That is an issue for government, and I might add for yourselves.

Mr GUY — But you obviously are charged with managing land in the growth areas. I simply would say that I would expect and would have thought that you would definitely be a part of the processes making recommendations as to what land will come in and what land will not.

Mr SEAMER — We are a part of the process, correct.

Mr GUY — I am sure you are.

Mr SEAMER — Particularly one of the large things we have been involved in is managing the input from all the different parties. We have a large range of inputs to that process, not surprisingly enough, the majority of which are people who would like to have the UGB changed to include their land. So yes, we have been involved in a number of ways in it. There are different panels, staff secondments and lots of different issues going on, but effectively the issue of the management of that whole process has been run by the department.

Mr GUY — Just in relation to that, as head of the Growth Areas Authority, what are the key requirements that you see as essential for land in those investigation areas to be included in the urban growth boundary? Is this being done on, 'What do you think should go in?', or do you have a process on what you think? Obviously there is not, so I ask: what do you believe are the key requirements for certain land to be included in that area?

Mr SEAMER — It is probably not what I believe.

Mr GUY— Or the Growth Areas Authority?

Mr SEAMER — It is a fairly standard planning issue. I think a lot of these issues were covered in the old smart growth committee days. As well as that, the government, when it announced the investigation zone and the follow-up announcements in regard to transport made in December, referred to a number of issues that it saw as important. I think they are fairly clear. My understanding is that it has been very comprehensive and thorough about how it is working its way through those processes. I am sure it is not just the best idea sort of thing, or whatever words you used, Mr Guy. It is a comprehensive and thorough process, and like any other plan, the sorts of issues that you are looking at are the ones you would expect — like proximity to transport and proximity to employment; and is their native vegetation in those areas? You could probably give the list as well as I could.

Mr GUY— I take it the submissions are coming to yourselves or you are certainly seeing the submissions, or will they be going straight to DPCD?

Mr SEAMER — There will be two rounds of submissions. The first round has been coming into us, which really was the input into the process. I believe the government, or the departments, will be releasing a draft UGB line at some stage in the future. At that stage there will be a second round of consultation on it. We will be involved in those consultations. The exact mechanisms behind it will be dependent on exactly what is involved. It is probably not my position to talk about.

Mr GUY— Are those submissions public?

Mr SEAMER — Which submissions?

Mr GUY— To alter the submissions for UGB within the investigation areas.

Mr SEAMER — It is probably getting a bit outside of the 07–08 administration year.

Mr GUY — We can come back in seven weeks and do it all again if you like!

Mr SEAMER — That is right, but the issue about whether they are public or not is an issue you will have to raise with DPCD.

Mr GUY — I still have quite a few questions, but perhaps the Chair might move to other members of the committee in fairness and come back to me a bit later.

The CHAIR — We will move to Mr Barber.

Mr BARBER — Mr Seamer, you might have change gears here, because you are going to get a bunch of questions from perhaps a very different perspective to what Mr Guy has been putting forward. In relation to the 600 000 projected dwellings over the next 20 years — say 30 000 a year — how does that compare to the last five years?

Mr SEAMER— Is it 30 000 a year? I am sorry, that is overall, is it?

Mr BARBER — I am working off this slide.

Mr SEAMER— Sorry, yes, I just wanted to check. That is the overall growth of Melbourne. So that includes urban consolidation, development in broad hectares — fairly small, but outside the growth areas.

Mr BARBER— But that is one of the baseline projections we are using.

Mr SEAMER— Yes.

Mr BARBER— It is 30 000 dwellings year. How would that compare to the last five years for Melbourne?

Mr SEAMER— It would not be too dissimilar.

Mr BARBER — In the last 20 years?

Mr SEAMER— Now you are testing me, Mr Barber. I would have to go back and have a look.

Mr BARBER — I put it to you that in the early part of the 90s it was about 30 000 dwellings per annum, according to some data I have got; so in fact there is nothing spectacular or unprecedented at about that. It has been the same number of dwellings over a reasonably long planning period.

Mr SEAMER— The population growth is higher than that. I would have to check the dwellings. I do not have that information in front of me, But the population growth is higher than was in those.

Mr BARBER — Sure, but just in terms of dwellings. In those days it was of course on a somewhat smaller city. So in percentage terms, nothing at all exponential — it is more linear. Fair enough?

Mr SEAMER— I am sorry; I do not have those figures in front of me.

Mr BARBER — Okay. With land that has basically gone through the process, how much land is available right now in terms of likely dwelling amounts?

Mr SEAMER — In terms of the number of years supply or in terms of the raw amount?

Mr BARBER — At that sort of growth. How many dwellings could we build if we went out and built them on all of the available land tomorrow — not in terms of years but the total number of dwellings?

Mr SEAMER — I want to be specific here. I am happy to provide you with that information, but first of all I have to ask what you mean by available dwellings. The first issue is is there somebody with a sign up saying, ‘This is ready for sale’, which is a different issue to the amount of zoned land.

Mr BARBER — That is exactly the issue I am going for — zoned land.

Mr SEAMER — Zoned land, okay. I would like to check those figures. I did not think we would be getting into this today. I have them here but it would take me 5 minutes to dig through and find them. Broadly I think at the moment there is around 70 000 lots, but that would be a preliminary estimate which I would like to refine. If you would like more information on that, I would be happy to provide it.

Mr BARBER — Sure.

The CHAIR — Thank you.

Mr BARBER — Do you understand the distribution of that land amongst, say, the top five development firms?

Mr SEAMER — Yes, we have that information.

Mr BARBER — I would love to see that information if that is available. In terms of the precinct structure plans that have been completed or put on exhibition, are you able to tell me what the gross and net residential density outcomes have been for those PSPs?

Mr SEAMER — For the last series of them I would like to go back and check because I do not want to give you incorrect information. I am happy to provide that to you. We obviously have a target of 15 or higher for net developable land, for residential land. That is the target we work to — a stated government target. We do not see any problem with achieving that target.

Mr BARBER — Previously that target was to be achieved over 30 years with a straight-line kind of approach to achieving it. Are you saying that the ones that have been completed or are on exhibition are getting in around 15?

Mr SEAMER — The ones that are currently coming through the system that we are planning to go through the amendment phase are achieving those sorts of levels.

Mr BARBER — Is that a net or gross figure?

Mr SEAMER — There is a whole world of net and gross discussions around here. This is net developable land.

Mr BARBER — I refer to something from your website that says:

Epping North ... is a sustainable residential development located between Plenty Valley ... comprises 600 hectares of primarily residential land, creating up to 8000 new homes ...

If that is primarily residential land under the definition that says the houses and the streets and a couple of little pocket parks, would I be right in saying that is about 13.3 dwellings per hectare?

Mr SEAMER — Yes, but you have to take out the shopping centres, major parks and roads.

Mr BARBER — That is how we get from gross to net.

Mr SEAMER — You are probably getting the 15. If you are interested in Epping, we would be happy to do an analysis of Epping and provide it to you.

Mr BARBER — I was just wondering if for each of the ones that have been completed or exhibited you could perhaps provide that little table with the name of the PSP, net and gross. You have already given us the total numbers of dwellings — —

Mr SEAMER — Which assume a density in there, so we have already — —

Mr BARBER — I have not got the hectares but I have got the numbers.

Mr SEAMER — What will have come if you will have worked out the hectares and then worked it back. There will be density assumptions in that, and we are happy to work on those. I would imagine that by the time you take out a powerline easement or something like that going through, which have to be excluded, you would be achieving the 15. Certainly our aim is to achieve that. And also I might add we think it is very important that there be variety within that. It is just not achieved by having every block at 400 square metres. That is an issue that often gets really overlooked, about having the variety of sizes.

Mr BARBER — Thanks for that. On the native vegetation and environmental values surveys, are some of those complete now in terms of the consultants having handed you their work?

Mr SEAMER — The consultants have completed a number of parts of the work. What we do is we are working closely with DSE in regard to the issue. We have a lot of those consultants reports. Effectively we are doing the work some years in advance of what it would have been done with the permits, so DSE still goes through and has a look at it, but basically they are involved in the process so it should be a much more thorough and more accurate view. Yes, we have done some of the work; we have not completed looking at that.

Mr BARBER — We both understand that doing that sort of work in a short time frame is difficult because of the environmental values we are talking about. You do the wrong season or you do not cover the seasons or a frog stops croaking or something and you do not locate it — —

Mr SEAMER — I cannot say that I am specifically an expert on those areas, but certainly all of the work we have done does tie in with the appropriate seasons. They all meet the criteria for the state and federal areas. There is a lot of federal legislation about this too, so these have to meet all of those criteria. Otherwise there would not be much point doing them.

Mr BARBER — Will you be able to release those consultants reports?

Mr SEAMER — It is an issue that we are going through with DSE. At the end of the process a lot of that will be made available. I do not think it is quite finished yet, but that material will be made available in due course, yes.

Mr BARBER — Before or after the government makes its decision about the UGB line?

Mr SEAMER — I would have to get advice from our colleagues at DPCD who are managing the UGB process, but I would imagine that they will be putting forward a range of backup documents in regard to the

UGB and I would imagine that they would be providing that material and our stuff will get provided as part of that.

Mr BARBER — It is just that if I want to do a submission and you have got the information, I could make my submission based on that information if I had it now.

Mr SEAMER — Correct.

Mr BARBER — But it is sounding like it will all be bundled up and released possibly when the draft UGB line is actually — —

Mr SEAMER — Yes, but that gives you the opportunity to review it before you make your submission, which is hopefully what you are seeking to achieve.

Mr BARBER — You said that this process might help stop some of that last-minute checking, that going out surveying in front of the dozer that has happened in the past. Does that mean that whatever new precinct structure plan or so forth that is to be designed will not include the usual environmental triggers such as environment significance overlays?

Mr SEAMER — There is still total capacity for those things. What we are trying to do is to get to a point where environmentally sensitive areas are actually protected prior to them being affected by some form of development, which is certainly something we do not want to see any more of. Basically what we are trying to do is to identify right now where the sensitive areas are so that we can protect them appropriately and they are not, as there have been examples of in the past, sensitive areas that have not been treated appropriately, and that is what we are trying to stop. There is no reason why you cannot still have the environmental overlays and I am sure they have still got a place for it, but I think there might be even stronger protections that could be put in place.

Mr BARBER — I would hope that would be the outcome. It is obviously the best way to do it in theory, but what I am saying is that if you produce a PSP that is meant to get all the approvals rolled up at the beginning of the process, then later on there may not even be a trigger for a planning permit on an area outside whatever you designate as the relevant areas. It could simply be zoned residential, no environment significant overlay, so I can go ahead.

Mr SEAMER — That would only occur if all the work had been done, which is what you would be doing later on anyhow. My view is the work should be done earlier rather than later because in many cases it is too late to do it by the time you get to that point. It does not prohibit anything but effectively what has to happen if you have got an area where you suspect, or DSE suspect, it is a sensitive area, the aim of the exercise is to get in there and check it out and, if it is proven to be a sensitive area, the protections are put in place as early as possible.

Mr BARBER — I am not disagreeing with you. The planning concept you introduced of people not wanting to travel more than about 25 kilometres, would that not more likely be a time-based rather than distance-based phenomenon?

Mr SEAMER — Yes. But I might add we are not saying 25 kilometres is anything to go by. That is too far. What the aim would be is to have people travelling less with the least amount of effort from the carbon point of view, from the time sitting in the car, from the amount of infrastructure you require for it and all the other things that go with it. When we say 25 kilometres each way, it just so happens one of the municipalities we look after does have that sort of travel time.

Mr BARBER — Yes, but it is important because you are actually zoning land for future commercial and industrial development, and 25 kilometres an hour is about what a car does across the developed city, but there is no reason why a train could not do 50 kilometres an hour and get you 25 kilometres in half an hour, half the time.

Mr SEAMER — I think you are relying too much on it. The 25 kilometres is just an existing example of what we do not want to see in the future. Of course if you have quality high-density transport as you would find with rail, then that allows you to have a longer-term distance with less carbon, less time and every other thing,

so yes, that is the reason presumably why the government in its announcement in December has tied together the land-use planning with the transport outcomes, and being a planner I could not do anything but applaud that.

Mr BARBER — The concept you were describing is that in some ways you are de facto deciding that you will take the jobs out to the growth areas; you talked about countercyclical people driving out freeways and so forth. In some ways you are making the decision about where those jobs will go as opposed to where the people go. Other cities have tried that, not always with success — the decentralisation of jobs as opposed to the moving of people. Could you perhaps just to assist me, if you are providing that table about residential density by PSP, also provide to me for each PSP the hectares of commercial industrial land that has been allowed for in that, and if you based that on an estimated number of jobs that would then be provided? Could you provide that figure as well?

Mr SEAMER — I think we probably could, so long as I know which PSPs you are interested in we could give you the figure.

Mr BARBER — Only the ones that are completed or exhibited, obviously.

Mr SEAMER — The red ones, okay. We should be able to pull out for you the issues of estimated number of residential properties and also an estimated number of jobs from those, yes.

Mr BARBER — With the hectares of zoned land, it is a matter of just dividing one by the other.

Mr SEAMER — Yes.

Mr BARBER — Which I could almost do with the data you have given to me, but I am a humble backbencher and do not have the resources to pursue every study I would like to.

Mr GUY — You are co-leader of the Greens!

Mr TEE — I have a question on an issue in relation to the annual report, at page 5, about the best practice demonstration project at Cranbourne East, which talked about showing good design, reducing the carbon footprint, improving areas to employment and improving community expectations. I wonder how that project is progressing?

Mr SEAMER — Cranbourne East is one of the bigger PSPs we have got under way at the moment and we have chosen in working with part of that area to see what can be done particularly with regard to one of the neighbourhood activity centres there. Getting back to the same topic we were talking with Mr Barber about, one of the issues there is about how we manage the issue of local employment and that is something that has been worked through with the developers that are involved. We saw it as very important in the production of this that it was not just an academic exercise being done by government. It was actually something to have a hard-nosed developer as part of the team and something would come from it because that is the best way of showing that these things are workable. That is still under way.

The precinct structure plan is close to being in a position where it can be advertised. Some of the outcomes coming from that relate to things that the council is doing in terms of the community and employment facilities that it is planning to work on inside the neighbourhood activity centre. There is a walkability exercise being done with our staff and other parties with regard to the whole of the precinct structure plan. There are a number of other components of that under way. We work as a partnership arrangement with the planning institute, ourselves and Stockland as the developers. They are really working with us, together with the council as well.

It is basically trying to explore some of the latest thinking but within the context of it being a very typical development for Melbourne. The aim of the exercise would be that you would probably require a further stage in regard to the neighbourhood activity centre. At the end of the day the neighbourhood activity centre will hopefully be reflecting the sorts of things that all planners and people want — a reasonable main street, some potential for office employment, perhaps some potential for transitional-type employment issues, such as serviced offices and things like that.

There was a good example up in Queensland that we saw, where the council is actually putting serviced offices into a new estate. So people are moving into an area and are not quite sure how they want to manage their business and they do not want to do it from the front living room. They go there and have a transitional

arrangement. They work there for two years and then they move out and start employing people and take a place of their own. There are Soho-type developments, which are basically housing and office together in the one house.

Then there is the capacity for working from home. That might be double and triple garages for the plumber and it might be a front office in a typical house for somebody who wants to plan on looking for a job. Those are all the sorts of things that we are experimenting with. It is progressing satisfactorily. It is one of a range of different things we are doing. We would like to see those sorts of issues become commonplace in the new PSPs that we are doing now.

Mr HALL — I have just one question, and maybe you will consider this a bit from left-field. Will the experience of the February bushfires in Victoria have any impact on planning considerations given to existing urban growth areas and particularly to investigation areas?

Mr SEAMER — Yes. We have been acutely aware of those issues, like everybody else in Victoria. We have been through the precinct structure planning guidelines in conjunction with the CFA to look at the requirements. Most of the growth areas, at a quick look, are certainly not areas that are seen as high-risk fire areas, while there are plenty of areas that are.

By and large the nature of the topography of the growth areas does not put them in those sorts of situations, but a lot of the requirements for bushfires actually relate to the building side of things more than the big picture planning side of things. Certainly if you look at the precinct structure planning guidelines they talk about the requirements for those issues, so I think the answer, Mr Hall, is yes, that we have taken those into account.

The CHAIR — This is an absolute layman's question, Mr Seamer. What capacity exists for land-holders who hold land within the UGB which will be subject to a PSP, or where a PSP is already under way, to develop their land prior to that PSP being completed — for example, I raise a question following Mr Tee's question, about Cranbourne East. That is scheduled for completion in 2010. If you are a land-holder in that area now and you wish to develop, is there any capacity to do that without the PSP having been completed?

Mr SEAMER — You can only develop in accordance with the way in which your land is zoned. Prior to the creation of the UGZ you could only develop things essentially that would fit in with what is in a farming zone, which was your prior zoning. The UGZ has essentially the same sort of controls over it, except for a few specific cases — and I think I mentioned those before, schools and things — but if you are a land-holder who wants to go and put 10 houses on a hectare or two, you have to get it zoned appropriately for the development.

The CHAIR — And essentially the land you are looking at which you are completing PSPs on at the moment would be zoned farming land at the moment?

Mr SEAMER — Basically. And if I may say, that is appropriate. The purpose of a PSP is to create whole communities where everything works together long term. You do not really want one little patch coming out because that might be just the right patch for the neighbourhood activity centre or the major park or something like that.

Mr GUY — Mr Seamer, I noted in the presentation you gave that one of the functions, obviously, you listed was the use and collection of levies in growth areas under contribution plans.

Mr SEAMER — Yes.

Mr GUY — What are you collecting now?

Mr SEAMER — We are not collecting anything.

Mr GUY — What projections do you have to collect?

Mr SEAMER — The issue of levies, as you will be aware, was announced by government last December, and that is something that is presumably under government consideration that would presumably go through the parliamentary process at the end of that time. Depending on what happens with that we would be able to give you better estimates, but at the moment we do not have any legislation in front of us.

Mr GUY — That is a very good point you make particularly given I understand in the process at the moment you are sending out letters in relation to the growth areas infrastructure contributions. So having noted what you have just said, on what authority are you sending those out to developers and land-holders to notify them of their requirements?

Mr SEAMER — We are notifying land-holders in the areas affected of the fact that the government has made an announcement about that. We wish to ensure that everybody on the land that could be affected either by that or by the urban growth boundary, which is probably an even greater change, is aware of that. The last thing in the world you want is somebody who does not know there is going to be a UGB shift selling their land at farming values because they are not aware of it.

So the GAA has gone to a fair bit of trouble to get information out to those people so everybody is appraised of the current view of what is likely to happen. That is what we have done. Basically the basis on which we have done it is the government's announcement in December.

Mr GUY — I understand in those letters there is a calculation of liability of how much the person or the land-holder may be up for. Is that correct?

Mr SEAMER — In 2005 the government announced a proposal for a levy that had some dollar figures in it. The government's announcement this December kept those the same for areas inside the UGB, excepting some areas where they wiped the charge altogether. For any land that may come in from the new investigation areas they took a figure which effectively was the old figure with CPI. They were announced in the government announcements in December and that is what we are putting around.

Mr GUY — So noting that, there must be a figure which you would have in relation to the potential liability that all land-holders have in relation to the UGZ and the investigation areas which would exist, because they are being put into those letters which are being sent out.

Mr SEAMER — Are you talking about us estimating how much money may be generated from that scheme if it was — —

Mr GUY — That is right.

Mr SEAMER — We have done some work on that and we have provided that to the government through the minister. I presume that is the sort of information they are considering as part of the deliberations of the minister and the cabinet on the issue. We provided it for that basis.

Mr GUY — That levy or charge is not obviously payable to the SRO; it is payable to the GAA?

Mr SEAMER — There is no final decision about that yet, but I would imagine the best body to collect that would be the SRO because there is no particular reason to duplicate those sorts of collection facilities. I do not believe that has been fully announced yet, but it would seem to make sense.

Mr GUY — Sure. Again, is it possible for the committee to obtain just a copy of those estimates that the GAA has examined?

Mr SEAMER — That would be an issue for the minister. If you like, I can go to the minister and see if he feels it is appropriate for that to be released at that stage.

Mr TEE — The committee could do that.

Mr GUY — I would appreciate that principally because as you know one of the key marketing points, if you like, on establishing the GAA was that you were an independent statutory authority that was at arm's length of government and was operating in the best interests of those in the growth areas. I would agree with that. Therefore it would be helpful to ascertain just what we are talking about in relation to the levy. One of the points that has come back to me on a number of occasions is that we are looking at levy bills, if you like, for some developers of up to \$100 million.

Mr SEAMER — There are no properties where figures of that sort of magnitude would apply. There is no property that large in the whole of the investigation areas that would have a \$100 million levy.

Mr GUY — What is the largest figure that you are aware of?

Mr SEAMER — If it were to go through, I think the largest lot in the growth areas is around 350 hectares or something like that, but please do not hold me to that because I would actually have to check it. There has been a figure touted around about this megalot, but I cannot find it in the records anywhere, and we have all the records of all of the actual information and it would be there.

Mr GUY — Is there an average figure that you are aware of?

Mr SEAMER — Average is not a particularly good term. There is a per hectare figure — —

Mr GUY — That is right.

Mr SEAMER — Which is really the powerful one. If you own a quarter-acre block it would not be charged anyhow.

Mr GUY — Thanks for the time. As an arts graduate I could not do it straight in my head, but even in a 350 hectare situation you are talking about an up-front tax bill of over \$33 million. I think you would have to acknowledge that is fairly substantial.

Mr SEAMER — Yes. The value uplift from the land is very substantial and can only be achieved if there is a lot of money spent on infrastructure, which I believe is the way government has put the reason for this. We may not be the best group to talk about the issue of the levy or otherwise. We are a statutory authority and we have certain responsibilities. We obviously have a capacity to understand the economics that are out there and things like that, but the actual issue around the levy itself is probably a discussion for another place.

Mr GUY — I understand that but, again, this is going to be a levy which I understand will fund your recurrent revenues, 50 per cent of which will go towards the funding of the GAA.

Mr SEAMER — Can I just pick up on that point?

Mr GUY — You sure can.

Mr SEAMER — Yes, that has been touted around. That is not the case. The announcement in December talked about the fund being split into two different components, one of which would be for heavy infrastructure. Presumably the second is for a range of different issues that would involve infrastructure which councils and others could have an input to, and may or will also fund a part or all of the GAA's costs. But it certainly will not be the amount that is in that separate fund. That second fund will mostly be about infrastructure, but it has got in there that it can fund GAA costs. The actual GAA costs will not amount to anything like the amount of money that is set aside in that fund, so even if all of the GAA costs went there, it would only be a small proportion of it.

Mr GUY — I hear what you say, but I also understand that there is a huge amount of confusion in relation to this levy.

Mr SEAMER — Yes.

Mr GUY — Again, I will read to you from the government's own material — in fact this is on your own website, GAA material — which states:

50 per cent will — —

not 'may' —

be paid into a Growth Areas Development Fund as well as going towards the costs of the Growth Areas Authority.

There is no 'It might be half and half' and it might be this, it might be that. That is all the industry has to go off at the moment, that 50 per cent will be paid into a growth areas fund — fair enough — and also going towards the costs of the Growth Areas Authority. Is part of the problem here that there is not enough information on the detail of this fund that exists at this point in time? I just remind you that people are getting liabilities in this of up to \$30 million and they have to obtain finance for that extra \$30 million to ensure their developments proceed.

If those developments do not proceed or they hold them or scuttle them or choose to invest in Queensland instead, that will cost Victoria jobs at a time when we cannot afford it.

Mr SEAMER — Yes, we totally understand that. If people are reading that particular line as 50 per cent of the costs are going towards Growth Areas Authority costs, then that is unfortunate. It is certainly not the way that I read that document. Our costs are substantially less than that. I have got the feedback from one other person that that is the way they read it, but I do not think anybody else has read it that way.

Mr GUY — If I can stop you there. With respect, I will read it very clearly for the committee again:

... as well as going towards the costs of the Growth Areas Authority.

So how is someone to misinterpret ‘as well as going towards the costs of the Growth Areas Authority’?

Mr SEAMER — They talk about the creation of two funds.

Ms BROAD — Before that.

Mr GUY — I did read that, Ms Broad. I read the entire thing beforehand for the committee’s benefit. I read the entire sentence beforehand, but we are talking about — —

Mr TEE — For my benefit, can you just read it again because I missed it?

Mr GUY — Yes:

50 per cent will be paid into a Growth Areas ... Fund as well as going towards the costs of the Growth Areas Authority.

The CHAIR — I think Mr Seamer was about to make a comment.

Mr SEAMER — Sorry, I do not have anything further to add. I think it is very clear that there is a second fund of which part may be used towards the GAA. That is clearly what is intended here. I do not think I can add anything further.

Mr GUY — Fair enough. I am stating the conclusion on that point, that there is no ‘may’; It says ‘will’, so I raise this with you.

Mr SEAMER — There are two separate things. One is clearly an infrastructure fund.

Mr GUY — Yes, that is right.

Mr SEAMER — And a part of that second fund may go towards the GAA.

Mr GUY — I just state that and raise this point because clearly you can understand there are people who are nervous on receiving letters from yourself, and I would be keen to find out on what authority and how you obtained those mailing lists to send letters to those land-holders, and they are obviously concerned that they are going to be up for a large amount of money on a bill which they never factored in and now have to go and avail themselves of finance to cover.

Mr SEAMER — Just on that — and I advise you that if you do know some people who are concerned about it, they are very welcome to call us — we have been trying to work it through with people, and most of the advice has been sorted through adequately. The announcements about the charge were broadly made in 2005 so they have been out there for some years, but I understand that there will be some people who are not particularly apprised of planning issues. That is why we sent the letters out. The lists are all most appropriate to send out. There is nothing untoward about how we got names and things like that.

Mr GUY — So will it apply to a farm-to-farm transfer?

Mr SEAMER — If you have a farm that is zoned for farming so it is farming land, then presumably the charge would not apply. If you have a farm which is zoned for potential residential development, then its value is for potential residential development and the levy would apply.

Mr GUY — What about if it is an inheritance?

Mr SEAMER — No.

Mr BARBER — It is a cracker of an inheritance in that case.

Mr GUY — Yes, it is. But then with respect — —

Mr BARBER — So it is at the point of rezoning.

The CHAIR — I think Mr Seamer was about to finish his answer.

Mr SEAMER — I think just on this topic, the government made an announcement in regard to these issues. We are having these discussions with people as best we can, but it is probably appropriate for these issues to be raised through the government. The actual legislation will be a DPCD matter. We are an authority. Our role is to give advice to the minister in regard to these issues of what we are doing. I have given you my best understanding of it.

We are happy to talk to any of the different groups involved, or individuals, and if you have people who are in those circumstances, I would recommend that they give us a call and we can talk it through, but it probably is not appropriate to run through today the details of the legislation, particularly as they are still being — —

Mr GUY — I raised it only because you had commented on this in one of the local papers in the south-eastern suburbs, so you have made comment on it publicly, and also your name is the signatory on the bottom of all of those letters to every land-holder, so this is the reason I raise it with you.

Mr SEAMER — We tried to do it in line — there is a fact sheet that was produced on the website, which I am sure you probably had a look at. It does try and set out issues like the inheritance and things like that. I assume they are in there; I would have to double check it, but I presume they are on there, but I will have another look at that issue. These issues should all be being covered off.

The CHAIR — Did that fact sheet go out with the letters? The only reason I ask is that I have constituents who have also raised concerns.

Mr SEAMER — I think they got it with the letters. It was certainly referred to in the letter, but I would have to double check. I believe there was a hard copy of the fact sheet that went out with it, but I would have to double check.

Mr GUY — So has any material been produced or research or analysis done by the Growth Areas Authority or that you are aware of by the department that analyses any retail costs that this new charge may have on housing affordability, on homes in those growth areas, because presumably — and I know Mr Barber will agree with me — —

Mr BARBER — The developer gets to pass it through.

Mr GUY — The developer is not going to pay it. Indeed, I am sure if they do pay it, like any business, it will be passed on at the retail end, and that is about \$5000 or \$6000 on a 15 hectare — —

Mr BARBER — That is different to the argument we had earlier. They get to keep the savings and pass on the taxes.

Mr GUY — It might be, Mr Barber.

Mr BARBER — Goodbye efficient markets hypothesis.

Mr GUY — I just wonder if there is any material that has been produced by the GAA which would analyse that?

Mr SEAMER — There has been some limited work done on that. The issue of passing through or otherwise of costs to the end user is a fairly complicated area, and there is not a clear body of opinion about those issues, but once again the information we have produced is something that would go through to the government, such as it is, and it is not up to us to particularly make a comment about that.

Mr GUY — Are you prepared to make it available to the committee?

Mr SEAMER — Once again, it is something I would have to check through the minister's office.

Mr GUY — Maybe with those three reports, you could check with the minister. We would obviously appreciate that.

Mr SEAMER — Of course.

Mr GUY — I note you have sent this contribution that GAA will have a role in administering the 50 per cent of the fund that will come out, or 50 per cent of the money which will go to the growth areas fund. In relation to, for example, land-holders, who I understand you have written to, who border the Calder Freeway, the Melbourne–Sunbury railway line and a major arterial road to the north, on what basis would those people be required to pay a growth areas infrastructure contribution given they abut a freeway, a railway and an arterial road?

Mr SEAMER — I am sorry, I really would have to look — I do not quite understand what you are saying.

Mr GUY — My question is: is the purpose in passing and establishing this new contribution that it is a one-size-fits-all approach, where even if you abut a railway line, a freeway and an arterial road, you pay it if you are a land-holder, and for that same block of land that exists in Mickleham in the middle of nowhere, are they required to pay exactly the same amount of money? Where is the differential point between someone who obviously abuts existing infrastructure as opposed to someone who is in the middle of a greenfield site?

Mr SEAMER — The levy, the way in which it has been announced, is a flat levy which really relates to — all areas require government-paid infrastructure to support them. Whether something was provided before or afterwards probably does not matter; it still has to be paid at some stage. So you need to provide government funding for infrastructure, and the cost is probably reasonably — it equally applies to different areas. I am not exactly sure of your point. But if the area is an area that is not developable in some way, then the levy would not be charged, if that is what you were saying.

Mr GUY — I know you were talking before to Mr Barber about native vegetation, which is a very good point.

Mr SEAMER — Yes.

Mr GUY — Will there be any consideration for native vegetation requirements in a land parcel? For a hypothetical, someone with 100 hectares gets a \$9.5 million bill for the growth areas infrastructure contribution (GAIC), and then they find that 20 per cent of their land, when developing that parcel, is actually locked up for native vegetation, which I would imagine would not require any roads or footpaths or anything to be built on it. Is there any requirement for reimbursement to that company at that stage? Or does that GAIC apply even to native vegetation lands?

Mr SEAMER — The GAIC would apply to land which is zoned for development. However, if land cannot be developed, then it would be appropriate for that land to be zoned accordingly. So the right answer may be for somebody who has got 50 hectares of undevelopable land because of native vegetation, that it be zoned in such a way that it cannot be developed and therefore the charge would not apply. If you look at the fact sheet, I think it talked about developable land, that is the definition of it, so that is the way in which it would be treated.

Mr GUY — Finally, I ask again: is the Growth Areas Authority itself aware of any projects that may be stalled as a result of the introduction of the GAIC? You are not aware of any project whatsoever that may be in a difficult situation or a difficult phase, or where the developer may indeed pull the development if they have to pay this charge?

Mr SEAMER — Not specifically, no. I have had a lot of conversation with the developers. There is no-one who has told me that their development has stopped because of this.

Mr GUY — Not 'stopped' but may be in danger?

Mr SEAMER — Right at the moment there are a number of developments around Melbourne — mostly, in fact, right around Australia but mostly not in the growth areas but in other areas — where there are difficult market conditions that are way outside the issue of what we are talking about here. So there are a number of projects and a number of developers, particularly in middle ring Melbourne, who are doing it hard. I am aware of a few of those.

Mr GUY — So you are confident that all the developments in train around Melbourne and those jobs contained within, all those developers would be able to avail themselves of the cash to pay this up-front charge if it is passed or it comes in in that format later this year?

Mr SEAMER — I think we are talking to the development industry at the moment about ways of overcoming cash flow-type issues — and there have been a few thoughts put forward by them to us — which are under active consideration.

Mr GUY — Are you aware of any situations where the land value is actually less than the GAIC contribution required, if that land changes hands?

Mr SEAMER — If land is currently outside the UGB, its underlying value is probably ‘hobby farm’; that would in most cases be below that. But of course it does not apply until the land comes inside the UGB, and if you look at the range of prices of land currently inside the UGB, it is way over the sorts of figures that we are talking about here.

Mr GUY — Again, that is not the feedback that quite a number of constituents have had who have come to my office — and, indeed, I understand quite a number of other members’ offices — and maybe we will pass that on —

Mr SEAMER — We look at this very carefully, as you would imagine.

Mr GUY — No doubt you have looked at it carefully in three different reports, which I look forward to the committee being availed of, thanks to the GAA. But thank you for your time today.

Ms BROAD — There are a couple of things I would like to follow up. Following on with the focus on the government’s announcement of the growth area infrastructure contribution for landowners who, as a result of land being included in the revised UGB, are then required to share the cost of building community infrastructure more fairly, which I understand is the explanation for that contribution, as part of the same set of announcements there was also an announcement that, as a result of a review of the 2005 state developer contribution, the government would remove that infrastructure contribution for land that was within the boundary prior to 2005.

Some estimates were given of the saving that that would result in and of the benefit to some 60 000 new homes as a result of that saving. Can you outline that impact to the committee, since it also relates to this question of development costs?

Mr SEAMER — Sure. In 2005 the announcement was made about various land at various stages of development, the charge applying to that. The government considered that last year and obviously decided to remove the land which came into the UGB earliest. Presumably the reason for that is, because of the difficult financial times that are around, to actually free up the land that is most likely to be developed in the earliest fashion. A lot of the land that we are talking about here is land that will not be developed for 10, 15 years — the stuff coming in from outside the UGB. Things inside the UGB are the things that are going to be developed first. Of course the government’s decision to remove those charges for those will be a fillip for people who are developing and buying homes in the near future. So it is a good short-term measure to boost development of homes in the next year.

Ms BROAD — Finally, earlier today there was a great deal of focus on a \$10 000 figure. I would just like to ask you to clarify and confirm that that \$10 000 figure is an estimated cost saving, and that retail prices of land are influenced by a whole range of factors, only one of which includes development costs, and indeed some people would argue that the retail price of land is a factor of what the market will bear, which is influenced by factors which include buyers’ incomes, job security, access to finance, and that the development cost component is only one factor in the retail price of land.

Mr SEAMER — I totally agree. The point I was trying to make before was that there will be a whole range of things. If we can take out holding costs and some other administrative costs which we would estimate to be \$10 000, then that will actually have a reduction in the input cost. There will be a number of other factors depending on demand and supply and so on, but we are trying to tackle the full range of issues, not just that. But hopefully this will make a substantial difference.

Mr GUY — Just for the committee's benefit, I will just read once more from the GAA's annual report. I will read word for word again the line in question for the benefit of Ms Broad and the committee, which I quoted before. It was:

Streamlining planning reforms are estimated to produce savings of around \$10 000 per lot for homebuyers in the growth areas.

I note there is no reference to possible finance or job security or economic conditions.

The CHAIR — Thank you, Mr Guy. If there are no further questions from the committee, I thank Mr Banks and Mr Seamer for your attendance here this afternoon and for your presentation and your frank answers to the questions. The committee has appreciated your time and efforts today. We will have a draft version of the transcript to you in the next couple of days for any corrections you wish to make. Thank you very much.

Committee adjourned.