

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2005–06

Melbourne — 1 June 2005

Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Mr A. Somyurek

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Mr R. Hulls, Minister for Planning;

Professor L. Neilson, secretary;

Ms G. Overell, deputy secretary, built environment;

Mr A. McDonald, acting deputy secretary, resources and regional services; and

Mr P. McEwan, executive director, planning policy and systems, Department of Sustainability and Environment.

The CHAIR — Welcome, Professor Lyndsay Neilson, Ms Genevieve Overell, Mr McDonald and Mr McEwan, all from the Department of Sustainability and Environment. Minister, it is over to you again for a brief presentation.

Overheads shown.

Mr HULLS — I will run through these as quickly as possible. It is great to be the new Minister for Planning. The first slide shows that the past 12 months have been fairly productive. Planning, as I have said on many occasions, is a real balancing act. You need to balance the needs of development with the need to protect certain areas from inappropriate development. It is about ensuring we have the appropriate tools in place. The second slide shows activity — 102 711 building permits approved with a value of \$15.7 billion. A recent report in the *Australian Financial Review* noted that the market for suburban offices in the Melbourne is looking to overtake the CBD for the first time. So is a more equitable spread. We have supported this success through a number of initiatives to improve the planning systems.

The next slide shows the development boom with greater demand by the community for involvement in planning decisions. Obviously there is a shortage of planners in local government and that is contributing to this national problem. Planning systems I think right across Australia are under a fair amount of pressure. In Victoria we have assessed the planning system and found ways to make it work better. We invested \$3.1 million into the Better Decisions Faster program. We have some economic modelling done which shows that Better Decisions Faster decisions are expected to save the construction industry up to about \$50 million a year.

The next slide talks about the priority development zone and the priority development panel. The new chair of the priority development panel was announced last week or the week before. It is Jane Monk from VCAT, who will be known to many people. The next slide, the urban development program, provides a fairly accurate assessment of residential and industrial land. We, as you know, are committed to guaranteeing a 15-year supply. We are the only state in Australia to guarantee such supply. We have established the urban development program to determine stock levels.

The next slide talks about the fact that we passed legislation to protect green wedges. We have settled the urban growth boundary outside growth areas and implemented the Great Ocean Road strategy. Also recently I launched the Coastal Spaces Inception Project report which outlines many of the issues that face our entire coastline right around the state. It looks at means of managing the pressure on our coast in relation to coastal settlements.

The next slide is about ensuring that we protect farmers. There are 37 000 farmers who produce more than \$15 billion worth of food. Farmland around the state is under threat from the encroachment of housing, and that is why we have in our planning system a farming zone that caters for agriculture as an industry and certainly encourages the use of land for a range of agricultural activities. The next slide talks about funding to protect our heritage. In the 2003-05 period nearly \$5.8 million was allocated to assist the conservation of properties around the state. That slide is fairly self-explanatory. In the budget we committed \$12.5 million.

The next slide, about better partnerships with local government, is fairly straightforward. The next slide talks about our vision to retain this place as the most livable city in the world. And it is important that we have a plan — that is what Melbourne 2030 is all about.

The next slide, 'How to implement the vision', shows \$52.8 million allocated over four years. In addition there will be \$6.5 million to implement key Melbourne 2030 projects including Creating Better Places and the like. Transit Cities is set out there. The next slide talks about the results. This will have been dealt with in the previous meetings, probably, but Frankston, Sydenham and Transit Cities have attracted about \$1 billion in private investment. The conclusion is that we are committed to Melbourne 2030. We are committed to ensuring that we maintain our place as the world's most livable city, and careful and effective planning will ensure that we can live up to those expectations.

The CHAIR — Minister, I take you to budget paper 3 at page 213, to 'Responsible development decision making and heritage protection'. Could you give us progress on your decision in relation to the Eastside development at Jolimont?

Mr HULLS — I am the responsible authority for the Jolimont site under the Melbourne planning scheme. I am finding as the Minister for Planning I am responsible for a lot of things, actually, things that I did not even

know about. This site has been developed in stages; it has a fairly lengthy history. Since 1993 there has been a permit in place which allows for development on the remaining vacant land in accordance with the concept plan. The 1993 permits require preparation for development plans — in other words, detailed architectural plans for the satisfaction of the Minister for Planning and also there had to be consultation with the City of Melbourne.

As most of you will be aware, the developer sought a higher development in recent years; in fact one of the towers proposed was to be 85 metres high on that site. I refused that plan in March of this year but in refusing it I made it clear at the time that I was pretty concerned about the visual impact on the Treasury Gardens and also Fitzroy Gardens and the wider vista of the Yarra River. I made it clear that the developers should get together with my department to use the expertise of my department to facilitate discussions with the council and the local residents groups to try and resolve the height issue and also the outstanding design issues on that site.

I personally met with the Lord Mayor, John So, to ask his support to try and resolve the right development for that particular site. I am pleased to say that since mid-March my department has facilitated discussions with the city council, with the developer and local residents. A great deal of work has been done, and Becton submitted to my department in April, I think, of this year a new development plan with supporting documentation. A copy of that was sent to Melbourne City Council.

The council's planning committee considered that development plan on 19 May this year and unanimously voted to accept it. I understand there is now much stronger resident support for the developer's revised proposal — far more support than for earlier plans. I think this is because of the constructive efforts that have been made by all stakeholders to try to come together.

My department appointed an expert panel or an expert with planning and urban design experience to undertake an independent peer review of Becton's plans. I am pleased to say that as of last night I received advice from my department based on this expert review that indicates the new design is superior to previous plans presented and will result in a much more slender design that reduces visual impact. The department recommended that I decide in favour of approving the new plans, and I did that last night. The new design includes a 57-metre tower building. That will be on the west side of the site. It will include apartments, home offices, a cafe and parking. As we know this site has been vacant for many years except for a railway tunnel vent. The developer has been informed of my decision, and I would hope that development on this site can begin shortly.

Mr BAXTER — Minister, the document here titled 'the operational guidelines for achieving net gain in planning decisions — a guide for responsible authorities — exposure draft' goes principally to the issue of native vegetation. It is a 65-page document in very complex language; it certainly would not pass any plain English test. Because it deals with native vegetation I raised it with your colleague the Minister for Environment. I am interested in ascertaining if it is being driven by you as planning minister and your staff or is it basically a environment-type document because it deals with planning decisions? Who is actually meeting the costs of this particular document? Is it planning or is it environment?

Mr HULLS — That is a very good question. Before Professor Neilson gives you specifics in relation to your question, we did release a government policy as you know on native vegetation in 2002. The central goal of the policy is really a reversal across the entire landscape of the long-term decline in and the quality of native vegetation leading to a net gain — that is where the term 'net gain' comes from. There is ongoing consultation with the Victorian Farmers Federation on this. I understand DSE is certainly working with the Victorian Farmers Federation on ways to implement their proposals for farm management plans to further reduce any regulatory burden. Amendments to the planning scheme were presented in July 2003 which actually direct planning authorities to seek to achieve net gain outcomes in line with the framework. I understand operational guidelines are currently being finalised. There have been 34 submissions received in relation to those guidelines. It is intended that those guidelines will ultimately be considered by Cabinet, I expect, prior to release. I understand that we have certainly increased funding to achieve net gain and have committed \$2.8 million over four years to establish bush broker and support for local government to implement planning processes for native vegetation. In relation to the logistics of the question, I am happy to ask Professor Neilson to address that.

Prof NEILSON — The answer to that specific part of the question is that the policy elements are dealt with through the land stewardship and biodiversity group in the department, so it is on the environment and land management side. The guidelines are put into effect through the Victorian planning provisions so that local government becomes the principal authority dealing directly with landowners in relation to their initial requests for

permission to deal with native vegetation and the local government will, of course, refer matters to the department where they are more complex.

Mr HULLS — Just to finish — in relation to a review, we did announce a review in October 2003 concerning native vegetation exemptions and that review is obviously under way. An advisory committee is being established and I have been told that it expects the outcome of that review within six months.

The CHAIR — There is a supplementary question from Mr Forwood.

Mr FORWOOD — Professor Neilson, will your department be providing additional funding to local government in order to enable it to implement this new responsibility?

Prof NEILSON — We are providing additional support through the department — —

The CHAIR — If the Minister wants to answer that, I will take it. The rules are the minister has the right to answer questions or delegate them.

Mr FORWOOD — He did!

The CHAIR — No, the earlier one he delegated, but I wanted him to make sure.

Mr HULLS — My understanding is we are providing more support staff to local councils in this area.

The CHAIR — Minister, I want to clarify, in relation to Mr Baxter's question, who is the minister responsible for that particular document. I still could not get clear in my head from Professor Neilson's answer who is the minister responsible.

Prof NEILSON — The Minister for Environment is responsible for the policy, but the administration of the guidelines comes under the planning system.

The CHAIR — Thank you.

Mr MERLINO — Minister, I refer you again to budget paper 3 at page 213 and the output relating to livable cities. Can you advise the committee on what initiatives will be utilised in the planning portfolio to achieve social justice outcomes?

Mr HULLS — That is a good question and I am keen to look at what mechanisms are at my disposal to achieve social justice outcomes. When I became Attorney-General I found that there was something like \$30 million worth of work being outsourced in the legal profession each year. We had to look at better ways to use the buying power we had to leverage social policy outcomes. We were able to do that through equal opportunity briefing practices and also pro bono commitments. I have made no secret that my aim as the new planning minister is to look at ways to deliver affordable housing and also disability access outcomes to the Victorian community. I think the former is certainly an achievable social justice initiative; the latter in my view is clearly desirable considering our rapidly ageing demographics.

In April of this year I attended a meeting in Canberra where the commonwealth was present and I asked it to take decisive action and resolve accessibility issues relating to building law. This was the inaugural building regulation-of-form meeting. I have to say that the federal minister was very keen to move this along. Accessibility is a major issue for one in five Australians, but as yet there has been no decision made on this issue since the Disability Discrimination Act was introduced some 13 years ago. What is needed in my view is to better align the building code with the federal Disability Discrimination Act. There has been extensive consultation but no resolution. I have to say, to his credit, the federal Minister for Industry, Tourism and Resources, Ian McFarlane, was very anxious to push this a lot harder. Further work will be done in that area. Similarly with affordable housing, it is my view that obviously affordable housing is crucial to assist in reducing disadvantage. Without proper housing, as we know, people miss out on proper education, employment and other opportunities. I will be working with Candy Broad, the Minister for Housing, to look at levers available in the planning portfolio to try to get much better affordable housing outcomes in Victoria.

The CHAIR — Minister, would you take on notice, if you do not already have it, the terms of reference and time lines for completing the research that was announced in the April 2005 media release and also the budget for the project.

Mr HULLS — Yes.

Mr FORWOOD — At the outset I would like to put on the record my strong objection to the fact that government members of this committee used their numbers to prevent time being allocated appropriately for the examination of your three portfolio areas.

Mr MERLINO — You are wasting time, Bill.

Mr FORWOOD — Half an hour for industrial relations, 55 minutes for the Attorney-General portfolio and just over an hour for planning makes a nonsense of this government's claim to be open and transparent.

The CHAIR — Let us put on the record also that every portfolio is here during this estimates process and we are limited to 3 hours — —

Mr FORWOOD — Why are we limited to 3 hours? Because you used your numbers and defeated our motion?

Mr MERLINO — Just get on with the question. You are wasting time.

The CHAIR — He will just filibuster. He has got nothing to say.

Mr FORWOOD — Minister, who initiated the call-in of the Hilton project? When did you first become aware that the project would not be and never was intended to be a Commonwealth Games project? Could you outline to the committee your relationship with Dan Kolomanski. Did you used to work with him in relation to advice on gaming matters? Could you tell the committee the last time that you spoke to Mr Kolomanski and Bob Hawke?

Mr HULLS — First of all in relation to the Hilton hotel, we know where the site is. It is characterised as being on the edge of the sports and entertainment precinct and the CBD. The international five-star Hilton on the Park Hotel is certainly inextricably linked to these areas forming part of the broader CBD. The proposed development and amendment is considered one of genuine state significance given the Hilton on the Park Hotel's integrated refurbishment contributes to the accommodation offer available in Melbourne, obviously hopefully in time for the Commonwealth Games. The ultimate redevelopment would also provide much-needed tourist accommodation on the doorstep of Melbourne's sporting precinct. It reinforces Melbourne as a primary tourist destination. The government believed it was necessary to avoid delays which may have resulted from the giving of notice by exempting the project from the provisions of the Melbourne planning scheme.

As you would know from the proposal, the MCG Hotel was going to be faithfully restored to retain the front section of the hotel. Not long after I took over the portfolio I went down to look at the site as you would expect and I have fairly firm views in relation to that site. But, as you would also know, the matter is currently before the court and it would be inappropriate for me to make comments about aspects of the call-in that are currently being dealt with by the court. You did ask about particular individuals — and you never want to be positive about these things because sometimes it can come back and haunt you — but I do not know that I have ever had dealings with Dan Kolomanski, to be frank. I may stand corrected on that, but I just do not recall having interaction. If you have information to the contrary I would be pleased to hear that information.

You asked about my last conversation with Bob Hawke. From memory, my last conversation with him — and again I stand corrected — was 5 March last year. I was sitting in my office and I realised it was 21 years to the day that Bob Hawke was elected. I can vividly remember voting for him in the morning and being on a plane in the afternoon. So I rang him from my office; I had an old telephone number which I rang. Sure enough at the end of the phone, I could not believe it, came a voice which said, 'G'day, it's Bob here'. I said, 'Bob, it's Rob Hulls'. He said, 'Rob, how are you going?' And I said, 'Bob, I just wanted to remind you, it's 21 years to the day that you were elected and I am just ringing up to congratulate you on that'. I will not tell you the exact words, but he said — —

The CHAIR — Something to the effect.

Mr HULLS — ‘Hell, I’d almost forgotten. You are the only one who has bloody well rung me.’ And we had a very pleasant chat. That is my memory of the last conversation I had with Bob. There may have been some at some functions, but I do not think I can answer any more specifically.

Mr FORWOOD — As a follow up, can you confirm that the refit of the Hilton hotel did not require a planning permit at all?

Mr HULLS — To be absolutely frank with you, because this matter is before the court — —

Mr FORWOOD — Hang on.

Mr HULLS — Well, hang on, I am the Attorney-General as well. Because this matter is before the court it would not be appropriate to make comments about the specifics of matters that are being dealt with in the court.

Ms ROMANES — Minister, in your slides you drew the committee’s attention to record activity valued at \$15.7 billion for the building industry in 2004. Could you advise the committee of the level of building activity across the state and provide us with some more detail?

Mr HULLS — Our building industry, it is fair to say, continues to do very well. Building activity in 2004 increased by 8.6 per cent to a record-breaking \$15.7 billion. The industry is reaping the rewards of consistent performance across the calendar year. In 2004 we experienced 12 months of building activity over \$1 billion. That calendar year easily surpassed the previous record of \$14.4 billion which was in 2003. Domestic building once again performed very strongly with \$8.7 billion worth of approvals which makes up a massive 56 per cent of overall permits issued. This state’s seven regional areas all experienced increased activity in comparison with 2003. The Melbourne metropolitan area recorded \$12 billion in approvals, up 6.5 per cent. The rural sector performed even more strongly with an increase of 16 per cent totalling a record \$4 billion. Over 35 000 building permits were issued in regional Victoria in 2004. At a value of \$3.7 billion this represents a 15 per cent increase on the previous year. It is a fairly clear demonstration of the confidence Victorians have in a bright future for provincial Victoria.

I am happy to give you a breakdown of those figures in writing rather than taking up the time of the committee now. They show commercial permits soared by 35 per cent; domestic permits, 3.2 per cent; and hospital-health care jumped dramatically, as did retail and industrial permits. Public building permits were up by 11.6 per cent. So the figures are pretty good.

Mr CLARK — I refer you to your second slide and the reference to providing consistent, transparent and predictable planning. I refer you to the Lombard redevelopment project which was fast-tracked by the acting minister Pandazopoulos back in January this year on three grounds, including that it was a gateway to the entry of the city of Melbourne and should not be left in a ruinous state; there was a need for urgency so it could be completed by March 2006 for the Commonwealth Games; and to meet the Premier’s commitment to get Lombard back operating as quickly as possible. My understanding is that Lombard will not be undertaking manufacturing at this site and will only have a retail outlet. Work has not yet started on the site and it is unlikely to be completed in time for the Commonwealth Games and, with all respect to the proposed redevelopment, it is really just a block of flats with a shop underneath. Given all of that, you have to ask yourself whether or not this project was fast-tracked as a result of improper influence or at the very least by the government being hoodwinked by a whole lot of representations that have proven to be untrue. Therefore I ask: what is your assessment as incoming minister as to how this project came to be approved and fast-tracked and what are you going to do to restore confidence in our planning system as being consistent, transparent and predictable?

Mr HULLS — In relation to the Lombard paper site, we all know the site, it certainly is a major gateway to Melbourne — there is no question or doubt about that. The building was gutted by fire in November of last year and the government made a commitment to get Lombard back on the site as soon as it possibly could. Every effort is being made to assist in the effective rehabilitation of the site. The government has a commitment to ensuring Melbourne presents well, obviously, to tourists who will visit the city during the Commonwealth Games. The last thing we wanted was for tourists to be confronted with a burnt-out site. It is highly visible from CityLink and Mount Alexander Road and is at the gateway to both Melbourne and Moonee Valley. It is also close to the Commonwealth Games village.

You are asking what my role has been. In 2004 the Moonee Valley City Council, as I understood it, undertook an amendment to the planning scheme to rezone the land in anticipation of the development in the general form now

being proposed. There had been negotiations between the council and the developer over a long period of time, as I understand it. When I came into the portfolio the matter had been called in and I became the planning authority for the site. It was one of the first things I realised when I got into the portfolio — that I was the planning authority for that site. I decided that it was important for me to meet with the council and provide it with a copy of the plans of the proposed development. I did that and as a result the council wanted some consultation with its local community about the proposal. To be fair, that certainly held up the process. I take responsibility for that because I believed, particularly as the new planning minister, it was important that I consult in relation to substantial proposals. This was one that was at the gateway to Melbourne. I met with the council and it consulted with its community and actually had some recommendations that slightly altered the plans. I think that consultation phase will result in a much better outcome for that site. The developer has now submitted plans to me for approval under conditions of the permit. These plans are currently being assessed by my department. I think we only received the plans last week.

Mr McEWAN — This week.

Mr HULLS — This week, I am told. I know they only came in fairly recently. Obviously I will consider those plans. If they are appropriate and are approved, it is appropriate to hand the site back to the council. That is what I propose to do. It is a matter of waiting for me to get final advice on the plans. If they can be approved, that site will be handed back to the council.

Mr CLARK — It seems to be that at least two out of the three reasons that were given for fast-tracking this and taking it into ministerial control have been proven after the event to be unsubstantiated and unjustified. To me this undermines confidence in the integrity of the process that has been followed. In a sense your intention to hand that back to the council may be said to bear out that conclusion. The question is: what are going to do as minister to restore confidence in the integrity of a system which I put to you has been seriously undermined by this case and indeed by the Hilton case?

Mr HULLS — I addressed the property council lunch yesterday — there were about 1000 people there — and it seemed to me that the general view is that there is absolute integrity in the system. The general view is that we have a very good planning system in this state. It does not mean it cannot improve; absolutely it can. It does not mean the tools that are available to councils and other authorities cannot be sharpened; absolutely they can be. But to be saying that there is no faith in the system is just a nonsense. When you compare our planning system with other jurisdictions it comes up trumps virtually every time. I do not think yours is really a supplementary question; I think it is just repeating the first question.

Mr SOMYUREK — Minister, during your presentation earlier to the committee you touched on the issue of coastal development. Can you expand on your initial contribution on coastal development and outline to the committee how the government is protecting Victoria's coastline from inappropriate developments caused by the national sea-change phenomenon?

Mr HULLS — There is a sea-change phenomenon; there is no question of doubt about that. It is putting pressure on our coast where there is rapid growth. It puts pressure on infrastructure and puts pressure on the environment. This is an issue right across all states. In Victoria we are making decisions to protect our future so that it remains the best place to live and raise a family. We are committed to the long-term protection of the coast and promoting more sustainable approaches to development and we have a coastal strategy that was put in place in 2002. The inception report I referred to sets out ways forward to address coastal issues. In particular the work identifies hot spots along the coast which are certainly at risk of intense development pressure and inappropriate subdivisions. Our work in this area is providing planning certainty to coastal communities and developers to protect what we love about our coast.

In particular the report aims to improve and clarify strategic planning and planning for sustainable development in coastal Victoria; improve the application of planning and environment tools in coastal areas and develop new tools as appropriate. It also builds up the capacity of local government and other stakeholders to apply Victorian government policy. In releasing this report I want to send a pretty clear message to councils and developers that inappropriate development along the coast will not be tolerated. That is the pretty clear message. I think the Coastal Spaces project will encourage implementation of our long-term policy aims for the coast. They are to achieve growth that is sustainable, contain growth to certain developments and also protect the landscape in between particular settlements. That is really the message. In respect of time lines I expect there will be further consultations

on this inception report and I expect they will be making representations to me later in the year in relation to the next phase.

Mr RICH-PHILLIPS — Minister, yesterday we had the disappointing announcement that ASC in Adelaide had received the job as primary contractor on the air warfare destroyer. Last week, five days before that announcement, you introduced the Planning and Environment (Williamstown Shipyard) Bill into Parliament. In your second-reading speech you said that the contract was of enormous state significance. Given that at that point the decision had already been made by Defence Materiel Organisation, or DMO, and was before cabinet for consideration, why was your announcement left until the very last minute and what was the process that led to introducing that legislation and the strategy plan it sets up, and will you proceed in the light of this decision?

Mr HULLS — A couple of things on that. Firstly, the legislation really accompanied the decision made in consultation with the local council that I become the planning authority for the Williamstown shipyards. There was consultation with the federal government over that and the decision was made before the commonwealth had made a decision on the winning bidder. What was envisaged was that to create greater planning certainty for that site it was better to have a single authority oversighting planning of that site, rather than have a mish-mash — rather than have the local council and the state government it was better to have a single planning authority. We did have consultation with the local council at the time of announcing that I would become the planning authority — and I remember it because I was at Williamstown with the Premier and mayor — my recollection is that the Premier also announced at that time that we would be introducing legislation to ensure that site could only be used for naval purposes. So the actual announcement was made quite some time ago.

The second part of your question was: will you still be proceeding with the legislation? The answer is yes. The answer is that the legislation is about ensuring that the site can only be used for naval purposes. As recently as yesterday the Premier made it clear that despite the disappointment of the bid and whether or not people think there were political reasons why Adelaide was successful or not — and I do not intend to canvas that here, although I have my views, and you can guess what they are, but I do not intend to canvas them — regardless of the outcome of the bid the Premier made it clear that there would be further work, he believes, that will be allocated to Williamstown and he is firmly of the view that that site should be retained for ship-building purposes. The legislation will ensure that that occurs, regardless of the outcome of this bid.

Ms GREEN — Minister, in your presentation and in the accompanying slides \$12.5 million is included for Creating Better Places. Can you tell the committee what the key features of Creating Better Places are, and is it a new grants program?

Mr HULLS — It is a new grants program. It allocates \$12.5 million over four years to fund projects that implement Growing Victoria Together and Melbourne 2030 initiatives to improve neighbourhoods, to improve cities and also to improve towns. Priority heritage improvements will also be able to access funding. It is going to be targeted at enhancing liveability, sustainability and safety of metropolitan activity centres and cities and towns in Melbourne 2030 regional transport corridors. Grants will also be used to protect and conserve heritage assets — obviously for present and future generations. That program does, if you like, succeed elements of the former Pride of Place program. Grant guidelines are currently being developed by my department, but I am pleased to say that there will also be scope for projects of heritage value. Grants of this nature will be in addition to the \$12.5 million and I understand DSE will internally make some funding available to Heritage Victoria for some specific heritage grants. The Creating Better Places program will also give priority to implementing completed projects developed by local governments, preferably related to the implementation of good structure plans. The new grants program, I understand, will begin in the second half of this year. They are expected to deliver the same type of economic, social and environmental benefits to the successful Pride of Place and Victorian heritage grants programs.

Ms ROMANES — Minister, is it mainly a capital grants program?

Mr HULLS — Yes, it is. It is \$12.5 million over four years.

Mr BAXTER — Page 215 of budget paper 3 deals with the livable cities and sustainable regions output. The expected outcome for this year is some 20 per cent less than the target, yet the budget has risen considerably. I am wondering whether you could explain to the committee why that is so. Could you also indicate to me whether the use of the term 'regions' in the title refers exclusively to regions beyond Melbourne or can it also be referring to

regions within the Melbourne metropolitan area. Perhaps you could give us an indication of what is the split-up between expenditure in Greater Melbourne and rural and regional Victoria?

Mr HULLS — I can certainly get you those details about the split-up, but in relation to the actual figures, you are referring to page — —

Mr BAXTER — If I am interpreting correctly, looking at the last line, the target last year was \$10.5 million and the expected outcome was \$8.8 million, so we did not meet the target, yet the budget for this year is \$18.5 million, which is a big increase. I am trying to get the committee to understand why that would be so.

Mr HULLS — Yes, just bear with me and I can give you specific details about that. I am advised that the \$8.8 million was the figure up to March. Additional expenditure on Melbourne 2030 is \$1.7 million which brings it up to \$10.5 million. There is still a difference obviously between \$18.5 million and \$10.5 million. The rest is made up of an increase in funding for pay rises and CPI, which is \$200 000, a contribution towards whole-of-government savings and a reduction in initial funding for Melbourne 2030, new funding for Melbourne 2030 is \$5 million, new funding for Creating Better Places is \$3 million and new funding for Transit Cities is \$700 000, which brings it up to \$18.5 million. You asked how is that divided between areas of the state, in effect, and I am happy to get you further details about that.

Mr BAXTER — Could I just seek a clarification, Minister, to the first part of your answer. It may be that I was not quite gathering what you were saying. Do I take it that the \$8.8 million in the expected outcome column is to the end of March?

Mr HULLS — I am advised that it was the full year, but it was based on a March year-to-date. We accelerated expenditure on Melbourne 2030 by \$1.7 million which brings it to \$10.5 million.

Mr BAXTER — With respect, that makes it very difficult for the committee to compare apples with apples. If we have the target at \$10.5 million and we have the \$8.8 million actually only to the end of March, it does not make our life very easy, does it?

The CHAIR — He will take that on board, I am sure.

Mr McDONALD — It is consistent across all of government.

Mr HULLS — This is consistent across all of government is the advice I have.

Mr MERLINO — Minister, I refer you to the responsible development decision-making output in budget paper 3 and I ask you to explain to the committee what has changed with the introduction of the Planning and Environment (General Amendment) Act 2004. Has there been consultation about the changes and how will they work in practice?

Mr HULLS — Thank you very much for that question. These changes come about as part of the government's commitment to delivering improvements in the planning system. The new legislation delivers on yet another initiative under Better Decisions Faster. It outlines some 29 initiatives designed to speed up and simplify the planning process. That legislation you spoke about came into effect on 23 May. It includes a requirement that my authorisation be obtained before any amendments to local planning schemes can be prepared and this initiative has come about because people across the planning sector were concerned that a lot of work went into preparing many planning scheme amendments but there was no strategic justification for them.

In most other states, I might say, the relevant government department has to review a planning scheme amendment against state policy before it is allowed to go on public exhibition. This legislation and amendment process — that is, putting something on exhibition at least — certainly does take up a fair amount of time and resources with councils, and often only in the very late stages is it tested. This legislation is really a pre-authorisation in effect. It is a way of checking planning scheme amendments against state policy so as to avoid situations where local councils spend a lot of time, resources and energy only to be told at the end of the process to go back to the drawing board. I have given an undertaking to councils that this pre-authorisation process will happen quickly. In truth a small amount of work up front in the process will certainly save a fair amount of work at the end of the process. Also, under the legislation it is possible for me as planning minister to authorise councils to approve their own planning scheme amendments at the end of the process, which would actually eliminate a step in the process for those more

straightforward planning scheme amendments, and it also provides new opportunities for local councils to amend a permit application before a decision has been made. It has been brought to consultation in relation to these initiatives. I understand they are fairly broadly supported across the community.

Mr CLARK — I just want to follow up on that last part — the reference to amending planning permits. I gather there is an issue about the power of councils to charge fees for that and that you would like to give them that power. Can you indicate when you expect that change to be put in place?

Mr HULLS — I am advised that in relation to the regulatory change it requires an RIS and obviously we are keen to do that as soon as possible.

Mr CLARK — Do you have a time line for it?

Mr HULLS — No, I do not want to be locked into a time line, but sooner rather than later.

Mr FORWOOD — Minister, I would like to return to the issue of the Hilton hotel and make the point that as the work schedule makes clear the internal refurbishment of the Hilton hotel does not require a planning permit. It is not subject to the court case that is currently going on. Minister, on 8 December 2004 the draft work plan for the refurbishment showed that the works were expected to be completed by 24 March 2006 — in other words, 11 days after the commencement of the Commonwealth Games. We know that the next day a letter was written seeking this to be brought in, using the Commonwealth Games as an excuse. Sorry, that letter was written on 13 December. On 12 December the work plan was changed and the completion date was brought forward three months. On 14 December your predecessor called it in and you were made the responsible authority. So the sequence is that on 12 December they changed it by bringing the finalisation of the refurbishment forward three months; two days later this was approved on the grounds that this was for the Commonwealth Games. As we now all know, this project will not be completed in time for the Commonwealth Games. How can you claim, as you did to Mr Clark, that there is integrity in the planning system when it is obvious from this particular case alone that there has been a roting of the system?

Mr HULLS — I object to that ridiculous allegation. I remind you, Bill, because you were in government at the time, of the number of call-ins.

Mr FORWOOD — There is no need to do that.

Mr HULLS — I am happy to — I am keen to.

Mr FORWOOD — Deal with this one.

The CHAIR — The minister has the call.

Mr FORWOOD — Yes, but he has no capacity to return to those issues. He needs to deal with the question of the moment.

The CHAIR — If we are all silent, we will let the minister have the opportunity to respond.

Mr HULLS — You talk about the integrity of the system.

Mr FORWOOD — Yes.

Mr HULLS — I am absolutely of the view that we have a system that is transparent, a system that is fair, and a system that is appropriate. I remind you of the number of times that call-ins took place under the previous government. What you seem to be saying in the tone of your question is that because this matter was called in, there is something inappropriate about it.

If that were the case, then between in 1997 and 1999 the former government used its intervention powers on 495 occasions. That is an average of almost one every working day of the year, Bill — every working day of the year.

Mr FORWOOD — If it were used appropriately, then there is nothing wrong with it but if it were used inappropriately — —

The CHAIR — Minister, feel free to continue your answer and feel free to stop if you are interrupted.

Mr HULLS — In relation to the Hilton Hotel the assertion has just been made that the call-in was inappropriate. I repeat that that is a matter that is before the court. If, Bill, you believe that you should be usurping the role of the court or indeed should be undermining the independence of the court decision-making process, that is a matter for you, but to be making an allegation that something was inappropriate when the matter is currently before the court in my view, with due respect, is quite foolhardy, Bill.

Mr FORWOOD — Let us deal with a matter that is it not before the courts, and that is the issue of the internal — —

The CHAIR — I asked whether you have finished your question, and you said yes, Mr Forwood.

Mr FORWOOD — Are you going to let me have a follow-up?

The CHAIR — The follow-up is when the minister has finished his answer and we will move on to Ms Romanes.

Mr FORWOOD — Can I have a follow-up?

The CHAIR — The minister has finished his answer.

Mr FORWOOD — Can I have a follow-up?

The CHAIR — If it is a supplementary on the answer, which was, 'it is before the court'.

Mr FORWOOD — No, this bit is not before the court — the refurbishment of the Hilton Hotel is not before the court. We know that.

The CHAIR — I am not deaf. If there is a matter that is not in relation to matters before the court and has not been addressed in the minister's answer, then you can have a supplementary.

Mr FORWOOD — Thank you. Minister, can you explain why the completion date of the internal refurbishments, which are not before the court, were brought forward three months on 12 December last year.

Mr HULLS — You say that. I say to you that the refurbishment of the hotel is obviously integral to the whole development, and that matter has been called in by the former minister. That call-in in relation to the whole project has been challenged, and that challenge is currently before the court, and as a result I believe it would be absolutely inappropriate for me to be using this forum to try to either second-guess or undermine the court process.

Ms ROMANES — At page 215 of budget paper 3 under the output 'Livable cities and sustainable regions' there is reference to the 'development and facilitation of priority projects' and the target is 20 for the year 2005–06. Can you inform the committee about what initiatives are contained within the budget to give priority to facilitating development in activity centres under the Melbourne 2030 strategy?

Mr HULLS — Thank you for that. Funding has been provided in this year's budget to support the ongoing work of the Priority Development Panel. The purpose of this panel is to provide independent advice to me as minister on projects of state or regional importance. Even on the earlier results of the panel's work it is clear that the initiative is delivering results. So far the panel has dealt with assessment and advice on the merits of introducing interim structure plans for the seven activity centres and preparation reports on three major development proposals: the peak at Wheelers Hill, Salter in Richmond and also a major development site in Glenroy. As I said earlier, I recently announced the appointment of Jane Monk as the new head of the PDP. Jane Monk comes to the role after more than a decade as a member of VCAT and is highly regarded by all players in the industry.

The panel offers substantial depth and breadth of experience in areas as diverse as planning, architecture, social research, traffic engineering, property development and the like. I have to say that since taking up the portfolio I am keen to expand the role of the PDP. It is an excellent opportunity now with Jane Monk taking over as the head of the PDP. I see the PDP as being a major broker of development outcomes right across the state. I envisage that the Priority Development Panel as being able to get involved in projects and advice at the front end rather than giving advice right at the back end.

It is important that the Priority Development Panel use its expertise to have discussions with local councils and developers about whether or not a particular proposal is really going to get off the ground in the first place rather than simply being at the end of the process where the minister sends off a matter to the PDP to give a yes or no to a particular proposal. The PDP can play a far more proactive role. When Jane Monk comes on board I will have a discussion with her about redrafting the terms of reference for that panel so it can be far more proactive.

Mr CLARK — In your presentation you told us that the government was committed to Melbourne 2030, and that Melbourne 2030 is obviously vital to the government's planning strategy. Could you tell the committee what the current legal status of Melbourne 2030 is in terms of whether it is a seriously entertained planning proposals or is it simply a statement of government policy intent? In terms of giving formal effect to Melbourne 2030 and the state planning policy framework, I understand there has been a draft clause 12 of the state planning policy framework around for some time that would incorporate Melbourne 2030 into the planning policy framework, but that has not yet been put in place. Could you tell us what has been the reason for the delay on this and when you now expect a final clause 12 will be operated into the state planning policy framework to reflect Melbourne 2030?

Mr HULLS — Firstly, I thank you for what I think is your endorsement of Melbourne 2030.

Mr CLARK — Don't draw that conclusion!

Mr HULLS — I am sure you would agree that it is important that we ensure this place does not end up like a city like Los Angeles, that we contain urban sprawl, and what that of course means is urban consolidation. It means giving people housing choices in areas in which they want to live, close to amenities, close to public transport, close to schools, hospitals and the like. If we do not have a plan like Melbourne 2030 it basically means that we end up carving up huge chunks of land in the middle of nowhere without appropriate infrastructure resources. We end up with substantial urban sprawl, we end up turning our green wedges into grey wedges basically, and we will all be ruined. It is important that we have an appropriate plan. You asked what the status of Melbourne 2030 is. Indeed, it is what is known as a seriously entertained planning policy, and you also asked about clause 12. Obviously as the new planning minister I was very keen to examine clause 12 myself before deciding what status to give it, but moves are imminent in relation to clause 12. You also raised an issue about Melbourne 2030 generally, and I have to say that it is important that all of us — and that includes you, Mr Clark — get out and sell Melbourne 2030. I say that because — —

Mr CLARK — Not given what it is going to do to my suburbs and the rest of established inner Melbourne.

Mr HULLS — You cannot simply say that you support Melbourne 2030 but are not prepared to go out and sell it. I know that you support it, because I know that you are aware of what the consequences of not supporting Melbourne 2030 are about.

The CHAIR — Minister, can we go back to clause 12?

Mr HULLS — I look forward to Mr Clark's continued commitment to Melbourne 2030, and moves are imminent in relation to clause 12.

Mr CLARK — As part of your answer, can you be more specific about time lines on clause 12?

Mr HULLS — I am waiting to get some final advice from my department on it, but I have made it pretty clear that I am keen to move on things very quickly in this portfolio. Apart from anything else developers want certainty, the community wants certainty and delays have an adverse effect on the community generally.

Mr FORWOOD — Do you anticipate that the new clause 12 will be different from the draft clause 12 that has been around for the last two years?

Mr HULLS — I can simply say that exposure has been put out and there has been feedback in relation to it. There may be some tweaking, but the general view that I have is that it has to be an expression of Melbourne 2030. I do not shy away from Melbourne 2030: I am passionately committed to it. Even though I have only been in the chair for a very short period, I know the consequences of not adopting Melbourne 2030 as the plan for this place, and they are disastrous.

Mr SOMYUREK — Minister, I would like to take you back to the issue of ministerial interventions. I refer you to page 213 of budget paper 3 which refers to the responsible development decision making and heritage protection output group. During an answer to a previous question I think you mentioned that the previous government had exercised its ministerial intervention on 495 occasions in one year. Can you inform the committee about the number and type of ministerial interventions over the past 12 months?

Mr HULLS — I am just getting some advice because I am trying to ascertain whether or not there have been any specific call-ins by me since I have been in this portfolio. Obviously Tenix is one, and there was consultation with the local council in relation to Tenix.

In relation to your broader question, I recently tabled some figures in the house that show that for the 12 months to April the number of ministerial interventions in local planning were limited to 83. Since 2000 this government has intervened in 394 cases, which is an average of 79 times a year. As you quite rightly say, that is in stark contrast to the former government which intervened on 495 occasions between 1997 and 1999, and in many cases there was no public explanation at all as to why those interventions took place. Not only have we honoured our promise to Victorians that we would limit interventions — and I think the figures show that we have — but we also promised to make those interventions more transparent. So each time an intervention is used, written reasons are provided about the decision, and each decision is made publicly available to ensure it is accountable and open to public scrutiny. The discussion that was raised by Mr Forwood before is a perfect example of how the decisions that we make can be open to public scrutiny. We put out reasons: that did not happen under the previous mob. I think we are light years away from the ad hoc questionable deals that were done by the former coalition government.

In the last 12 months 20 interventions were for interim heritage, native vegetation protection and to limit building heights; 22 were for technical corrections to planning schemes; 22 facilitated specific projects of state or regional significance; 8 were changes to the Victorian planning provisions and all planning schemes; 6 were called in from VCAT; and 5 were permit applications. So I think the system is much better, it is much more transparent, and I think that is quite clearly accepted by all stakeholders.

Mr RICH-PHILLIPS — Minister, I would like to go back to the issue of coastal development. In the last 10 days or so there have been reports on a shift in the government's position on golf course developments on coastal sites. Given this new position, can you outline to the committee what type of golf course developments would be unacceptable? What would you regard as a genuine and acceptable golf course development and, for the edification of this committee, can you give some examples of existing developments that in the future would be considered unacceptable?

Mr HULLS — I like the punch to your question. In other words, let us try and vilify a particular proposal that is out there now. We are committed — and I hope everyone here is committed — to the long-term protection of the coastline. We want to promote more sustainable approaches to development. We have put in place our coastal strategy which established a world-first system of marine parks and reserves, and is implementing a commitment to a new Otways National Park. I spoke earlier about the sea change that is occurring. It is putting enormous pressure on our coasts, there is no doubt about that. That is why we established the Coastal Spaces initiative because we want to get advice from experts in relation to the response to coastal development pressures. It is important that we get it right.

You talked about particular developments. I think Jack the Blind Miner knows that developments in the middle of nowhere are inappropriate. I do not think it is that hard. It is true that there are some — and I am not going to name any in particular — golf course-style developments that are not much more than housing developments by stealth. Of course it is important that we get the balance right, and we should not be saying that golf courses per se are inappropriate. It is important that we attract tourism and it is important that we ensure that we get that balance right. That is not to say that every single golf course development proposal is appropriate. It is important that we get the report in relation to coastal spaces. It is important that councils consult with their local communities, and it is important that we send the message that only appropriate developments will be given serious consideration.

The ability that I have had since 23 May means that some of those matters will have their expectations dampened at an earlier stage rather than at a later stage. As you would know, there is always a lot of colour and movement around the place when a particular development is proposed. I read about it on a daily basis. They say, 'This development is being proposed' when it is not even on my desk. But because someone proposes some you-beaut development somewhere, it creates a huge amount of publicity and often angst in the community. Under the new

proposals, before these things even get off the ground, an application will have to be made to me to amend the planning scheme, and I suspect that some of these will be knocked off at an earlier stage.

Mr RICH-PHILLIPS — You referred to housing development by stealth. How will you make that practical delineation between that type of development and — —

Mr HULLS — Obviously we have our coastal strategy, and we also have our Coastal Spaces project, which will give better clarity to what is on and what is not. I do not want to talk about it, because I think it is unfair to talk about it — and I have been asked before, ‘What about this development here, or this proposal here?’. I think it is unfair to be talking about individual developments, save to say that it is a balancing act and it is important that those so-called tourism developments that are not much more than housing developments by stealth, to ensure that housing development can take place outside the urban growth boundary and can take place in coastal spaces in between particular town settlements, are looked at very closely at the earliest possible stage rather than creating all that angst for a number of years — and expense, I might say, for developers as well — only to be knocked off at a very late stage.

Mr FORWOOD — Just as a quick supplementary, I have been fortunate to play at Torquay on the Sands, at 13th Beach, and at a very nice course at Moonah Links. I would hope nothing is done that prevents the development of first-class golf courses designed by wonderful people like Robert Allenby and Stuart Appleby and others across the state. One of the great strengths of it is the huge golf tourism that is now coming in, and I am sure you will get yourself a real argument both inside your own party and with others if you prevent the development of first-class golf courses in Victoria.

Mr HULLS — That is not what this about, and I agree that there is enormous tourism in golf. This is not about stifling tourism. It is also to ensure that these developments take place in a strategic context. I might say regardless of how many golf courses there are around the place you will not be able to improve your handicap much more than it already is!

The CHAIR — That concludes the consideration of the budget estimates for the portfolios of planning, industrial relations and Attorney-General. I thank the Attorney-General and to departmental officers. It has been extremely useful, and thank you to the people from DSE who have put the latest files together for this hearing. The transcript will be circulated as soon as it becomes available, together with follow-up questions.

Witnesses withdrew.