

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2012–13

Melbourne — 15 May 2012

Members

Mr N. Angus

Mr P. Davis

Ms J. Hennessy

Mr D. Morris

Mr D. O'Brien

Mr M. Pakula

Mr R. Scott

Chair: Mr P. Davis

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr M. Guy, Minister for Planning,

Mr A Tongue, Secretary,

Mr G. Forck, Chief Finance Officer,

Ms P. Digby, Deputy Secretary, Planning, Building and Heritage, and

Mr J. Ginivan, Acting Executive Director, Planning and Building Reform, Department of Planning and Community Development.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2012–13 budget estimates for the portfolio of planning. On behalf of the committee I welcome the Honourable Matthew Guy, MLC, Minister for Planning, and from the Department of Planning and Community Development Mr Andrew Tongue, secretary; Mr Greg Forck, chief finance officer; Ms Prue Digby, deputy secretary, planning, building and heritage; and Mr John Ginivan, acting executive director of planning and building reform.

Members of Parliament, departmental officers, members of the public and the media are also welcome. In accordance with the guidelines for public hearings, I remind members of the public gallery that they cannot participate in any way in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing to provide information to the minister, by leave of myself as Chair. Written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room, and no more than two TV cameras are allowed at any one time in the allocated spaces. I remind TV camera operators to remain focused only on the persons speaking and that panning of the public gallery, committee members and witnesses is strictly prohibited. As previously advised to witnesses here today. I am pleased to announce that these hearings are being webcast live on the Parliament's website.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. This committee has determined that there is no need for evidence to be sworn; however, witnesses are reminded that all questions must be answered in full and with accuracy and truthfulness. Any persons found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. Unverified transcripts and PowerPoint presentations will be placed on the committee's website immediately following receipt, to be replaced by verified transcripts within five days of receipt.

Following a presentation by the minister, committee members will ask questions relating to the inquiry. Generally, the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off. I now call on the minister to give a brief presentation of no more than 10 minutes on the more complex financial performance information that relates to the budget estimates for the planning portfolio.

Overheads shown.

Mr GUY — Thank you, Chair, and thank you to the committee for the invitation to come and address you today and answer a few questions. It is always a pleasure. I will keep to my 10 minutes, as allotted, and run through a set of slides, if I can, to inform the committee about the activities of the planning area of the Department of Planning and Community Development for the year ahead, 2012–2013.

As can be seen, planning support for maintaining and managing growth in regional and metropolitan Victoria will retain key funding in 2012–2013, alongside a range of reforms to Victoria's planning system to deliver efficiencies and stimulate economic growth, productivity and investment. Many of those have been articulated before today's hearing. A \$34.5 million four-year funding package was announced last year in the state budget. It will continue in this budget, 2012–2013. It will fund essential programs to manage population and planning and preserve Victoria's heritage.

The CHAIR — Order! I did make a point that there would be no participation by the public gallery. I remind the cameramen that it is not appropriate to film the gallery. Would the people who are in the gallery desist from their activity. If they do not desist, the hearing will be adjourned and they will be removed.

This hearing is adjourned.

Hearing suspended.

The CHAIR — I beg your pardon, Minister. You might like to rewind the tape and start again. Somebody may inform us later what that was all about.

Mr GUY — As I was saying before the adjournment, reforms that I had announced to the planning system, which had been announced before the state budget 2012–13, are certainly well known. This budget will continue those reforms from \$34.5 million, which has been allocated and is continuing in this budget. The reforms will stimulate economic growth, productivity and investment to generate jobs. Greater accountability measures will give councils a formal reporting mechanism in that amended process. The \$6.9 million allocated toward the Community Works Program was always going to be, and will remain, provided to councils as funding assistance for vital infrastructure over the next three years.

I turn to the next slide. Again, planning is an enabler. Our communities, industry and economy rely on an efficient system. The decision-making process in planning must be simplified to promote better outcomes in planning and contribute to improving the state's prosperity, and growth must be strategic. Infrastructure cannot be an afterthought.

As you can see from that slide, Mr Chairman, by the end of March 2012 precinct structure plans for 120 000 dwellings had been completed and planning for 150 000 dwellings commenced for approval by June 2016. That is quite considerable when compared to other cities around Australia, particularly up the eastern seaboard. Major land releases in regional areas have been brought forward and planning permit positions valued at over \$13 billion from July 2011 to February 2012 have been issued, which has been a significant economic stimulus.

I turn to the next slide. The contribution of the building industry is highly valued across the nation, due to its high-quality built form outcomes, construction standards and — particularly in Victoria — environmental reputation. The 2011 *State of Supply Report* of the National Housing Supply Council found that while Victoria has a quarter of Australia's households we were forecast to build 33 per cent of all new homes in Australia in the calendar year 2011. So we are boxing above our weight, Mr Chairman.

ABS quarterly dwelling approval reports demonstrate Victoria's resilience and our national leadership in this field. Our state is recording the highest number of dwelling approvals of all states. I have appointed the new building commissioner, Michael Kefford, to oversee and oversight the Building Commission and the building industry in managing that extraordinary growth that is still happening as per Victoria's per cent of population compared to our national output. Michael is going to be instrumental in guiding change and reform and in the implementation of the government's response to the Auditor-General's report into the building permit system. The building and plumbing industries are significant contributors to the Victorian economy. I think that can be seen and demonstrated by that slide. When you look at the top line, of course, that is Victoria's statistics as compared to other states in the country.

The next slide shows some of the key achievements in 2011–12, building on what the budget has allocated funds for. There have been big increases in the number of cases being lodged at VCAT. VCAT funding will be significantly enhanced through the government allocating \$1 million, and those delays that should be reduced in the planning process will help ease the burden on the development sector, local councils and the community as a whole. What it seeks to do is give people their say at VCAT earlier rather than having some of the cases continue as they are now, where they are being listed for nearly 12 months.

Since November 2011–12, the government's flying squad has entered 15 contracts of assistance with 12 councils across the state — very important to regional Victoria, Chair, as you would be aware. The planning portfolio has enabled work to commence on sections 1 and 2 of the Regional Rail Link project, a bipartisan-supported project to speed up trains on regional rail right into the heart of the central business district.

Slide 6 outlines some of the key achievements in 2011–12 and looks at heritage and some of our communities. As you can see there again, there is mention of the community works program, the protection of the Bacchus Marsh Avenue of Honour, which was again mentioned in the government's election documentation, and providing over \$1 million to preserve and protect heritage via new grants. Heritage Victoria issued permits and permit exemptions for a total of over \$600 million worth of works for approximately 2250 places and objects on the heritage register in 2011–12. Heritage Victoria and the Heritage Council adopted a new policy guidance for the consideration of permits in that time, and this provides increased certainty and improved decision making

for the places and objects on that register, which, I think all of us would agree, is exceedingly important for Victoria's future.

I go to the next slide: some of those key achievements for ensuring land and housing supply. The ongoing challenges of providing sufficient land is an important priority of the Baillieu government's agenda for 2012. The government has taken a series of actions to improve land supply and to make the option of owning a home a reality for more families. The strategy for the state government has been to deliver certainty through our planning system to ensure that more land is brought forward for housing more quickly. That has had a huge impact on house pricing in the growth areas of Melbourne.

The government has accelerated a number of precinct structure plans that have sat in the system for, in some cases, more than seven years, to bring forward housing supply in areas where it is much needed and to end, in some cases, a duopoly of developers in exceedingly prominent growth corridors where growth is exceedingly strong. That breeds greater competition and of course assists those who are trying to purchase a home, rather than those who are simply trying to develop. The government has expedited supply through a number of planning scheme amendments and precinct structure plans, and, as I have said, we will continue to do so throughout 2012.

Next slide: clearer and simpler rules bringing more certain outcomes for all. The government has restored fairness and certainty to the planning system for wind farms regarding the placement of turbines and the establishment of no-go areas. This was a policy that was articulated for some time before the election of the government in November 2010, and it is one that I have implemented fairly prominently.

We have moved to establish a ministerial advisory committee to overhaul the planning system which reported in the last week to the government and whose response was delivered publicly. A review of developer contributions is under way and is nearing its conclusion. It will ascertain how the government can better regulate the system or monitor and put a system forward for developer contributions that can assist councils and communities to get a good outcome but one that does not price Victoria out of this advantage of being the cheapest place to do business and indeed to buy a home on the eastern seaboard. Reforming retail planning provisions for large-format retailers, known as bulky goods, by freeing up previously complex and anticompetitive restrictions has enabled investment and employment opportunities, and that is something that I am particularly proud of.

Slide 9: productivity and employment growth. The government will deliver legislative reform and work to modernise the Planning and Environment Act this year, and that has been ongoing. The advisory committee that I referred to before is an opportunity to bring that work to a conclusion, and it makes a number of recommendations within it which the government has accepted. It makes the planning system more efficient. It will reduce time and cost and introduce simpler residential zones, clearer residential zones, for all people involved.

Slide 10: protecting heritage and communities, which is very important. The government will ensure the planning system can respond to flood, bushfire and coastal climate issues to allow the protection of life and the environment. It will provide greater protection of cultural heritage values and find a balance between new development and our past. It will assist councils on a case-by-case basis to allow them to implement strategic planning into the future, and again the use of the Flying Squad will be very important.

The last slide: we obviously want to ensure land and housing supply, and that is important. The metropolitan planning strategy will take a long-term view of growth and change across Melbourne and its influence on and relationship with Victoria, other capital cities and of course internationally. The strategy will focus on land use and transport options that respond to and integrate social, economic and environmental issues facing our metropolitan area while showcasing Melbourne's outstanding reputation for liveability and of course productivity.

Local councils, industry and peak bodies are providing input to the development of the discussion paper. Victorians are welcome to have their say. I have recently launched *planmelbourne.vic.gov.au* as the centrepiece of the government's online feedback to those who want to have a say about how Melbourne is going to be planned for the future. A ministerial advisory committee has been established to direct the development of the strategy. It will be chaired by Melbourne-based international urban planner Professor Roz Hansen, and of

course there will be strong linkages within the metropolitan planning strategy back to the regional growth plans that the government has commenced. I think that concludes my presentation, Mr Chairman, and I am obviously happy to take any questions.

The CHAIR — Thank you very much, Minister, for dealing with the disruption to proceedings and keeping within your time line. The remaining time, such as it is, will be allocated to questions on the planning portfolio. Minister, given the key growth and efficiency initiatives announced in the budget, can you please outline for the committee the likely impact of the budget on enhancing service delivery, promoting productivity and achieving efficiency gains within your portfolio. In responding could you also indicate how you intend to monitor the portfolio's effectiveness in maximising improvements in these areas.

Mr GUY — That is a good question to start with, thank you, Chair. As you say quite correctly about productivity, the way the government and the department do business is obviously very important to how we deliver a service to stakeholders, be they community, be they council or those who want to invest in Victoria. It is important in Victoria, in my view, that the government develops a streamlined planning system that is less cumbersome than the hundreds of pages that we have at this point in time to get through and of course provides a system that is based on certainty and an incentive to invest. That can be for a small business or someone who owns a home to someone who wants to invest in Victoria, but we need to reform the planning system. That is what we are focusing on doing.

In our reform package that has been outlined the government obviously is going to do a lot more this year with resources that will be focused on productive outputs. We will have a stronger land supply program over the next 12 months than many other cities in Australia — in fact all other cities in Australia. We have moved very quickly in relation to permits for high-rise towers in defined areas. So in the capital city zone around the central area of Melbourne, where people know and expect higher density towers to be constructed, the government has brought forward a number of those permits. Indeed a number are now beginning already, such as one at the end of Collins Street. I drive past and see it under way already. It has been a feature of government policy to bring that development to where people expect it. We will also be acting to reform the Planning and Environment Act. We need to contemporise it, whether it is the amendment process or possibly reforms around the panel process to ensure people have confirmed outcomes, known outcomes, that they actually have time lines and indications of how long permits may take or indeed applications may take. That is very, very important.

I think I heard you talking about efficiency gains and productivity. It is very important that we look at reforming legislation that exists in the planning system already to date, such as the growth areas infrastructure charge. We have done that. We have removed it off schools; we have brought in works-in-kind legislation. We are moving to contemporise it, and we will be doing so again with some changes in the next 12 months to do that. Chair, as you would know, the government is focused heavily on zone reform and reforming Victoria's zones — not just residential, but farming, commercial, industrial — so that our zones act as an incentive to operate in Victoria. Again it is not just for business but for councils, for communities, for individuals, so that people have flexibility but also certainty through a system that provides them with outcomes that they know they can expect in the planning system.

I think importantly, as you said before, Chair, are VCAT and talking about productivity and gains around the VCAT system. That extra million dollars which has gone into VCAT will certainly reduce the backlog in the VCAT system, and it will have a very positive impact on those cases being determined, whichever way they are determined. Indeed it will allow those people to have a say in VCAT rather than being listed for up to 12 months, when they would not have had the chance to have a say in a reasonable time frame to date.

The CHAIR — Thank you, Minister. Briefly could you please inform the committee what you consider to be the likely impact on industry and stakeholders in the portfolio of the initiatives you have outlined?

Mr GUY — Chair, I think, briefly, the key point is around certainty of doing business in Victoria, and industry and stakeholders — as I said, whether it is an industry group, a developer or a council — want to have clear and known outcomes. The government's changes to residential zones in particular will give for the first time in 20 years — in fact more — all people participating in the planning system known outcomes as to the style of zone that is being put forward. I think that is what residents are looking for — a low-density residential zone and an area for residential growth clearly defined so that people know what will go where. This is a marked change from many years in Victoria, and I think it will be a welcome one.

Mr PAKULA — Minister, I note your committee room voice is very different to your chamber voice. It is a refreshing change.

Mr GUY — I do everything for you, Mr Pakula.

Mr PAKULA — That is good to know. I want to ask you about Code Assess. You have outlined that in your presentation. You have talked about implementing code assess options for planning approvals, and I think my understanding is that the code assessment legislation is due to be introduced into the Parliament very shortly. There was a quote in the *Herald Sun* last week where you were quoted as saying that it is intended to deal with permits involving small, straightforward extensions and permits for pergolas, fences and tree removal. I suppose the nub of my question is: is that genuinely it, as far as code assess is concerned, and will it be limited to those kinds of works, rather than being a usable method for larger developments?

Mr GUY — In general residential areas that is certainly the case — that is, what Mr Pakula outlines is certainly the case. It is for small-scale, low-impact applications. Anything beyond that in a general residential zone, as has been mentioned before, is not in consideration; but it is important to remember that there is a number of models of code assess that have been flagged — nonetheless, by the previous government, who flagged quite wide-ranging code assess. This government, in terms of code assess, this government is very clear; it will be used for those small-scale projects in the general residential area. In areas such as an industrial area, for example, that will be left to the council to determine how it will be operating.

Mr PAKULA — Just to follow up, will the Code Assess regime disturb any existing community consultation rights or will they be maintained pretty much as is within the new regime?

Mr GUY — Code Assess is silent; the legislation is silent.

Mr MORRIS — Minister, budget paper 2, page 17, refers to the resurgence we are experiencing in population growth after a period of slower growth since early 2009, and I am wondering how the predicted population growth for Victoria and particularly for Melbourne shaped the budget for the coming year and in particular the response of the government to the anticipated growth?

Mr GUY — I think Mr Morris asks quite a reasonable question around population growth and the government's approach in 2012 to manage population growth. What I would refer him to is the *Victoria in Future 2012* document, which was released by the government recently. That outlines how Victoria will grow over the next 30 or 40 years and indeed what are some of the challenges the state faces for population growth. Indeed if I can make some reference to it for the committee's interest, at 30 June 2011 our population in Victoria was around 5.6 million, which is quite considerable when compared to what ABS predictions were for Victoria just 20 years ago. In the next 40 years our population is projected to rise up to around 8.7 million, the metropolitan area of Melbourne housing 6.5 million of that.

On the current trends, overseas migration is expected to be the largest driver, albeit narrowly, of population change in Victoria over that time, with the impact of natural increase though not being discounted. One of the points I have made is that people in my generation are obviously living longer, but our parents are living longer too and so are our grandparents. More to the point, in my generation we are starting to have that third child more often than our parents did, and thus there is a stronger element of natural increase that is now being factored in.

Having said that, though, it is worthwhile I think for the committee's interest to know some of the challenges we are dealing with in terms of a planning policy facing a real change in demographics. One of the points in *Victoria in Future* is to note the changes in households, and I think it is worthwhile bringing the committee's attention to the fact that the families with children households will decline from 44 per cent of what is in Melbourne in 20 years to 40 per cent and continue a downward trajectory. So there is a greater portion of people who are single — either single occupancy households or indeed couples — and that is going to need to be reflected in the Melbourne planning strategy and of course in our regional growth strategies as well, but also in and around transport policy, which will relate back to planning policy. That is why the government has transport and planning working together in metropolitan planning policy.

Some councils in metropolitan Melbourne will continue to rise quite substantially in their raw population over that period. Indeed by 2031 the city of Casey will have over 400 000 people and of course the city of

Wyndham, which Ms Hennessy will be well attuned to, will have 340 000 people within 20 years, so they are significant numbers. Not to be left behind, regional Victoria is also growing quite considerably. Places like the Surf Coast will rise to around 41 000 people — a population growth rate of over 2 per cent — and places such as the Bass Coast, again over 2 per cent, and again around places like Warragul and Drouin, which are going to rise quite considerably.

I do not want to talk for too much longer but just to conclude, again what is worthwhile noting are the average age groups. At this point in time, in 2011, those in their 20s constitute around 15 per cent of the population, those in their 60s around 9 per cent of the population. In 2050, if I can go that far in advance, that will have risen to an equal amount of around 12 per cent of the population. You will have a demographic shift where those getting older are going to be more numerous and indeed the proportion of those people living to be 85 and over will rise from 1.9 per cent to 4.6 per cent. So, Chair, in answer to Mr Morris's question, there are a number of challenges that all governments, and indeed all of us in Victoria, certainly have to face as our population ages.

Mr SCOTT — Minister, I refer you to budget paper 3, page 211 through to page 213, which outline outputs and deliverables for planning, building and heritage and also the total output cost. What I would like to highlight, which is on page 213, is that there is a fairly significant decline in the budget for this area, which is your responsibility, from 131.3 million expected outcome in 2011–12 to 104.7 million target for 2012–13. I would be grateful if you could outline to the committee what the expected impact of this decline in the budget will be in terms of programs ceased, programs cut or other loss of employment or other impacts on the areas of your responsibility?

Mr GUY — That is a reasonable question. I would just say to Mr Scott that what should be put into context is in the same level the output initiatives for planning and community development, and I will give you a for instance. In the year 2008–09 it was just \$37.1 million. This financial year it will be \$104.7 million. So over a five or six-year period there has been a very considerable rise in the output initiatives for planning and community development — indeed one of more than a 200 per cent increase, and there has certainly not been any increase in inflation over that period of time which is comparable.

But Mr Scott does raise a fair question, and I think that is best answered by saying that one of the output initiatives that has had a key impact upon that is of course the winding up of funding for the Revitalising Central Dandenong project, which was begun under the previous government, with around \$46 million being allocated in 2010–11 falling down to around \$5 million this financial year. So over a period of time there has been a reduction in the apparent output and deliverable mechanism, but of course there are some projects — the vast majority of it being the central Dandenong initiative — which are coming to a conclusion, which has had that impact.

Mr SCOTT — In order to meet this change to budget settings, will you rule out the privatisation or contracting out of any of the substantive planning functions currently performed by the government's planning bureaucracy?

Mr GUY — That is a very interesting question. It certainly is to be noted that in the last two years — in fact I think it was in March 2009 — there was a document around the modernisation of Victoria's planning act, which as the new minister has been provided to me for information from the previous government, and it talks about the privatisation of a system in no fewer than 12 instances. I do not have an agenda to privatise or contract out sections of the planning system; indeed, as I have said from the very start, we intend to do business in a more productive manner, and in fact to the credit of the department we are certainly doing a lot more of that. In fact the department, as I can see by running through land supply, urban renewal and a range of other reforms, have done an exceedingly good job in doing a lot with the resources that they do have, so I give them credit for that. But as I said, the privatisation of the system, which I note has been the subject of some interesting discussion of late, was certainly mooted in March 2009 in no fewer than 12 places, and that is not at the top of my agenda.

Mr ANGUS — Minister, I refer you to budget paper 2, page 17, in relation to population estimates also, and I really want to follow up on Mr Morris's previous question in particular. As a result of forecast population growth across Victoria, what will you be doing to manage this growth, and how does the 2012–13 budget work to accommodate growth in regional Victoria?

Mr GUY — That is a very good question, because, as I outlined from the Victoria in Future documentation, our regional population is going to continue to grow quite considerably — in fact in that period by over 2 million — so there is a fair amount of work that needs to go into accommodating growth and indeed assisting councils with that growth in regional Victoria. One of the ways we have done that in the last financial year, and it will be ongoing to this financial year, is around the regional growth plans. The government has launched eight regional growth plans: one for Gippsland; one for the Hume region centred around Benalla and Wodonga; the Loddon Mallee North area, which is from Echuca up to Mildura through Swan Hill and Cohuna; the Loddon Mallee South area, which is effectively the Bendigo region; the Central Highlands region, which is the Macedon Ranges, Ballarat and that central Victoria region; the Wimmera Southern Mallee area, centred on Horsham and Dimboola; the G21 region, of course centred around our second largest city, Geelong; and the Great South Coast, which is around Warrnambool and Portland and of course Hamilton.

Those regional growth plans are very important in focusing planning on a regional level. The government has provided money for those councils to actually manage growth in a holistic sense across their region rather than having a number of small, microplanning policies differ from one border to the other. It allows them to do business a lot more efficiently, and, more to the point, it allows them to provide a strategic framework to planning rather than a piecemeal one. We have actually put those in place, and they are going quite well. At the moment only the G21 plan is on exhibition, but I expect some of those others to come forward fairly soon.

We have also brought forward an initiative which I outlined before called the Flying Squad. The Flying Squad is a terrific initiative, if I may say so. It assists with some of those regional councils which may really lack planning support and need some of it from the state government. It is one that has worked in a number of smaller municipalities across the state. I want to just quickly, if I can, give some examples. The town shire council in the Hume region, for instance, has recently completed a heritage study which makes recommendations to include 90 sites with heritage overlay, and the council requested assistance with preparing an amendment to implement the study. It obviously is fairly technical, but in a municipality that has one strategic planner the assistance from the Flying Squad is incredibly important. That is what the government has initiated for requests from the Macedon Ranges Shire Council, again in terms of permit applications; the Wangaratta Rural City Council; and the Alpine Shire Council, which has requested assistance with processing nine planning scheme amendments. They are all technical but important to those municipalities, and, more to the point, they are focused on some of the smaller municipalities around Victoria which really do need that assistance, so we are very proud to have been able to assist them with that help, particularly over the next financial year.

Ms HENNESSY — Just in reference to budget paper 3, page 209, which states that one of the aims of the planning and development output group is to address urban renewal design and development, I just wanted to ask you a question about the ports and environs report because it remains unreleased. The report outlines appropriate buffers around ports, including appropriate buffers around major hazard facilities, and obviously local community members are exceedingly interested in getting access to this report so they can make informed decisions, like the council, around the safety of building near major hazard facilities in Victoria's ports. Certainly I know that the Williamstown community is very eager for some certainty around the rules and regulations governing those important issues. When will the report be released?

Mr GUY — That is a fair question. It has been a report that has been ongoing for some period of time, and, as Ms Hennessy rightly says, it is one that is quite detailed and has some obvious recommendations that need to be brought forward in a whole-of-government approach. I am carefully considering the findings and recommendations of the advisory committee, including appropriate planning measures to arrest that steady encroachment that does occur into some of the sensitive uses of the ports environs and areas such as those. I am looking at planning controls that may protect the amenity of residents and workers in the port environs.

Anything that adversely affects the capability of the ports puts at risk their economic contribution and the competitiveness of the state's economy. We are certainly aware of that. So it is one that we want to give a whole-of-government response to. I can assure the committee chairman that it is not far off, but it is one, obviously, that I need to get right rather than pursuing as soon as I can simply to satisfy myself that it is released. I obviously need to make sure that it is, and I am going ensure that the response is a correct one.

Ms HENNESSY — Minister, is it possible for you to give us an anticipated time frame? The community understands that you have had the report since December 2010. I accept that the response may be a complex

one, and I am reassured to hear that it is not far off, but within the phrasing of 'not far off' is there a more concrete time frame you are able to give us?

Mr GUY — The member rightly picks me up on that point. I would say that the government is endeavouring to have a response in the financial year, and that is my goal.

Mr O'BRIEN — Thank you for your response to Mr Angus's question. I would like to follow on from that. You gave information on the initiatives in relation to population growth in regional areas. You talked about the growth plan and the Flying Squad. I would like to just ask you, perhaps in two parts if I could or a follow-up question: as a result of the projected growth increases across the Melbourne metropolitan area, can you tell us, Minister, what you and your department are doing in the coming financial year to manage growth across the metropolitan area?

Mr GUY — As I have stated, from the VIF — *Victoria in Future* — report and other reports, growth in the Melbourne metropolitan area is still very strong. It is still around the 60 000-plus mark. To put that into context, back in the 1990s and 1980s it was rare for Melbourne's raw growth level to exceed more than 30 000 people per annum. The city is growing much faster in numerical terms than have been the historical levels for nearly 100 years since the gold rush in the late 1800s and population growth in the first part of the 20th century.

This government and indeed future governments will have a key challenge around the management of that population growth. One of the things we have sought to do is, like governments before us, to look at a holistic approach to our growth corridors. In doing that we have growth corridor plans, the work on which is under way. It has been under way for some time and — similar to the answer to Ms Hennessy's question — is soon to be released. The plans are important documentation around the management of our growth corridors into the future. They are not a silver bullet in terms of what will happen and when as a date, but they are indicative documents around what is going to be needed to be put in place to sustainably manage our growth corridors over a long period of time.

Melbourne's urban growth boundary is one that has changed a number of times over the last five or six years, and those changes, particularly at the end of 2010, where the city expanded by around a third of the size of metropolitan Adelaide, have obviously been fairly considerable. There needs to be a lot of preplanning done before precinct structure plans are approved to ensure that we know exactly what will be required for the management and the growth of those corridors. That is what the growth corridor plan work is about. We have commenced that work and the precinct structure plans within them to the extent that there are now 35 000 lots of land that are on exhibition as part of that growth corridor work. That work will obviously be coming to fruition in the next year.

That work will obviously match the government's reforms to the growth areas legislation, which is important because it cuts down the requirement on those to pay an up-front bill, and, more to the point, removes from the growth areas legislation the growth areas charge on schools, particularly independent schools, so that people can build those schools earlier than would normally be the case. Removing the growth areas charge of an independent school in one instance in Pakenham that I am aware of has meant that an independent school has not had to pay a bill of around \$1.25 million to the government. Indeed they can put that resource back into the school to ensure that it is built earlier than would normally be the case. While it was a fight to get those changes through, I would say that it is one I am certainly very proud of, because I believe it will lead to, certainly in the independent school sector, earlier delivery of education service for those growth areas than would normally be the case.

In answer to Mr O'Brien and to conclude, certainly the work around the growth area corridor plans is very, very important; removing the growth areas tax off schools has been exceedingly important; development of works in kind will obviously be an assistance with infrastructure through those areas; and a multipronged approach to land release, urban renewal and activities area growth will provide Melbourne, in time, with a way to manage metropolitan population growth that is remaining at very historically significant raw level rates.

Mr O'BRIEN — A follow-up or the second part of that, I note that you might have a look at that last slide you have, 'Metropolitan planning strategy — a vision for Victoria'. This has been a pet topic of mine in my former life, particularly the criticisms of Melbourne 2030 as being in a sense too Melbourne-centric. You have talked about the Melbourne metropolitan planning policy, which has been drawn up. I ask you, with reference

to that slide and your previous answers, what relationship will this have to the regional growth plans that you have talked about?

Mr GUY — Obviously Mr O'Brien, from a western Victorian electorate, would have a lot of interest in their relationship to it, and so he should as a local MP. I congratulate him for that interest and thank him for that interest. For the first time the regional growth plans are being done at the same time that we are doing a metropolitan planning policy.

The point of that should not be lost. What we are viewing the metropolitan planning strategy as is the ninth regional growth plan. Melbourne's planning strategy is not being conducted in isolation from what we are doing in regional Victoria, and the work that is being done with a number of councils, particularly in the G21 area, to bring forward those regional growth plans early and with a relationship back to the metropolitan planning strategy is very, very important. What it does is it means for the first time we have a planning strategy in Melbourne that is being conducted predominantly through the departments of planning and transport together but that also has a very strong relationship back to regional Victoria.

It is certainly not lost on you, Chair, and indeed Mr O'Brien that 86 per cent of our state's population lives within 100 miles — 160 kilometres — of where we are right now. If you go to Gippsland, that is Traralgon and everything inwards; obviously for Bendigo, everything inwards; Euroa, everything inwards; and beyond Ballarat and indeed Geelong, so Victoria's population compared to other Australian states is quite central. That means we cannot conduct a planning policy for the central part of that population corridor in isolation. The regional growth plans, as I said, are certainly being conducted in a framework of collaboration with other councils and other growth plans but also with Melbourne, and I believe that the final product when the metropolitan plan is released and all the growth plans have been released will lead us to a position where there is a state plan for managing Victoria's population growth into the future that is consistent, reasonable and sustainable.

Mr PAKULA — Minister, I want to go back to the question that Mr Scott asked about the overall reduction in the department's output for 2012–13 from the 2011–12 year, which is, depending on whether you look at the original budget or the expected outcome for 2011–12, somewhere between 27 and \$30 million. In the state's regions in the last week or two there has been obviously some consternation about the closure of some DPI offices and some concerns about the potential impact of TAFE cuts. In your portfolio there are obviously regional planning offices. Are you able to provide those regional communities some reassurance that there will be no prospect of those regional planning offices either closing or merging as a result of savings in your department?

Mr GUY — Chair, I thank your deputy for his question and can advise the committee that the government has no intention of closing any regional planning offices.

Mr PAKULA — Just to be specific in terms of closures, I anticipate that includes mergers. Specifically the communities of Wangaratta, Traralgon, Geelong, Bendigo and Ballarat, are they entitled to be reassured by the commitment that you have just given that those facilities will all remain open?

Mr GUY — Chair, there is no town now that has a regional planning office that will not have one after this budget.

Mr PAKULA — We are already after the budget.

The CHAIR — It has not yet been adopted. Minister, moving on, I refer to BP 3 and commentary around performance measures in regard to your portfolio and in particular ask in respect to the coming financial year and the focus on housing affordability: could you outline in relation to the strategies that have been in place previously how they have worked and will they be continued as a result of this budget?

Mr GUY — Chair, thank you for that question. You do raise a key point, and that is around affordability. As you would probably know, when I became the minister there were situations in regional Victoria, and I think one of them was Sale, where there were just seven lots of land left in the town boundary. That has a huge impact upon affordability and a huge impact on a price-competitive advantage that some of those regional Victorian towns have against Melbourne.

I think all of us on this committee and indeed in the Parliament would be very comfortable with some of that population growth that I have talked about to date having incentives to, rather than continually grow in metropolitan Melbourne with its existing suburbs or new suburbs, go to regional Victoria. One of the ways of doing that is of course through land supply. Just to take the Gippsland example as one, this government has brought forward and I have brought forward more than 700 hectares of new land in around Traralgon, Moe, Morwell, Churchill, Newborough — areas which are, as I said before, within a commute of the eastern suburbs but importantly in an area where there is the ability for strong employment growth into the future. The railway, the road and now the airport of course out of Traralgon are all easily accessible.

That means that a place like Gippsland, Mr Chair — and I will obviously use that as an example for you as one of the local representatives — has a huge future ahead of it when it comes to affordability. It can provide an affordable advantage to a couple who might want to have a change of life earlier with their children to live in a regional Victorian town, or indeed close to a town but not in it, that they would not have normally had. That is why the government has pursued affordability, particularly in regional Victoria, as a key objective.

In the Melbourne metropolitan area, as I mentioned before, on becoming the minister I found some examples where in some of the fastest growing growth corridors in Australia there were only two players — that is, two developers active in that market. That has huge implications for price. Clearly if there were fewer people competing in a growth corridor that has comparable growth between Brisbane and the Gold Coast — in fact in two of Melbourne's growth corridors faster — that means that prices will obviously soar. One of the government's objectives has been to bring forward those precinct structure plans so that we have more developers active in growth areas.

Yes, we acknowledge supply has certainly gone up at a time when demand has fallen, but as the laws of economics 101 would certainly tell any of us here, where you have an increasing supply and a reducing demand, the impact on price is going to be only beneficial to those who are choosing to buy land. It has not been a surprise to me to see that the average land lot in metropolitan Melbourne has come down around \$20 000 in one year. That is of course good news for consumers — those who want to get into the housing market. No, it is not a silver bullet. It is not going to solve every issue and, yes, of course there are infrastructure issues that then follow urban development. I know all of that, but at the end of the day the government does need to focus on affordability and supply as well.

As I mentioned before, there are over 35 000 lots of land that the government has on exhibition at the moment to assist with affordability and affordability aims. I will run very quickly — I do not want to take too much time — through some of those for you. The Manor Lakes precinct structure plan will accommodate 4850 new homes; the Botanic Ridge precinct structure plan, around 9000 residents; Diggers Rest, around 10 500 residents; the Lockerbie precinct structure plan, 30 000 residents; a town nearly the size of Traralgon, Lockerbie North, 13 000 new residents; Merrifield West, 20 000; the Rockbank North precinct structure plan, 6500; and of course Toolern Park, around 1600 new residents. None of those will be developed overnight; most of those will take 20 years to be developed. But what they do do is put out into the market a large amount of land that could keep Melbourne's prices competitive and indeed a lot lower than other cities along Australia's eastern seaboard, and it means that within the existing urban growth boundary we have the ability to provide an affordability advantage that other cities do not have, and importantly, we have the ability to provide market competition that will keep those prices low, which will only benefit those who want to purchase a new home.

The CHAIR — Minister, very quickly, following up on the land supply issue, last financial year you had a program of achieving 50 000 lots. Is that again your objective for this coming financial year?

Mr GUY — Chairman, there is no doubt that the government wants to keep going with a program of precinct structure plans and land supply that matches population growth. Our view is that the Project 50 000, of which a lot those 35, 36 000 lots on exhibition will form, has been a real success in terms of achieving, quietly achieving, what it was set out to do — that is, a competitive land environment at a time where demand was not as strong as it was over the last five years — but importantly, what it will do is that in three and four years time, when those precinct structure plans are through the system and a number are on the market, when and if our economy in terms of the land sales picks up to the extent that it was four or five years ago, we will be ready. Our city will be ready, our regional cities will be ready, the regional growth plans will have us ready and indeed our state plan will have us ready, and that will put Victoria in a much greater competitive advantage, both for affordability and economically, than any other city on Australia's eastern seaboard.

Mr SCOTT — Minister, I refer you to budget paper 3, page 211, and to the output of local governments undertaking work to support strategic planning for coastal settlements. Minister, last year you advised PAEC that detailed coastal mapping of Victoria's coastlines in preparation for storm surges and probable sea level rises would be provided from the last budget. I will quote your words:

That money has been provided in the budget; we take this issue seriously so therefore we have provided those moneys and will be endeavouring to get on with this work as quickly as possible ...

The CHAIR — Mr Scott, do you actually have the Hansard reference, by the way?

Mr SCOTT — Yes, that is from page 12 of the previous year's hearing. Where is this information?

Mr GUY — Well, Chairman, as Mr Scott would know, this is not a one-year program. What the government has done is worked with other departments, particularly DSE, in ascertaining a coastal policy which is one that will be long lasting, similar to what Ms Hennessy asked around ports and the ports and environs report. The government has material that is being formed from the work that has been done over the last 12 months, and it needs to be brought forward in a manner that is consistent — not just for one part of Victoria; obviously for the entirety — and it is our intention to get on with that, certainly within this calendar year, and to make some announcements which will provide greater clarity for all councils in that time.

Mr SCOTT — By way of clarification, will the work be completed within this financial year? You indicated it would be started this financial — will it be completed?

Mr GUY — No, it already has been started. There will be a public announcement certainly around the government's coastal climate change policies in the coming calendar year.

Mr SCOTT — The calendar year? You said 'calendar year'?

Mr GUY — Calendar year, so 2012.

Mr MORRIS — Minister, can I refer you to — —

Members interjecting.

The CHAIR — Mr Scott, what was the point of clarification?

Mr GUY — I said, 'calendar or financial'.

Mr SCOTT — That it was the calendar year rather than the financial.

The CHAIR — Start again, Mr Morris.

Mr MORRIS — Minister, could I refer you to budget paper 2, page 29. There is a reference there to the Small Lot Housing Code, which is about simplified rules for developments on lots of under 300 square metres. What I am interested in, in this space, is how the government is particularly seeking to achieve greater housing densities in growth areas where, self-evidently, greenfield sites are being built upon and, I guess, theoretically higher densities are easy to achieve.

Mr GUY — Thank you, Mr Morris, for that question. He states very rightly that it is easier in many instances to achieve a greater density in a growth area, although it has to be in an area and in a manner that is obviously going to be able to be marketable and indeed what the community will want in those areas. I did note of course earlier that Mr Pakula, I think it was, asked me about code assessment. This is an effective code in itself. The small lot housing code, to which you refer, Mr Morris — through you, Chair — will indeed simplify rules for single dwellings on lots of less than 300 square metres; it will remove the need for a planning permit and therefore reduce time and cost for home buyers in those precinct structure plans.

What it does, Chair, is provide for our growth areas to have a mix of housing density that will relate back to what I started with — that is, the *Victoria in Future*, where we will have a requirement for a greater mix of housing choice in those precinct structure plans. There is some suggestion from people that we should achieve a blanket level of density in growth areas that should be much, much higher than what it is now. At the end of the day we need to be pragmatic and sensible and acknowledge that our growth areas are very different to areas in

existing urban areas. They are not areas where people go to move into high-density accommodation, in the main. But there does need to be the ability for a mix of housing to be around, whether it is an employment centre, whether it is shops — smaller shops — or whether it is a transport interchange that may be in a defined activities area.

That is why I have brought forward the Small Lot Housing Code, to achieve that greater level of density in our growth areas that will complement the general low-density style of accommodation that exists on the edges of Melbourne but, more to the point, will at least provide the ability for greater densities to be achieved in our growth areas rather than a simplified version that achieves one style of housing. Eliminating the need for a planning permit for those dwellings under 300 square metres will be much easier and faster for a lot of Victorians to become a homeowner. The code is being designed to apply to any area where there is a new precinct structure plan being created in the urban growth zone, so the 35 000 or 36 000 lots that I talked about earlier out through those precinct structure plans earlier will have the ability to consider it. If a builder complies with the small lot housing code, a permit will no longer be required for a building of a single dwelling on those lots below that amount.

So it is a reform that acknowledges that our growth areas will have a very different style of accommodation through them. It is one that acknowledges that going forward our growth areas can accommodate greater densities in certain areas, but it is also one that is pragmatic and acknowledges that simple one-size-fits-all requests to increase density in growth areas is not the answer. What is the answer is a pragmatic approach, the approach that will allow people to build in certain areas. Whether it is an activities area or an employment node, that certainly gives them that opportunity to have density but then of course preserves what many people move into a growth area for, and that is a detached home on a block of land.

The CHAIR — Thank you, Minister. We might take a short adjournment.

Hearing suspended.

The CHAIR — Before we proceed any further I just need to make an observation. These are formal proceedings of the Parliament of Victoria. This is not a public meeting. Anybody who thinks that they can participate in any way and who is not a member of Parliament or a witness before this committee is confused and should, if they wish to have a discussion with members of Parliament, make appropriate arrangements to do that elsewhere. It is entirely improper to disrupt the proceedings of the budget estimates hearings of the Parliament of Victoria. Should there be a recurrence of that activity, any person who is involved in that disruption will be dealt with in a most appropriate way.

I intend to proceed and call Ms Hennessy.

Ms HENNESSY — Minister, just in relation to budget paper 3, page 212, it identifies an output target regarding critical stakeholders being effectively engaged in the metropolitan planning strategy. I was just wondering if you could talk us through in a practical sense what the opportunities for community consultation will be?

Mr GUY — I thank Ms Hennessy for that question. One of the things the government is very keen to do is get on with the task throughout the remainder of — not just the next financial year but obviously the month that is in this financial year about talking to Melburnians around metropolitan planning policy. We actually are very keen to engage Victorians, and indeed councils, around a metropolitan planning strategy and how it is going to be implemented. One of the things we have said very publicly, and I will say it again for the committee's benefit, Chair, as you would know, is the government has recently launched www.planmelbourne.vic.gov.au, which is the start of the online consultation and communication with Victorians around the metropolitan planning vision, indeed how people can have their say and how they will have impact to some of those discussion papers that will soon be presented.

The other, of course, will be the public consultation, which will begin in the next financial year. I am very keen to begin that fairly shortly. Chair, we will engage councils, and indeed have had discussions with a number, and some of the industry groups and organisations around them being a part of the engagement process, not just with them but with all Victorians around their vision for metropolitan planning: where they see our city going, where they see it growing, how they see it growing, the style, as we talked about earlier, the small lot housing code and of course the tools to make that happen.

The metropolitan planning vision is one that, as you have rightly pointed out, has an allocation of money put towards it. The public engagement strategy, with town hall meetings in some instances and of course the online forum, will complement the work that has been done certainly to the end of last year when the transport minister and I invited and met with upwards of, I think, 50 councils from around Victoria. I have left out the secretary, Mr Tongue, who is here with me and also came along to all those meetings. They were very productive. They were about sitting down and speaking not just to industry groups but to regional councils as well. We went to Geelong, we went to Bendigo, we went to Traralgon — on the train, I might add, to Bendigo — and had those meetings where we sat down and listened to people about what Mr O'Brien asked earlier around how regional planning and regional growth plans also fit into a metropolitan strategy.

In the next financial year, as you rightly point out, that money has been allocated to begin the process of more formal and more obvious discussions. That will continue, and certainly through the online material, the online consultations begun through the Plan Melbourne, whether it is Twitter or Facebook, and of course the feedback, there will be that physical interaction which will come and will go on for a long period of time — upwards of 10 or 11 months.

Ms HENNESSY — Just a quick follow-up: when would a community member, as opposed to a council or an institutional stakeholder, be able to anticipate being able to attend, for example, a town hall meeting or a community consultation to discuss, get information and express their views?

Mr GUY — That is a good question. We are working with a number of councils right now to begin some of those town hall meetings. So people can certainly come along face to face and have their say, and they will be able to do that on a number of occasions; it will not just be a one-off, it will be a number. That will complement the online, and I certainly acknowledge that not everyone has access to online feedback; I know that, and that is why we will have the physical meetings where people will definitely be able to come along and have their say. We are working with councils right now to begin the process of how we do it properly and how we can get on to that fairly quickly. Again it will be in the new financial year; it will not be in the coming month, but it will be early in the new financial year.

Mr ANGUS — Minister, I refer you to budget paper 3, page 212, and in particular the major outputs there in relation to timeliness in planning scheme amendments. What is the government planning to do as an output from the 2012–13 budget to focus on reform of the planning system and in particular reform to the planning scheme amendment process?

Mr GUY — Chair, Mr Angus asks some very good questions around the reform of planning scheme amendments. As members would probably know around this table, planning scheme amendments can be very open-ended. They can last for a long period of time, and not just at the council end but at a departmental end as well. When I came to government I found a pile of, I think it was, around a hundred planning scheme amendments that simply had not been given authorisation by the previous minister. So we sought to put in place a working practice in the department where those, unless they were controversial, would be approved in a number of working days. Prue, was it 5? Am I correct in saying it was 5, or was it 10 working days?

Ms DIGBY — Ten.

Mr GUY — Ten working days, I apologise. So those would be signed off and at least the councils would have certainty that they could begin the amendment process. That was just one example of an open-ended process where councils and even communities had no knowledge of how an amendment was going to track. How long would it take? When would they get an outcome? What is the outcome going to be? At the end of the day if there is a decision that is either in favour of or against what a person, a council or a community wants, we need to get to the stage where a decision is known and that decision can be based on its merits, or the debate can at least be had on its merits by the council.

That is why we instituted the Victorian Planning System Ministerial Advisory Committee. It has a long name, but it had a number of key people on it from council, industry — a range of backgrounds — governments, who have a really detailed knowledge and a long history in the planning system in Victoria. That was about 12 months ago and obviously it has reported to government and made a number of findings. A couple of those — three, four, five, six, seven, eight of those — are in fact in relation to the amendment process.

The government agrees with a number of those processes — not all of them, but a number of them — to streamline planning scheme amendments so that we can actually get time limits attached to them. We are working at the moment internally around the enforceability of some of those time frames but also to provide a level of certainty not just for the community or for a submitter but also for councils, because sometimes they can go through the planning scheme amendment process and it can sit with government for a long period of time. That is unfair; if a council has worked on a planning scheme — and Mr Morris would know this as a former councillor — that council needs to be given an outcome themselves. We are working from the recommendations of the VPSMAC, planning system ministerial advisory committee, to ensure that the amendment process is certainly giving a lot more certainty to the process and how it operates. I have articulated it in a number of forums, and I say it again today. It is a good question you ask, and of course more detailed information has come out through the committee's report. It is one that in the new financial year I will be focusing on.

Mr PAKULA — Minister, I just want to follow up your answer to the first question I asked you about Code Assess and community consultation rights. Your answer, as I recall it, was that the legislation will be silent on that point. I just want to understand what that means in practical terms for the community. Does that mean that once code assess is in — legislated, regs done — community consultation rights will be unaffected, or, as regards code assess, will they be extinguished? What does the silence of the legislation mean in a practical way for those community consultation rights?

Mr GUY — I take it, Chairman, Mr Pakula is talking about the code assess model as put forward in the reform of the planning system from 09, or is he referring to a DAF model or a RiskSmart model?

Mr PAKULA — I am referring to the model you are intending to implement.

Mr GUY — As I said, Code Assess does not talk about third-party appeal rights; the legislation is silent on that. Code assessment operates within what the mechanism is in a zone, and that is why I asked for clarification on which part you mean, because through the mechanism in a zone is how a code assess system works. Why I say the legislation is silent on the key point that you raised is, if I understand what you are asking correctly, it does not mention it. It does not need to mention it because obviously it is a zone requirement rather than the code. It is simply a head of power.

Mr PAKULA — I will just ask a follow-up. I suspect the minister is aware that he is asking me for a level of detail that I probably do not possess, given that I am not the planning minister nor am I the shadow planning minister.

Mr GUY — Would you like to be either, Mr Pakula? You are welcome to — —

Mr PAKULA — I would rather be any minister rather than any member of the opposition. If you are offering, let me know.

Mr GUY — I will have you in for a day. How about that? He has been a minister; he understands.

Mr PAKULA — Let us talk about residential development, as we talked about earlier. I tell you what: rather than answering a question, why don't you tell me how it will work in regard to the ability of the community to have a say in residential developments or residential changes that are dealt with under the code assess regime.

Mr GUY — Chair, Mr Pakula would certainly be aware that there is a code that already operates in Melbourne, ResCode. There is a code that is already in operation and has been there for some period of time. As I said in response to I think it was your question — I think it was to you earlier — in a general residential zone I do not see a code assessment model being brought forward. It is for simple applications, not for technical applications.

So where we have, as I said before, those small-scale, low-impact applications, that is where I see in a residential area a code assessment model being brought forward, and that might be for a pergola or a home extension. If you look at some of the stats around home extensions, for example, home extensions constitute around 20 per cent of the 55 000 permits that go through the planning system every year. Not all may go through a code assess regime. A pergola is a good instance, and I think this was mooted by even the previous government themselves when in office. A pergola is one where, at the moment, I think that if you meet a

council requirement and if you meet all the council guidelines, councils want to have an ability to get such permits through quickly rather than having strategic planners tied up on work that will last sometimes months simply to get a permit through for a pergola. I think councils actually want to have resources to focus on an activities area or on residential neighbourhood character or what our new zones will be able to give them, which is a low-density residential zone in the city, which is what they have been crying out for. They want to be able to have the time to do that strategic work.

In regard to what we have sought to do in a residential area with code assessment, I say there are three different models, because there are three very clear different models: the model of the previous government of Victoria; the RiskSmart model that operates in Brisbane, which is a little different; and what is called the DAF model of the Labor government in South Australia. We have all got different systems. But I see, as I said, the model in Victoria, certainly for those low-impact permits, as was mooted last week, being very straightforward. That can assist not all, but certainly up to 20 per cent of those permits in Victoria, where councils really just want to get on with the job to allow the other 80 per cent to be decided on merit or to be looked at properly rather than going through a three or four-month planning application for a pergola or for a home extension which may come under the ResCode system and can be dealt with fairly quickly. I think that is where the vast majority of Victorians want to have a say on planning — it is not around somebody's pergola or home extension, it is around whether an 8-storey building can be built next to them, for instance. That is where they would have a say in planning rather than someone's backyard in Melbourne.

Mr O'BRIEN — I would just like to take you to your presentation, where you mentioned productivity reforms and key achievements under productivity and employment growth, including providing \$1 million to VCAT to reduce the planning list backlog and establishing the \$2.8 million Flying Squad in the 2011–12 year. I ask: what reforms is the government planning on implementing in the 2012–13 year that will assist in speeding up the planning system as a whole, and will these have a positive impact on jobs growth and investment in Victoria?

Mr GUY — As Mr O'Brien rightly points out, we do need to have a focus on looking at speeding up some of the delays in the system, not at the expense of compromising the planning system in Victoria, but one where we can actually get outcomes to our planning decisions earlier than has been the case in the past. One of those I wanted to point to in response to Mr O'Brien was the reform of VCAT in terms of providing extra money — an extra \$1 million — that the Department of Planning and Community Development generously provided to our friends in Justice for VCAT so that the planning list can at least have around 800 cases that are in a backlog situation determined. Whether they are determined for or against or this changes is immaterial. People want to be able to have those matters dealt with and determined. I think that is fair and reasonable.

One of the other things we are doing for the community's benefit is looking at alternative funding streams for VCAT, so that I do not have to find an extra \$1 million again to put into VCAT. Indeed I think it was Mr Hulls, as minister, who also had to find extra money to put into VCAT to do exactly the same as me to eliminate a hearing backlog that had occurred. We have set forth to establish a working group within the department to look at methods that might be able to assist with an additional funding stream that comes on top of the recurrent funds that are provided by DOJ to operate VCAT. That is going to be wise, it is going to be sensible and it is certainly going to assist with providing a determination to a number of hearings that are sitting in a delayed position at the moment.

As I said, there are now 1800 cases waiting to be heard at VCAT. This is an unacceptable position — people waiting nearly 12 months to list a case at VCAT. I think that, again, irrespective of the merits of an outcome of a VCAT determination, everyone deserves to have their day. You would appreciate, Mr O'Brien — through you, Chair — that people deserve the right to have their case heard and a determination made in a fair and reasonable time frame; waiting 8 to 12 months is not a fair and reasonable time frame. I would like to see this money and the reforms around additional funding streams get the planning list at VCAT down to a more reasonable level — a matter of two or three months or maybe less — but one which is actually reasonable for people rather than the 8 to 12 months which is now being sought. I think in doing so, that again will provide a great avenue and strength in the Victorian planning system that will assist our system being seen as a leader in Australia rather than dragging the chain. I do look forward to those additional funding sources being identified over the calendar year.

Mr SCOTT — Minister, I refer you to budget paper 3, page 209, which deals with the growth in the supply of land and the provision of infrastructure to support that growth. Further I note that the Logical Inclusions Advisory Committee report, submitted to you, I think it was, in about November last year, has yet to be released. This report contains recommendations regarding development on green wedge land. Communities in Pakenham, Doreen and Point Cook all have infrastructure needs, like bus services, schools, roads and health centres. Before you give the green light to the development of thousands of new homes in their communities, will you address the current infrastructure needs in their communities?

Mr GUY — Before I answer that question, I think I should provide clarity to Mr Scott's question and just point one thing out: the logical inclusions program has nothing to do with the approval of precinct structure plans. So to say that the Logical Inclusions Advisory Committee is looking at the rezoning of land for housing developments — or I should say the approval of development plans — is not the case. What the Logical Inclusions Advisory Committee was charged to do was to assess the urban growth boundary program through 2009–2010 and see if there was any ability or any necessity or any want by councils and the Growth Areas Authority that might want to see any extra parcels of land added to the urban growth boundary in our growth area municipalities. Adding those to the urban growth boundary does not mean the approval of a development, so any land that might come through the logical inclusions process I would suspect is more than a decade, if not more, away from being approved on a precinct structure plan — some time away. Noting that, the logical inclusions process is one that in terms of probity is quite ahead of anywhere else in Australia, Chair, and for Mr Scott and the committee's benefit I will inform you of it.

What we had, as I said, in 2009 was a situation submitters were asked to offer their land as suggestions for inclusion in the growth boundary to the department. Those decisions were made and the bill was then brought to the Parliament, as you know, Chair, to be ratified. What we have done is to not open it up all over again but indeed to reassess bids which had already been made to the previous round of growth boundary inclusions with the support of councils and the Growth Areas Authority, which then made a submission to an independent advisory committee, which then provided a report to myself which was then sent to the department, which was overseen by a probity auditor. There are a lot of checks in there, deliberately — a lot of checks in there — in fact more checks on any growth boundary expansion than anywhere in Australia.

It is quite worthwhile to raise an issue, for instance, around Point Cook, because the growth boundary has not been expanded in Point Cook since I have been a minister, and nor have I approved a single precinct structure plan in Point Cook since becoming minister. But as you indeed, Ms Hennessy, and others would know, there are a number of infrastructure issues that need to be addressed around Point Cook and this government has said publicly we do not rule out any discussion or any option when it comes to addressing those infrastructure points first before we move on any development application or precinct structure plans in those areas. We need to have a strategy to resolve those transport matters, and we are committed to doing so.

The Logical Inclusions Advisory Committee did make a report. It has been sent to the department for final verification. It is going through obviously the probity checks, as you can imagine, from a probity auditor. I do not want to interfere nor speed it up nor comment on it in terms of internally; I want this to be removed from myself until it comes to me with a departmental briefing attached. That is what I believe is a good process, a very clear process and one that removes the minister from any suggestion or any obvious level of participation in nomination of land, because clearly we have a number of checks and balances there that do not exist certainly anywhere in Australia and certainly did not exist anywhere in the past in Victoria when it comes to bringing in land, I think it will set a very good example for probity going forward.

Mr SCOTT — Just to clarify one matter, I know you say that in terms of the release of the mentioned report that you were not taking any steps to speed up the process. Is there an expected time line? I am not suggesting that you are interfering in that, but is there an expected time line to the release of that report?

Mr GUY — Chair, if I give an answer on that I will probably compromise what I just said earlier, so I would not want to give a definitive answer on that. I do not mean to be evasive, Mr Scott; I really do not. I am saying that in the sense of I do not want to give an outline of something that I believe should go through a level of discussion before I make comment.

The CHAIR — Minister, BP 2, page 30, refers to planning reform, and I ask you, Minister: can you outline for the committee in relation to your plans that you have in regard to streamlining and improving the system of developer contributions to give a greater degree of certainty to councils and developers?

Mr GUY — Chairman, developer contributions, as you know, are an issue not just in Melbourne but right across Victoria nowadays, particularly in what are called the peri-urban areas, such as Moorabool, Baw Baw and the northern part of Mitchell. They are areas which have traditionally been farming — and you would no doubt remember many of them as farming areas for a long period of time — but which are now seeing considerable growth in population around those town centres. So one of the issues the government was faced with early on and I was faced with was to reform the system of developer contributions.

Again it was not an easy thing to tackle, but it is one that I think was very necessary. It was necessary because in growth areas the precinct structure plan process is one that is fairly definitive and involves a lot of steps — too many steps in my view, and I will get to that in a number of months — but it is one that is certainly set out. Councils have an ability to go forward and work through local developer contribution plans with the Growth Areas Authority for what they will require for local infrastructure, local transport upgrades, it might be open space, it might be sports facilities — all of those things. That can be resolved well through what is called a DCP, a developer contribution plan, in the outer urban areas through a precinct structure plan in a formalised manner now. It does need improvement; there is no doubt about that, and we intend to improve it.

But more importantly, what was missing in that equation was a similar ability for local councils to put in place a regime of developer contributions that were set and structured and, more to the point, cost effective for them, that could manage those peri-urban areas and regional areas. Particularly the place where you are from, Chairman, Traralgon, is growing strongly, and I have approved a large area for new residential growth, but they need to put in place facilities that will match the growing community. Indeed to the north of Bairnsdale, where there is a new urban area that has opened up on the hill, a developer contributions plan was set aside that has created a number of key open space playgrounds and other requirements that has made it a beautiful area to live and raise kids. Eastwood is the development.

So we have sat down and worked with the department and indeed involved the municipal association, Regional Cities Victoria, the Peri Urban Councils Group, Rural Councils Victoria, the Growth Areas Authority, the master builders association, the property council, the urban development industry, the Housing Industry Association, the planning and environmental law association, the planning institute and of course the government to work out what is a better long-term model for developer contributions that will outlast all of us in this job.

We are at a stage where that working group has concluded, and the government in the next financial year will be making a number of announcements around developer contributions that will streamline that system but indeed provide by the end of this calendar year a degree of clarity to regional councils in peri-urban areas that they have not had in the past. Instead of paying consultants and others to formulate a developer contributions plan that may cost them tens of thousands of dollars, they will soon have the ability to have an off-the-shelf model with off-the-shelf pricing, if you like, for certain items. That will give those councils the ability to put in place a developer contributions plan so that their communities can grow and know that they will get local infrastructure and transport infrastructure within those new urban developments across regional and peri-urban areas that does not sacrifice their livability but also increases the amenity for those who would like to move to those areas.

Ms HENNESSY — Minister, as a follow-up to that question, you were talking about the impact of DCs in peri-urban areas. I would like to ask you about protection of agricultural land in peri-urban areas. You are probably aware of a DSE report in 2011 that found that land development in the peri-urban regions would see a 95 per cent increase in private dwellings by 2040, at which time the report says ‘agriculture in the peri-urban region will be severely compromised or substantially cease to function’. I was wondering what you were doing to make sure that that is addressed and that peri-urban land is in fact protected, particularly in relation to agricultural land use.

Mr GUY — That is a very good question because what we have, as Ms Hennessy quite rightly says, is peri-urban areas of Melbourne which are changing exponentially. The demand for residential growth in a number of them is unprecedented. If you look at the Moorabool area, particularly around Bacchus Marsh and

Ballan, there is no doubt that those areas are changing. As you, Chairman, quite rightly said in your previous question on developer contributions, we have to do two things. One is to resolve the ability for those councils to have a developer contributions plan that can bring forward the infrastructure in their new residential areas. But, as Ms Hennessy quite rightly says, there are existing agricultural areas that do need to have a level of protection within them as well.

One of the key factors on our reform of zones, which will soon be released — it has taken a long period of time, but I have spoken to many councils, particularly in country Victoria; I have been to Serviceton, I have been to Lakes Entrance and Bairnsdale, I have been to Echuca, and I have been to Warrnambool and Portland talking about this issue with regional councils and of course the peri-urban group as well — is the use and the ability for councils to have in their farming zone greater as-of-right protection for those who want to engage in agricultural industries. Chairman, I could not agree more.

I think there is an absolute necessity to provide, both in the preamble to our farming zone and also in the operation of the farming zone, an absolute level of protection for those who want to engage in agricultural industries within a farming zone. People need to understand that if they move into a farming zone in a hobby farm situation, a farming zone is a working zone. It has sight issues, it has smell issues and it has stock movement in some cases. Farming zones are working zones.

I do support councils having a greater degree of flexibility around how they manage the zone. For example, when I met the West Wimmera shire in Kaniva, one of their issues with the farming zone was a couple who have been operating a farm machinery repair business south of Kaniva. That was their income for the last 10 years because the farm was obviously producing very little throughout the drought period. Technically that use is prohibited. If the council had enforced the zone, they would have booted these people off and they would have had no income and the farm would have been sold. I do not think anyone wanted that as the outcome. What they wanted, quite rightly, was a degree of flexibility with permits so the council can manage for example the ability give those people a permit to operate in a farming zone while the retention of the farming zone is not compromised.

In the peri-urban areas, as Ms Hennessy quite rightly states, there is an absolute necessity in my view to provide in their farming zones that level of protection and indeed that level of certainty to those people who want to operate an agricultural industry within it so that they can have the protection from state government in the zoning, the intention of the zone and indeed the workability of that zone, irrespective of others who may work or choose to move in it. I think it is a good question, and it is one that you will see action on very soon from the state government.

Ms HENNESSY — A quick follow-up, Minister. That 2011 DSE report also recommended that policy must include the prevention of increasing fragmentation of land-holdings. I was just wondering what your response to that is in the context of the emergent policy settings that you have foreshadowed in the course of your evidence here today.

Mr GUY — One of the issues around the operation of those farming zones in the rural sector is around giving councils the right to manage their farming zone. I do not think if you have an overarching state policy, that necessarily works. The example obviously being, as I just mentioned, around state policy to protect agriculture nearly had a couple kicked off their land in Kaniva because their work was prohibited use.

Similarly there are areas, say for example around the shire of Loddon, in which I was recently, where in what was formerly agricultural land, which topographically and for a range of other reasons now is deemed unusable, the council does not want to compromise its farm zone in the northern part of its municipality, not at all. They know that farming is the economic lifeblood of their shire. If they compromise their farm zone and put 600 or 700 houses over it, it would be worthless. You might get a few extra rates from a couple of houses, but you would compromise your farming zone. They know that, but there are areas — small areas — where they do want to have the ability to be pragmatic around their land use strategies and use a low-density residential zone or other mechanisms. That level of pragmatism I support and will be reflected in some of the zoning changes, but in terms of the level of support for the retention and the intention of the farming zone, that would certainly be enhanced.

Should someone, as I said before, move into a farming zone, they will know that they are moving into a working zone, and the ability for then, hypothetically, a hobby farmer to take his neighbour to VCAT or to the council over stock movement, over sight issues, lighting at night, spraying, smell, will be limited to the extent that the zone will be very clear about its intent, and I think that would be very good for agriculture in Victoria.

Mr MORRIS — Minister, can I turn to a very different subject, the GAIC, and the reference is budget paper 5, page 167. Can you indicate to the committee what action the government proposes in the coming year to assist with the provision of what we would all agree is much-needed infrastructure in growing outer urban areas and how it may do that in a more timely manner than has been the practice in the past?

Mr GUY — I have talked about the GAIC a bit today, and I think it is probably worthwhile and it has probably been useful for the committee's information around the growth areas charge and certainly what its intentions are. I think a question was asked of me, quite rightly, by Mr Scott in the last year's committee hearing around — in fact I apologise, it was Mr Pakula — the growth areas charge and how it is operating.

One of the things the government has done legislatively in the last calendar year and will continue into this one, is to change the legislation around works in kind. The whole purpose of works in kind for the growth areas infrastructure charge is to realise state infrastructure earlier than could possibly be the case. Again, it will not be a silver bullet; I know that. It will be part of a complement of policy to realise state infrastructure earlier than can normally be delivered by sitting back and requiring a BEREC bid on every single piece of infrastructure.

For instance, there are a number of areas in the precinct structure plans that I mentioned before where some of the growth areas infrastructure charges are tens of millions of dollars, which can be deferred over the life of the agreement, so indeed it could last for 20 years before the statement of compliance; it could last for a long period of time. What the government is seeking to achieve through works in kind is the ability for the developer to offer — with very strict conditions and obviously being assessed by Treasury and a whole range of other mechanisms which would check what is being offered and indeed the cost-benefit analysis and a range of other things — the ability to realise a piece of state infrastructure in a growth area that would not normally be paid for.

This may result in a railway station, it may result in an upgrade to a freeway, a diamond interchange, it may result in a school, and I think that those outcomes to better use the growth areas infrastructure charge are very important, and they are very important because it means the government has an ability to achieve state infrastructure aims. And this is not about building a playground or a sidewalk. This is about, as I said, major state infrastructure that we can realise a lot earlier than would normally have been the case.

The advantages of works in kind certainly include avoiding the need for things like compulsory acquisition of sites required for public infrastructure and facilities, better value for money from GAIC through the efficiencies of when a developer provides necessary public works as part of their development project, and of course a potential for some to be provided earlier than would normally be the case.

At the end of the day, as Mr Morris asks, it will definitely be a win-win for the community when and if GAIC works-in-kind programs are engaged — none to date, certainly, the regulations around it have not been brought forward. They will be in this financial year, and it will be something, as I said, that will certainly assist, I believe, in areas possibly around Ms Hennessy's electorate and indeed the northern suburbs where state infrastructure does need to be provided to assist some of the growing population.

Mr PAKULA — Minister, I want to ask you about the ease with which local communities can comment on and understand potential planning scheme amendments, and I note that addressing urban renewal design and development is one of the output measures in the budget, in budget paper 3. In regard to Wellington shire, it is my understanding that you got a coastal climate change report back in December 2010. The residents of Wellington shire are now being asked to comment on a planning scheme amendment that will, at least in part, determine the future of development along the coast. It is my understanding that they would like to view that report before commenting. Will they be able to? Will you release that report so that that community can give it consideration before they comment on the planning scheme amendment?

Mr GUY — The details of what Mr Pakula asks about, I will need to better acquaint myself on. I apologise for doing this, but I think if I can, I will take the question on notice and provide you with a proper written reply to it. I think that would properly satisfy what you are seeking.

The CHAIR — On that basis, do you have a follow-up?

Mr PAKULA — Just to clarify: if you could, Minister, in composing the on-notice reply, indicate both whether and when they will receive that report.

Mr GUY — Yes, fair point.

Mr ANGUS — Minister, I would like to refer you to budget paper 3, page 213, planning for growth areas. Is there any update that you can give the committee on infrastructure and growth pressures that exist in the western suburbs — particularly the Geelong Road-West Gate Freeway corridor — and what the government is doing to assist with these growing transport pressures through the planning system? I note that this is of particular importance to my colleague Mr O'Brien, a member for Western Victoria.

The CHAIR — And his interest in traffic management.

Ms HENNESSY — People sit on that West Gate Freeway for a long period of time, too, Mr O'Brien. I know you are down the Western Highway end.

Mr GUY — At either ends of the table, to Ms Hennessy and Mr O'Brien, I have no doubt that it is obviously of a fair amount of interest. I would just say in follow-up to a range of questions that have been asked around outer urban growth and outer urban infrastructure issues, it is something that I am certainly cognisant of and have on my mind when the government is looking at our growth corridor plans.

Recently, members would be aware that the government did announce a study to look at water transport from Melbourne's western suburbs to the city as an input to metropolitan planning policy. The study we have commissioned is not one to say, frankly, yes or no; it is one to say how it can be done and to look for ways to make it happen. We need to get to a situation where there are other methods of availability for people in Melbourne's growing western suburbs to either get to the city but also, through the regional growth plans, to travel outwards, rather than all heading over the West Gate Bridge. This is not an issue that is going to be solved in the next 12 months — far from it. As we all know, it is one that has been created for a number of years now, and it needs a long-term government response to it. The commission of the water transport study as an input to metropolitan planning policy is one that I believe will look at a range of options, both infrastructure and the necessity or ability of where there may be park-and-ride facilities, and of course that will have impacts on Melbourne's Docklands, so it could be a vast change not only for central Melbourne but also for those who are living in Melbourne's west, who do need to have other options for commutable traffic back into the city.

One of the things the government has also done with the Wyndham City Council is put in a bid to the federal government to address the Sneydes Road interchange as part of our Werribee East Werribee employment precinct structure plan. This bid is one we believe would be extremely important to those living in Point Cook, should it eventuate. It does need federal, state and local government to come on board together. It is one that would not only open up the Werribee employment precinct, now known as Werribee East; it is one that would have a huge advantage to those in Point Cook who clearly do need to have a western access point into the city but also into the Werribee East Werribee employment precinct area.

I think that Werribee employment precinct, or Werribee East, area is one that is going to change exponentially in the years to come. It is one that is nearly four times the size of Melbourne's CBD. It is one that could really be a job generator for Melbourne's western suburbs like we have never seen. I know it was championed by a number of MPs in the previous Parliament, and it is one that I think receives very strong support — I hope — from all sides of Parliament to ensure that we get an outcome in that area that can assist with employment growth in Melbourne's western suburbs. Importantly, it will assist with people's necessity not to have to travel for employment to the city every day, but it can truly begin to create a polycentric city in Melbourne's western suburbs, which will also assist with employment growth toward the Geelong corridor so that we do have an integrated employment growth corridor between Melbourne, the central activities area in Footscray, the Werribee East Werribee employment precinct, the Avalon Airport precinct and of course central Geelong. I think that would be very good for Victoria.

Mr ANGUS — Minister, just to follow up that whole water transport idea, given the pressures of growth in other parts of Melbourne, is there any reason that only the western suburbs have been looked at at this stage?

Mr GUY — If I could get one to my own electorate in the northern suburbs, then I would, but I do not have the ability.

Mr ANGUS — Not so much the northern suburbs.

Mr GUY — It is a good question. Obviously the population growth pressures around the west have been unprecedented over the last 10 years. There is no doubt about that. As I have said, I have not approved a single precinct structure plan or expanded the urban growth boundary in those areas, but that does not mean those issues can be ignored. They have to be addressed straightaway. That is what we are seeking to do, and, as Mr Angus rightly points out, Melbourne's west certainly has those pressures at a great level that need to be addressed fairly soon. We do believe that Melbourne's western suburbs should be an area we consider first. They do have a number of areas where existing infrastructure could be upgraded to accommodate either a park-and-ride facility or something more substantial, but it certainly could be brought forward fairly promptly, should we find that there is an ability to do so or that there is a private operator who can do so as well. Those issues will be explored, and, as I said, I think Melbourne's west really does need that attention at this point in time.

Mr SCOTT — I noted during a number of your answers, Minister, you referred to policies designed — and I will quote you three words: 'keeping prices low'; that is, Melbourne house prices. In order to do that I presume you formed some view about the Melbourne housing market. Firstly, is there any departmental view about likely movements in house prices in general terms and, secondly, any measurable outcomes to hold yourself to account to the view of keeping prices low?

Mr GUY — It is a charitable question to finish the day — the final one from you Mr Scott indeed, to provide a check on me. Look, it is a fair question, and I have said our aims are certainly to keep prices competitive with the eastern seaboard; there is no doubt about that. As I think previous ministers, previous governments — plural — would know, market forces and market conditions are certainly outside of a government's remit to control; obviously you have to influence through supply, through an efficient planning system, through timing, through statutory limits and time limits and, of course, through efficient zoning mechanisms. All of those help with the time it takes to bring either land to market or a development onto market, and timing is a huge factor when it comes to cost.

I do not want to nominate a specific indicator, because I do not necessarily think there is one. It is pleasing that, as I said, the portion of the cost of land on a house and land package has fallen 51 per cent down to 46 per cent in 12 months, and land prices have fallen 20 000 to around 200 000 in Melbourne's growth areas. Suffice it to say I would never make a commitment to say that I can personally hold it to all of those levels; I cannot as a planning minister. I can influence policy, and obviously that is what the government does through planning policy, but I cannot control prices. That is how a market economy works. As I said, it is my job to ensure that those operating within the planning system are operating in an efficient system, a system that works well and, as I said, one that is timely and one that will deliver outcomes that can assist in keeping prices low, albeit, as I say, it is something that I do not necessarily want to put a figure on because it is one that I cannot control.

The CHAIR — Thank you, Minister. I am sure Mr Scott would like a follow-up, but he is not going to have the opportunity, because this concludes the consideration of the budget estimates for the planning portfolio. I thank the minister and department officers for their attendance today. I note that at least one question was taken on notice, so we will write to you, Minister, and we would like a written response within 21 days. This concludes the hearing. Thank you very much.

Committee adjourned.