

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 16 June 2004

Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Ms M. Delahunty, Minister for Planning;

Professor L. Neilson, secretary;

Mr P. Jerome, deputy secretary, built environment;

Mr A. McDonald, chief finance officer;

Professor D. Maclennan, chief economist; Department of Sustainability and Environment; and

Mr T. Arnel, Building Commissioner.

The CHAIR — I thank our new witnesses for their attendance and welcome Professor Lindsay Neilson, Secretary of the Department of Sustainability and Environment; Mr Paul Jerome, deputy secretary, built environment; Mr Andrew McDonald, chief finance officer; Mr Duncan Maclellan, chief economist, Department of Sustainability and Environment; and Mr Tony Arnel, Building Commissioner. I call on the minister to give a brief presentation on the more complex financial and performance information relating to the portfolio.

Overheads shown.

Ms DELAHUNTY — It is a pleasure to present to the committee on the planning portfolio. We have structured this in areas of work. One broad area of work is to make Victoria a better place to live and to do business. Our achievements in this area have put in place the building blocks for Melbourne 2030. We have developed and implemented Better Decisions Faster; introduced legislation to allow online conveyancing; approved 105 400 building permits in 2003, worth a staggering \$14.4 billion; developed a plan to protect the Great Ocean Road; and introduced a 5-star energy rating for new houses and apartments. We are promoting sustainability in new neighbourhoods and urban developments; and we have responsibilities in the area of the built environment and the Year of the Built Environment.

We are the world's most livable city. We have the responsibility to keep it that way while we manage both the challenges and the opportunities for growth. We have been working on a very broad canvas, which is Melbourne 2030. We have established the five smart growth committees — Wyndham, including Werribee; Casey-Cardinia, including Cranbourne, Pakenham and Officer; Hume; Melton-Caroline Springs; and Whittlesea. We have provided substantial support for councils, which are our partners in this endeavour. That money is spent on a variety of work undertaken by local councils, particularly structure planning and green wedge management plans. A couple of other examples, to make some of this work real for the committee, are the Western Employment and Industrial Development strategy in Hobsons Bay, Maribyrnong, Melton and Wyndham councils — a joint partnership, and the Maribyrnong Valley Urban Design and Landscape project, a partnership between the Hume, Maribyrnong, Melbourne and Moonee Valley councils. We have finalised the urban growth boundary, and that is now protected through legislation, as are the green wedges.

The final Green Wedge Zones package was released in May with those two new zones. The Urban Development program, a critical part of the work we are doing with Melbourne 2030, is now into its second annual cycle. The government has a commitment to a 15-year ongoing supply of residential industrial land in the growth corridors, predicated on the agreed published work of the urban development program. Transit cities is another important part of our work in planning. Government spending in the 13 transit cities identified has attracted \$1 billion in private investment. As the committee might know, as part of the *Leading the Way* business statement we announced the priority development zone, which is available for use.

Turning to Better Decisions Faster, as the name implies this is about cutting red tape and streamlining planning processes, which it is estimated could save the building and construction industries up to \$50 million a year, which is not an insignificant sum. You can see the budget money there for Better Decisions Faster, particularly prelodgment certification in all councils, reduced and targeted referral requirements, additional funding to the Victorian Civil and Administrative Tribunal, and collection and monitoring of the operation of the permit system, which is a first in Victoria, I understand. The commonwealth's Productivity Commission report into first home ownership said that Better Decisions Faster is 'well designed and focuses on the key issues'. I also recall that that Productivity Commission recommended that other states could imitate Better Decisions Faster. I will make a quick mention of prelodgment certification. It has been very successful in Glen Eira. It has reduced average application times from 160 days and a 73 per cent approval rate to 55 days and a 92 per cent approval rate, and that is what we are funding across the state.

Let me draw the committee's attention to the electronic conveyancing and land exchange. This is the most significant change to property management in the past 100 years. We are the first state in Australia to offer online property settlement. If you are looking at what are now 400 000 conveyancing transactions a year conducted online, it would save more than \$100 million a year. This is a very significant change to the way we transfer and manage land in this state. E-conveyancing is part of the government's \$24 million land exchange program.

The CHAIR — There is 1 minute remaining, if you do not mind.

Ms DELAHUNTY — Thank you, Chair. I just want to mention the environment in which we are working. The Victorian property market is running at similar levels to 2002-03. We have land registry revenue 2002-03 at \$187 million and similar levels are expected in 2003-04. Our online title system means that most of our property transactions can be processed in 24 hours.

We have a very solid and optimistic property market at the moment, particularly in the area of building and construction — a record \$14.4 billion of building activity approved in 2003. That is 105 400 building permits with an approved valued of \$14.4 billion. In October we approved \$1.4 billion worth of building permits. It is a very busy end of the economy. Despite predictions of a settlement or a plateau, April 2004 was the 15th consecutive month of building activity above \$1 billion. You can see both the optimism of the building and construction industry and the pressure on planning departments right across the state.

We can refer to the Great Ocean Road very quickly if required. There are landmark decisions for new rural zones to protect Victorian farmers, who produce \$15 billion-worth of food. There are the details. Victoria will have a five-star energy rating from July 1, leading the nation in that area. The Year of the Built Environment is being led by the building commission. Given we want to keep to time so that we can have plenty of questions, I will leave my presentation there.

The CHAIR — My particular area of interest on the first question is relating to Melbourne 2030. If you look at budget paper 3, page 216, Melbourne 2030 implementation is a key focus. Could you give the committee some information in relation to financial assistance to local government and how they are going to implement Melbourne 2030? If there is a fair bit of financial detail you want to give us, you can provide that information to the committee as well as give an answer.

Ms DELAHUNTY — Melbourne 2030, as you have identified, is a huge whole-of-government policy. It is a strategy for managing the growth of Melbourne in a sustainable way over the next 30 years. We are 18 months into a 30-year plan, the principles of which are well supported across the community. Hard work is required to be done at the local level to transfer those particular principles into local planning policy to provide certainty for both residents and investors. Christine, was your question related directly to local government?

The CHAIR — Yes, local government. I understand grants have been made to local government, and I am keen to know whether all local governments have received that sum and the performance measures you expect from those grants.

Ms DELAHUNTY — There was a tranche of money made available to all metropolitan councils when the Premier launched Melbourne 2030. Then there was a pot of money — \$5.6 million, including \$2.5 million allocated to approximately 40 individual projects. These projects were the subject of a bid, and I referred in my introduction to a couple of examples of work that is being funded where you have more than one council involved in the work. But certainly we have funded around 40 individual projects from individual structure plans for identified activity centres, studies for growth area planning and green wedge management plans. Other examples include a pedestrian study in Knox and an employment study in the western region, a high-density research project in Darebin and Moreland, urban design guidelines and other projects related to various components of Melbourne 2030. You probably get a sense of the breadth of work we have funded with councils through Melbourne 2030.

Of the performance benchmarks I think you would say that green wedge guidelines, for example, are currently being prepared by the Department of Sustainability and Environment for the development of management plans with the relevant councils. The growth area studies are certainly under way. In the five growth corridors they have very detailed terms of reference. Their task is to provide very detailed advice to the government through the minister and to do it with quite a tight time line.

I would have to say that the local government assistance fund is oversubscribed. Councils are at various stages of doing this work. Some are more advanced than others. The municipality of Whittlesea, for example, has had very extensive strategic research and detailed strategy work done, which is a good thing because it is a growth area. They are trying to build communities, not just create subdivisions out there. They are very well progressed, but it varies from council to council.

The CHAIR — If there is any information you want to provide to the committee to assist in the compilation of our report on that we would receive it gratefully.

Mr FORWOOD — The minister has a table she is about to give us that shows us all the money that has gone to all the councils.

The CHAIR — You do not need to read it out.

Ms DELAHUNTY — I am sure you do not need me to read it, but it is a very impressive document because it shows the variety of work we are funding and also the different councils that are receiving the funds. It is an important part of our partnership work.

Mr FORWOOD — As a quick supplementary on that topic, how much has been allocated in the budget this year for the implementation of Melbourne 2030, not just that goes to council but all up? What is the amount of funds that DSE has allocated to spend on Melbourne 2030? You can take it on notice if you like.

Ms DELAHUNTY — We can give you the funding for DSE, but I would make the point, Bill, that there is expenditure on Melbourne 2030 across the whole of government.

Mr FORWOOD — I was after the departmental expenditure.

Ms DELAHUNTY — There is certainly a lot of money through transport, through smart buses et cetera. The funds for — —

Mr FORWOOD — Take it on notice and get back to us.

Ms DELAHUNTY — There is \$1 million for Melbourne 2030 in 2003–04. We can take that on notice.

Mr CLARK — Can I ask whether you are prepared to make public the submissions which have been made to various government planning processes? I refer in particular to the 1500-odd submissions received on Melbourne 2030, the 2700-odd on the rural zones changes and the submissions you received on the urban growth boundary changes, the smart growth committees and the regional housing working groups. Are you prepared to make public the submissions made on those various processes?

Ms DELAHUNTY — The first point to make about that is we have a continuing conversation with the public and key stakeholders about everything we do in planning; that contrasts quite markedly with the approach of the previous government. As the opposition has repeatedly asked, I give the same answer: under the privacy laws we are not able to provide individual submissions to be made public. However, if those individual submitters would like to make their submissions public, they are quite free to do so. We have listed on the web site the full list of the organisations which made detailed submissions on Melbourne 2030. That applies to the work we have done on the rural zones. The rural zones work goes right back to 2001. There has been a series of workshops right across the state; Mr Keaney led the review team. There was a draft report out for consultation and extensive negotiations after that draft report. We are a very open and consultative government and we will continue to do that. We will always follow and respect the privacy laws. If an individual submitter wishes to make their submission public either to the opposition or to anybody else, I am sure they will happily perhaps, or maybe not — —

Mr CLARK — You have the privacy law back to front. If you are publishing the identity of submitters, that is what the privacy law may restrict, but the content of their submissions is not restricted by the privacy law. Indeed, in relation to submissions on proposed planning scheme amendments the Planning and Environment Act requires that submissions be made public. Are you saying that your own act is contrary to the principles of the privacy legislation? If it is good enough public policy to release those submissions, why should you not release the submissions I have referred to?

Ms DELAHUNTY — You would understand that a planning scheme amendment has very clear statutory constraints around it according to the act. That is very different — —

Mr CLARK — The policy principles are the same — the conflict between privacy and publication.

Ms DELAHUNTY — I am happy to answer the question, but I would like to have a fair shot at it. There is a fundamental difference between this and a planning scheme amendment which is clearly constrained by the requirements of the Planning and Environment Act. That is vastly different to the development of a strategy and that is what we are talking about with Melbourne 2030. We are talking about a land use strategy over the next 30 years. That is fundamentally different.

Mr CLARK — The privacy aspects are exactly the same.

Ms DELAHUNTY — You have been harping on about this for quite some time and I give the same answer. That is the advice I am given by our department — —

Mr CLARK — Would you be able to provide that advice to the committee?

Ms DELAHUNTY — And indeed by legal officers. I can only go on that advice. We need to accept the fact that we have a very high-level Melbourne 2030 implementation reference groups which is chaired by an independent chairperson, Bill Russell. I think there are 17 different stakeholders on that committee, all of whom represent — —

Mr FORWOOD — Which Bill Russell? The Property Council of Australia Bill Russell or Professor Bill Russell?

Ms DELAHUNTY — Ex-property council Bill Russell.

Mr FORWOOD — Lyndsay says it is the property council Bill Russell.

The CHAIR — Can the minister have the opportunity to answer?

Ms DELAHUNTY — I have just answered five questions so I am very happy to keep going.

The CHAIR — One moment if you do not mind, by way of clarification on Bill Russell. It is the property council Bill Russell.

Ms DELAHUNTY — He is ex-property council Bill Russell, who is a managing partner of PricewaterhouseCoopers. It is not Professor Bill Russell. We have two professors here, but Bill is not one of them. To finish that point, if I may, since I have been asked several questions, he is chairing the independent reference group which has about 17 different stakeholders, all of whom represent a multiplicity of interests. You have VicRoads and the Victorian Council of Social Service, the property council and Save Our Suburbs, among many others. They are working assiduously because they believe in the principles of Melbourne 2030. I am sure most of those organisations would be very happy to make their submissions available to the opposition. What those stakeholders consistently say to me and to others in government and our officers here is they would welcome bipartisan support. The great planning strategies of the past have enjoyed — —

Mr CLARK — If I cannot see their submissions, I cannot see whether they do or not.

Ms DELAHUNTY — Ask them for them! Pick up the phone and say, 'Hello'.

Ms GREEN — I refer to page 216 of budget paper 3 and two references in your presentation. What progress has been made in implementing the transit cities initiatives and what are the benefit flows to the communities in these areas as a result of the government's investment in this program?

Ms DELAHUNTY — As a way of answering that question, Mr Forwood asked a question earlier about the money in the budget for Melbourne 2030. I think it depends which corner of the canvas we are working on, but there is \$10.5 million in the budget for transit cities in particular. You might be interested in that money because it has leveraged private sector investment of \$1 billion, which is not insignificant. There is progress on the transit cities program. It was initiated in 2001. We have 13 identified transit city locations. However, the work we have been doing in the past few months has been to prioritise, if you like, the first five of those transit cities. The key to this is providing more opportunities for urban renewal around transport nodes. When I say more opportunities for urban renewal, there is often underutilised or sometimes neglected land around railway stations in particular where local councils have identified opportunities for more residential, more service, even more commercial opportunities to be provided closer to public transport.

I draw your attention to the Dandenong transit city. It is one of the most significant because it will make such a huge difference to the revitalisation of the Dandenong central business district. There are a lot of planning and capital projects under way in this area. We have demonstrated a strong commitment to Dandenong through VicUrban and the council in partnership with VicUrban. We have created the Dandenong development board. We invested \$1 million into the Dandenong development board which has the major stakeholders. I guess the

immediate work here is the redevelopment of the Dandenong saleyards site. We are seeing some interest in the city centre. That is both from the private sector — watching carefully government leadership on this I think it is fair to say — and other areas of government which have some interest in locations down there.

Why is this important? It is an area that I think it would be fair to say has great opportunities and needs some government leadership, and that is certainly what we are providing. Footscray is another example that we could perhaps draw your attention to. This is the DSE facilitating a new police complex near the railway station. We have funded improvements of Madden Square, which we hope will be a nice open and attractive pedestrian plaza. There is \$550 000 for that work. Footscray has also requested to be the first location for the recently announced priority development zone. I think it is a terrific location for that. There is agreement about, if you like, the metamorphosis of that area. It is a complex land assembly job. There are a multiplicity of landowners in that area identified as the Footscray transit city, and we think through state leadership we can ensure that that is fast tracked to achieve what both the community and the investors and the council certainly want to see happen there at Footscray. Frankston is another example, but there is time.

Mr FORWOOD — Minister, I wanted to turn also to Melbourne 2030, which is a key government strategy. I wonder whether or not — and I know Professor Duncan MacLennan has only been with us a short time — the department has done an economic impact statement on Melbourne 2030, and if so what it shows.

Prof. NEILSON — There was economic research done in the preparation of Melbourne 2030 as part of an extensive exercise involving consultants from outside the department. Those studies have generally been made available as the background to Melbourne 2030. Analysis shows that there are significant savings to the economy over time if we have more efficient infrastructure and a more compact city. That is a common finding when you do analyses of these kinds both elsewhere within Australia and internationally because of the significance of travel costs and congestion costs in the functioning of a city. This occurs particularly in the freight sector as well in people movement, so there are significant benefits to be had.

Mr FORWOOD — Does that work show an estimated total cost of implementation of Melbourne 2030?

Prof. NEILSON — Not that particular piece of work, no, but we have other analyses which will affect the implementation costs, particularly infrastructure costs associated long term with the development of Melbourne into the future.

Mr FORWOOD — Can you make that available to the committee?

Prof. NEILSON — I would have to check the status of that work in terms of whether it was cabinet-in-confidence or not.

The CHAIR — Thank you very much.

Mr FORWOOD — I look forward to hearing back from you.

Prof. NEILSON — I am happy to do that. You will understand that some of those materials are prepared specifically for cabinet submission.

The CHAIR — We understand.

Mr MERLINO — Minister, I would like to ask you a question about the urban growth boundaries and green wedges, which is an issue close to my heart and the hearts of the communities that I represent. I refer you to page 216 of budget paper 3 and the admirable goal and key government outcome of — —

Mr FORWOOD — What is this — a cheer squad?

Mr MERLINO — Absolutely. Green wedges are one of the best things we have ever done — the government protecting the environment for future generations. I ask, firstly, how the introduction of an urban growth boundary will assist in achieving this outcome, and secondly, what else the government is doing to protect these green wedges from inappropriate development.

Mr FORWOOD — Which person in your department wrote that question, Minister?

Ms DELAHUNTY — It is a very good question.

The CHAIR — You have no idea how interested James is in this.

Mr FORWOOD — I know he did not write the question himself.

The CHAIR — The question will now be answered by the minister. Thanks, minister.

Ms DELAHUNTY — James is quite right. He represents an area that shows boundless enthusiasm for the protection of the green wedges, because quite frankly he represents an area where, under the previous government, we saw the almost unconscionable eating away of valuable green wedge land. The notion of green wedges enjoyed bipartisan support. We have gone further by introducing historic legislation to enshrine the protection of these green wedges through the highest protection of the Parliament.

The flip side of that is the urban growth boundary, and of course any amendments to green wedge land can only be prepared through the prior authorisation of the Minister for Planning and then approved through both houses of the Parliament. In June 2003 we introduced, after some discussion, core planning provisions that apply to all green wedge land. They were introduced. Basically that is planning speak for what is a suitable activity in green wedge land and what is not. I think it is important to note that green wedge land is quite diverse. It is environmentally sensitive in some areas. It is economically sensitive in some areas. Certainly it can be prime agricultural land in some cases. Green wedges protect our water catchments, and we all know how critical that is to both a safe and a secure supply of water. It protects our economic infrastructure, like our curfew-free airport, so when we talk about the green wedges we need to think in a quite sophisticated way about what we are protecting. The community, through the consultations that led to Melbourne 2030, was clear and unequivocal about the desire to stop what the community calls 'urban sprawl' into these valuable areas. Also small scale tourism is both acceptable and encouraged in green wedge areas.

In November 2003 we included restrictions on small lot house excisions in the core planning provisions. In May 2004, as I alluded to in my original presentation, we finalised the new green wedge zones, and that is the green wedge zone or the rural conservation zone to be applied to metropolitan green wedge land. Of course the rural conservation zone is also now available to be applied outside the metropolitan area as another zone of choice for those municipalities right across Victoria that want to protect significant environmental land. Just to complete my remarks on this, because I know James has a particular interest, we have allocated \$230 000 to councils to assist the green wedge management plans. That is the next area of detailed work.

Mr BAXTER — Minister, I would like to turn to the new rural zones and particularly the consultation process, which got fairly confused where what you were telling the *Weekly Times* appeared to be in conflict to what the Premier was saying on the ABC Country Hour, so I would like you to, if you would, outline to the committee what were the principal changes between the draft and the new zones, which I think came into operation a week or two ago — and in particular for submitters who got back a pro forma letter which to their disappointment did not actually address the points they had made in their submission but said, 'You will be advised of the outcome of the minister's consideration of submissions in due course'. Could you also indicate when submitters will get that reply to their submission, please?

Ms DELAHUNTY — Thank you for that, Bill. I know that you have a great interest in this area. I think I referred earlier in an answer to, if you like, the longevity of this process. In 1996 the Kennett government basically introduced one zone for all land outside major towns and cities. That was a catch-all zone, and I think the only things that were prohibited in that zone were brothels and other entertainment facilities. It clearly was in the eyes of farmers in particular — but also in the eyes of the increasing number of residents who now wish to make their home in gorgeous rural or regional Victoria — inappropriate and a most unsophisticated response to an increasingly sophisticated agricultural industry.

As a result of a process I outlined to you — going right back to 2001 I think it was — there has been a review and an analysis, led by Mr Kearney, workshops, negotiations and submissions. What was the key principle we were looking at? We were looking at how we can protect the right to farm. We have 37 000 farmers in this state. They produce \$15 billion worth of food. They are a critical part of our economy. This government, which represents all Victorians, saw it as its responsibility to support the industry of agriculture and to try to support, I must say, some of the local municipalities which have increasingly been, if you like, sometimes the inadequate arbiters of disputes

between legitimate farming enterprises and new residents who want to live in rural Victoria but want some peace and quiet after 5 o'clock.

As you and I know, Bill, farming does not stop at 5 o'clock. Farming goes on while the weather is good. On the property I grew up on we used to harvest through the night until the moisture in the grain stopped us. So noise from machinery, legitimate sprays, the movement of stock across shared lanes, the noise of legitimate farming activity has been causing increasing concern and indeed litigation. There was a famous case in Deans Marsh where a long-time dairy farmer was whipped off to court by a new resident who wanted a bit of peace and quiet and complained about the farmer moving his cows early in the morning across a joint shared lane. We set about providing an answer to that, and that was announced last Friday. There has been an agreed farming zone which unambiguously caters for agriculture as an industry. There is the rural activity zone, which caters for what it implies, where there is a requirement for coexistence between quite legitimate activity alongside farming. There is the rural living zone, which is self-explanatory, and of course councils can choose to also apply the rural conservation zone. I just want to make one point clear, though. The councils decide which zone they want to apply where. It is the council's choice; we have provided the tool box.

The CHAIR — Minister, we are running short of time. Do you wish to address the nub of the point, which was in relation to submitters?

Ms DELAHUNTY — I am happy to do that. So in that context we have, as I made clear during the consultation phase, the right of farmers to seek a permit to excise one lot, provided there is not serial excision, which provides a balanced response to a farmer's need to, if you like, undertake succession planning, but also for the concern more broadly to protect agricultural land for agricultural land.

Mr BAXTER — When will the submitters be getting the letter that was promised in the pro forma response?

Ms DELAHUNTY — I will ask the department to respond to that.

Mr JEROME — I might just remind you, Mr Baxter, that the minister only announced the new zones last Friday, and yes, of course, now that is done we will be replying to all the submitters. If I may, I believe Mr Clark earlier mentioned 27 000. That is not quite right; it was 2700.

Mr CLARK — I thought I said 2700.

Mr JEROME — I beg your pardon if you did, but to be clear it was 2700.

The CHAIR — In relation to the point you raised, the answer will be in the — —

Mr BAXTER — I am not sure I got a clear explanation of what changes there were from the draft to the final, apart from the small lot excisions. Secondly, this government claims consultation. It is more than three months since the pro formas went out. I thought consultation was a bit of a two-way street. In future is consultation to be taken that you do not get an answer until after the decision has been taken, that you are ignored until then?

Ms DELAHUNTY — I am not sure how that relates to the budget, but I disagree with that, and that is the reason I gave the background, Bill, because I think this is a process that has extensive consultation built into it. I suppose it is fair to say that people often do not focus on it until the pointy end, and that is of course what we have been dealing with for perhaps the last few months.

Mr BAXTER — They focused on this back in March, and they are still waiting for an answer.

Ms DELAHUNTY — I have to say that the VFF was extremely supportive. It was with us on Friday, as was the mayor of the Loddon Shire Council. The press release was very supportive.

Mr BAXTER — That is not my point.

Ms DELAHUNTY — We are focused on outcomes and results for farmers.

Ms ROMANES — In the presentation you drew the committee's attention to the government's commitment of \$3.1 million for the Better Decisions Faster package. The claim is that the package will cut costs

and speed up the planning processes and that there could be savings in the order of up to \$50 million a year for the construction industry and savings overall for both community and business. Minister, could you tell the committee more about how such savings in time and money will be achieved?

The CHAIR — In order to keep the questions rolling, can we have it in under 5 minutes, or I will have to cut you off.

Ms DELAHUNTY — Certainly. Thank you, Chair. As I referred to in my presentation, Better Decisions Faster has been recommended for imitation by other states. We take that as a suggestion that we are on the right track. The key to pressure on council planning departments is twofold: one, the continuing building boom, which I outlined with the number of building permits; but secondly, the fact that 90 per cent of planning applications that hit the local planning authority's desk are incomplete, yet the statutory time clock begins. So that is one change — for example, you do not start the clock. You cannot accept an application; you are not required to accept an application until it is complete. It is just commonsense to my mind, but it does of course require change.

Second is the prelodgment certification, which has been trialled in Glen Eira and the City of Greater Bendigo. We know this works, because we have seen the evidence, both in a metropolitan environment and in a regional environment with substantial reductions of around 65 per cent. With the overall modelling we have done, if you look at all those initiatives under the banner of Better Decisions Faster, the estimate is around \$50 million. Case studies were carried out by independent consultants. They have indicated that reducing the decision time on a typical residential unit application from 90 days down to 30 days — that is a significant reduction — represents a saving of around \$5600 per unit. It is the old saying, time is money. That is the assessment of the independent consultants.

This represents, if you look at that annually right across Victoria, in this type of development alone around \$46 million. So time savings with the other forms of development, such as commercial, will also contribute to cost savings. I think we can comfortably say that the figure of \$50 million is a conservative one.

Mr CLARK — My question again relates to Melbourne 2030, and in this case to the process that is followed when decisions are made to reclassify activity centres. Can you tell the committee what — —

Ms DELAHUNTY — Sorry, reclassifying activity centres — what do you mean by that?

Mr CLARK — The status of an activity centre being reclassified — for example, the Glenferrie Road, Hawthorn, centre, which as you will recall you reclassified as a major activity centre towards the end of last year. I understand it was something that was neither requested nor supported by the local council. So I was hoping you could explain to the committee what the process is that you follow when you make decisions such as on Glenferrie Road, Hawthorn, and whose submissions you rely on. Are there other activity centres that have been reclassified regardless of the wishes of local councils?

Ms DELAHUNTY — No, we certainly do not do anything in contravention of the wishes of local councils, but I am just wondering how this — —

Mr FORWOOD — That will make good reading in the transcript!

Ms DELAHUNTY — I wonder how this connects to the budget?

Mr CLARK — It relates to the effectiveness of the implementation of your program.

Mr FORWOOD — What are you hiding?

Ms DELAHUNTY — I just need to be clear about the connection to the budget.

Mr CLARK — I think it is self-evident, Minister, but that is adequate connection.

Ms DELAHUNTY — If you spell it out for me, I am happy to answer the question.

Mr CLARK — Now that I have spelt it out, I look forward to an equally detailed answer.

Ms DELAHUNTY — As you know, through Melbourne 2030 we mapped existing activity centres. The term ‘activity centre’ is self-evident. It simply identifies in a strategic way where the hubs of activity are for various reasons. They might be commercial; they certainly might be bio-medical as in the case of the Melbourne bio-activity centre precinct; and they might be educational, as in the case of Monash University; et cetera. We have around 26 principal activity centres, and this is mostly a hierarchy of size, 82 major activity centres and 10 specialised activity centres.

As to your specific question, as I understand it, the classification system is based on a number of factors — the trips generated by an activity centre; the sort of public transport orientation; a centre’s geographic size, which can sometimes come into it, and a range of other factors; its regional function, if there is one; and its current capacity and its future capacity, and again that often refers to urban renewal sites.

You asked specifically about reclassifications. I recall that the City of Darebin requested that Northland be upgraded as a major activity centre around the Preston market area. It thought there were a lot of opportunities there to increase the attractiveness for private investors if it was reclassified as a major activity centre. I understand Berwick and Caroline Springs are both activity centres, and Preston was requested to be reclassified as a principal activity centre, and that was requested by the local council, and we were happy to accede to that. As to your concern around Glenferrie Road, Hawthorn, I do not have any detail on that, except that I understand Save Our Suburbs supported that classification. I do not know if Paul has anything to add to that. Otherwise we can get back to you.

Mr CLARK — I take it from your opening remarks that this was something requested by the City of Boroondara?

Ms DELAHUNTY — I cannot answer that question because I am not sure of what change was made. It is designated as a major activity centre.

Mr CLARK — Can you get back to me on that?

Ms DELAHUNTY — Certainly.

Mr DONNELLAN — I refer you to page 213 of budget paper 3 and the government outcome of more jobs and thriving innovative industries across Victoria. I ask you to report on how the building industry is performing in 2004, but specifically any details of how the commercial sector has gone vis-a-vis the residential sector, if that is available.

Ms DELAHUNTY — The building approval figures are very impressive, and that is always a good indication of a strong economy. As you probably know, both government and industry have been talking about a plateauing — a settling, if you like — into steadier levels. We have been saying that for some months, and yet 15 months of billion dollar building approvals still puts us ahead of New South Wales, so that is very encouraging.

There was a 5 per cent increase in building permits in 2003. We keep talking about returning to what are more normal levels — whatever the definition of that is. I think a key feature of the record building activity level that we are seeing now almost becoming normal is that it is a result of a couple of things. Most importantly, we are seeing it right across the state, and that is the big difference. We are seeing it in regional Victoria, in inner Melbourne and on the outer ring of Melbourne, and that is very encouraging. In fact rural Victoria is recording peak building activity. In rural Victoria building activity broke through the \$3 billion barrier for the first time, and that is important because it means jobs for a lot of young people and jobs for a lot of families, and it means that people are feeling enthusiastic about it.

The value of new detached homes, renovations, extensions and existing houses passed the \$8 billion mark. Again I think it is evidence of the confidence in the domestic building market. We are certainly seeing tremendous activity in the major growth corridors, particularly in the municipality of Casey, which is one of the fastest growing municipalities in Australia, consistently outpacing a lot of our quite strongly growing corridors. In rural Victoria the major rural centres are particularly strong — Geelong, Ballarat, Bendigo and Bairnsdale. It is terrific to see places like Bairnsdale moving.

New commercial developments are continuing to be built around the city. We have had to deal with a few what have been described as bomb sites around the city that did not seem to have a resolution. It takes time to ensure that

we get these important buildings as right as we possibly can. I referred to the Queen Victoria in the portfolio discussion about the Office of Women's Policy. There is also BHP Billiton's headquarters, the new National Bank head office at Docklands and the new Bureau of Meteorology — it is very strong in the commercial sector as well. Domestic approvals are up 20 per cent, retail approvals up 26 per cent and commercial approvals have jumped 56 per cent, which was really the point of the question.

Mr FORWOOD — I refer to page 214 of budget paper 3 — 'Sustainable cities, regions and heritage conservation', which is the output group which deals with planning. I wonder if you could outline to the committee what criteria you use when deciding what planning scheme amendments you will call in. For example, amendment C53, which deals with Kew Cottages, is one that you have called in. You would be aware that many people, including Kew parents and others, now believe that because you have called it in you have the power to approve the sale and the redevelopment with no public scrutiny, no comment, no consultation and no VCAT appeal, and that there is going to be a change from 250 to 800 houses on site, and that all of that will be done by you. Perhaps you could outline to the committee the process that you follow in deciding what you will and what you will not call in and what comfort you can give to people who want to be involved in the process once you have called it in.

Ms DELAHUNTY — It is a good question, because under the Planning and Environment Act and of course also under the Victorian Civil and Administrative Tribunal Act we have statutory powers to intervene — what is known colloquially as a call-in. We did two things immediately we came into government: firstly, we said that whenever we exercised that power we would publish our reasons; secondly, we would exercise the power only according to published criteria, and those criteria are matters of state significance and areas of major strategic planning priority. So you can see the stark difference: the previous government, particularly Minister Maclellan, made an art form of a call-in — well over 200 or 300 a year. We might be able to provide that exact number for you. In fact we do have that figure here. The Kennett government intervened in 211 cases in just one year without any public explanation whatsoever. We are certainly nowhere near those figures, and from memory our figure is much less than a third of that. In fact in the last 12 months the Minister for Planning has approved 78 amendments to planning schemes.

Mr FORWOOD — And they all fell into those two categories, did they?

Ms DELAHUNTY — The Minister for Planning approved only 78 effective call-ins.

Mr FORWOOD — I see a nod from Mr Jerome; they all fell into those two categories.

Ms DELAHUNTY — We will call in only if it meets the criteria, and then we publish — —

Mr FORWOOD — So how do you assess those two criteria?

The CHAIR — Hang on just a minute.

Ms DELAHUNTY — And then on a case-by-case basis of course we publish the detailed reasons for that call-in. So there is a substantial difference between that and the secrecy and high-handedness of the previous government. I want to clarify one thing in the case that you mentioned: I do not call in an amendment. We draft the amendment ourselves, according to the statutory powers. The matters of state significance can relate to areas of economic significance in some cases, and certainly with Kew it related very definitely to state policy around provision of adequate, suitable and accomplished housing for the inhabitants and the clients of Kew Cottages.

Mr FORWOOD — Hang on. There are 800 houses going there, and 20 of them are for the clients.

The CHAIR — Thank you very much, Minister.

Mr FORWOOD — What about the other 780?

The CHAIR — I want to refer to the slide on electronic conveyancing and land exchange transfer that I forced you to hurry through. If you could go to that, please; it is on page 9 of your presentation. Page 214 of budget paper 3 refers to this output group, and this government has stated it wishes to maintain a world-class land transfer scheme. I look to the third dot point in particular, where you outline that there are 400 000 conveyancing transactions and that there is to be a saving of more than \$100 million dollars a year, which is a very impressive figure. Could you outline what that figure is composed of?

Ms DELAHUNTY — Thank you, because this, as I say, has probably been the most significant change to the way we manage property since the introduction of the Torrens system. Electronic conveyancing, as the name implies, means that we can provide the conveyancing confidence online. Effectively what it means is that you do not require the time-honoured or rather quaint tradition of the various parties coming together in one room and exchanging documents and cheques. The assessment of how that money will be saved is based on the number of conveyancing transactions a year, and it is about \$70 per transaction for a fairly straightforward residential property exchange. This project has been under way in Land Victoria for some time. It is part of the \$24 million land exchange program. We appointed system developers in August 2003 to basically build the system; there was then a testing strategy, and we are due to commence the full pilot in January 2005. There are obviously a lot of stakeholders involved in this and a sense of trust in the security of the conveyancing system. We have some very sophisticated key security arrangements, which we could talk about at great length, but I am sure you are not interested in that. The fundamental question is how secure is this, and we have full confidence in that, but we will trial it with a pilot project.

The CHAIR — Of that \$100 million, how much will be a saving for your department?

Mr JEROME — It is not a saving for the department, because the fees arise from the transaction itself. So it is a saving to the people engaged in the transaction. There will still be a fee, but it is not a saving as such.

The CHAIR — So establishing this will not cut costs within the department; it will be primarily for external people's benefit?

Mr JEROME — Yes. The beneficiaries are all purchasers, potentially, and their solicitors who engage in the conveyancing process.

Mr CLARK — When is the system expected to be fully operational?

Ms DELAHUNTY — It depends on the success of the pilot.

Mr CLARK — Minister, can I refer to your opening remarks in answer to my previous question when you said you did nothing contrary to the wishes of local government. Can I ask, firstly, whether this means that nothing in the implementation of Melbourne 2030, such as the new priority development zones, will be done contrary to the wishes of local councils; and secondly, does it mean in relation to Camberwell railway station that nothing will be done contrary to the views of the Boroondara council?

Ms DELAHUNTY — Thank you very much for that. There are a couple of questions in that, and I am happy to take them. We see Melbourne 2030 as a partnership, but of course over 30 years there will be changes in both governments and councils. We are aware that council elections are coming up this year, and I am sure there will be a lot of politics played with planning, among other things, so one expects that to become a bit of an issue, but we certainly want to work in partnership with our local councils.

You referred to the priority development zone. I said when we announced it that we would work in partnership with local councils. That is why we have responded to a request from Footscray — from the Maribyrnong council. On the very day we announced it the Rural City of Wodonga also requested that this new planning tool be applied in an important redevelopment around the city centre of Wodonga, so that has been the process we would like to apply. Of course the government is very committed to improving the opportunities for Victorians, and this is an appropriate planning tool to make sure that things are moved along, particularly when they are agreed on, which is what has occurred at Footscray and indeed at Wodonga. I see this planning tool as being available to be used particularly, for example, around some of our high-priority transit cities, where there is a complex land assembly project and where councils have asked us to take the state leadership.

You refer in the third part of your question to the Camberwell railway station issue, which I know is of some interest to you and to the local member. It is interesting, that one. The renewal of the car park area adjacent to the Camberwell station is very specifically listed in Boroondara's local planning policy. In fact it is referred to very, very specifically as a site for appropriate development. This has been in the local planning policy since around 1999, so we of course are working consistently with that local planning policy. The council has set up a working party, as you know, which has on it various representatives including community representatives. I understand they meet fairly regularly and they are looking at the proposals. The proposal that I understand is being looked at — and I do not have formal advice on this — is a very modest proposal which covers particularly the area of the car park.

There is an opportunity also to improve some of the amenity of the Camberwell station. We have an increasing ageing population, and the patrons of that station have a right to expect modern amenity, while the heritage site is protected.

Mr CLARK — I appreciate that information, Minister, but in the case where there is disagreement between local and state government, do I take it from your answer that the state government reserves the right to make decisions under 2030 and priority development zones contrary to the wishes of local government?

Ms DELAHUNTY — No, I think you have misunderstood that. I certainly did not say that.

Mr CLARK — Is the opposite the case — you will not make decisions contrary to the wishes of local government?

Ms DELAHUNTY — I repeat what I said. Melbourne 2030 — —

Mr CLARK — Which is neither one nor the other.

Ms DELAHUNTY — That might be your interpretation, but we have made it an important part of our work, and I have spent many hours happily with mayors and CEOs around the dinner table, breaking bread, discussing Melbourne 2030. It is an important strategic plan with agreed, high-level principles about sustainability, and the application of those principles, quite rightly, is negotiated and discussed and agreed upon at the local level in partnership with councils, state government and other stakeholders. As I have said to you, we are funding terrific work in the area of structure plans. What do I mean by 'structure plans'? I suppose I should be speaking less in planning speak and more in colloquial language, but that is what we are proposing to do, and we are happy to do that.

Ms ROMANES — On page 215 of budget paper 3 there are a number of heritage performance measures outlined under the major output group heading 'Sustainable cities, regions and heritage conservation'. Could you tell the committee how government funding is being targeted at restoration of Victoria's important heritage buildings?

Ms DELAHUNTY — This is of course a big responsibility in the planning area. As you know we have a policy of protection of heritage buildings, but living heritage buildings, if you know what I mean. The funding has been directed to heritage places of significance, at either a local or state level, where there is demonstrable community benefit. It is obviously very rich and diverse, and I will give you some examples, if I can, of where the money has been spent to illustrate living heritage places. In some of our regional cities like Bendigo and Ballarat we have provided some money for mechanics hall institutes such as the shire hall at Fawcett, for example. Other examples are the stone walls at Gabo Island light station, the temperance hall at Ceres and Kirwans Bridge at Nagambie.

We have provided around \$4 million for the Victorian heritage program 2003–04, and it certainly targeted programs for places known to be at some risk, known to be needing some support. We have an extensive list here of the metropolitan funded projects, and we also have the regional ones at the back, including the Bairnsdale pumping station, and urgent works are identified, for example, by the conservation management plan. I am just flicking through an extensive list to give a flavour. I mentioned Deans Marsh in another context. The football pavilion needed some assistance and received \$77 200.

Mr FORWOOD — Minister, I would like to return to rural zones. My understanding — and I have some of this area at the back of my electorate — is that all of the land zoned rural inside the urban growth boundary will be rezoned as a green wedge, green wedge A or rural conservation zone, and that then there will be no rural land inside the urban growth boundary and no farming land inside the urban growth boundary. I want to be sure that that is the intent, and that all councils will be required to do that.

Ms DELAHUNTY — The green wedge zones are translated from existing zones, and I will ask Paul to take you through that detail shortly. That was an automatic translation into either of the two new zones. The rural zones apply outside the urban growth boundary with the exemption of one of the green wedge zones which is the rural conservation zone, which a rural council, or a regional council, can choose from the tool box to apply.

Mr JEROME — The green wedge zones and the rural conservation zones have been applied.

Mr FORWOOD — So there is no rural land left?

Mr JEROME — There is no rural zoned land in the green wedge area. Clearly the land itself is still, in large part, rural but it is not rural zoned. To pick up your question about the existing rural zoned land within the urban growth boundary, yes, it still exists, and that is the area where the Committees for Smart Growth under Melbourne 2030, as the minister indicated earlier, are examining the need for future urban development. It is anticipated that that rural zoned land within the urban growth boundary will, in due course, be rezoned for appropriate urban purposes, which of course may include regional open space, but in the long term it is unlikely that that would remain as rural land as such.

Mr FORWOOD — So the policy intention is that in the end there will not be any rural land left inside the urban growth boundary?

Mr JEROME — There may still be some pockets of rural land, but the intention would be that this is the focus for future urban development requirements, bearing in mind that urban development can encompass open space parks and so on.

Mr FORWOOD — There used to be a farming zone, didn't there?

Mr JEROME — You are taking me back some years now, I would have to say, Mr Forwood. I think there was a general farming zone at one stage, but all of that, of course, disappeared in 1996 with the Victorian planning provisions.

Ms DELAHUNTY — Just to complete that point, Bill, part of the significance of that is that the government has committed to a guaranteed 15-year, ongoing supply of land, so there will be land that looks agricultural but is available to be used for residential so that we do not build up any constraint on supply.

Ms GREEN — I refer you to page 216 of budget paper 3, the output group of urban and regional strategies and programs. What progress has occurred in the establishment of the Smart Growth committees under Melbourne 2030?

Ms DELAHUNTY — This is a nice corollary to Bill's question. We have identified five growth corridors, as you know. The management of the timely release of land and advice around timely infrastructure investment by both the public and the private sector is the work of the Smart Growth committees. All five committees have been established and are up and running. They are moving at different paces — some are more advanced than others for various reasons. Certainly there have been several meetings of the Wyndham Smart Growth committee: the technical working group has been established, and technical workshops and community workshops have been completed. It has been very heartening to see community groups, developers, landowners — a variety of interested people — spend a Saturday and a Sunday talking about planning and the possibility of a growth corridor in Wyndham. There is a lot of interest. In Casey-Cardinia, again, a similar amount of work has been done; and Whittlesea, Hume, and Melton-Caroline Springs. The chairpersons of those Smart Growth committees are independent. As I said earlier they have very tight time lines to meet, and it is something that we are driving quite hard from my portfolio. A lot of their work can call on all sorts of technical expertise, but certainly with the urban development program annual cycle — I do not believe there is anything else like this in Australia — the key stakeholders, be they government, council, landowners or infrastructure agencies, share their land supply and demand data, test it, argue about it and finally agree on the figure, and then we publish it. That of course underpins our guarantee of the 15-year ongoing supply of land.

Mr CLARK — My question relates to wind farms. I would be interested to know whether you have had the opportunity to visit a wind farm since your last appearance before this committee, but in particular I wanted to seek your information for the committee about the respective roles being played by different entities within government in relation to wind farms — namely, yourselves, the Department of Sustainability and Environment and the Minister for Energy Industries. To take the example of the Bald Hills wind farm proposal, I understand the Minister for Energy Industries indicated to a Leongatha ward councillor of the South Gippsland Shire Council that he was in favour of the proposal and that he did not think it would be fair to give a — —

The CHAIR — This is the minister for?

Mr CLARK — The Minister for Energy Industries.

Ms DELAHUNTY — I am the Minister for Planning.

Mr FORWOOD — You have the responsibility for wind farms.

Mr CLARK — Yes, exactly. I am trying to establish the respective roles of yourself and the Minister for Energy Industries and the Department of Sustainability and Environment.

Ms DELAHUNTY — I can answer that very quickly. The Minister for Energy Industries is the lead minister for the government's renewable energy policy, and that is the Honourable Theo Theophanous.

Mr CLARK — Therefore ultimately these issues have to come to you for approval, I assume, unless he has been given the authority to give planning permission for these proposals. So do you support the DSE's submission in relation to the Bald Hills wind farm proposal; and if not, how do you make a decision, given that your department has expressed concern, I understand, about this proposal? The Minister for Energy Industries has expressed a view in favour of the proposal; you may ultimately have to make a decision on it. Who has what authority in relation to wind farms?

Ms DELAHUNTY — If the application for a wind farm is above 30 megawatts the Minister for Planning is the responsible planning authority. The process we apply through the planning department is a case-by-case assessment of each application above 30 megawatts. We apply a landscape assessment tool immediately. Part of that is informing whether we require an environment effects statement; what is the detail of that EES, and of course the normal permit process applies through the local exhibition et cetera. As I understand it the Bald Hills proposal is for around 104 megs. There was a new planning application, panel hearings are completed and I am advised that a report is expected at the end of June. It will be appropriate for me to wait for that report.

Mr CLARK — Have you had a chance to visit a wind farm over the last 12 months?

Ms DELAHUNTY — Yes, I am sorry. I had the pleasure of driving along the Western Highway approaching a wind farm outside of Ararat, the name of which is — —

Mr FORWOOD — Challicum Hills?

Ms DELAHUNTY — Challicum Hills, thank you. I must say it was quite a beautiful sight in the sunset, almost artistic, something you could do a painting around. I visited Portland wind farm and spent a bit of time with the local landowner there, watched the cows graze happily underneath, and it is an extraordinary piece of technology.

The CHAIR — Thank you, Minister. Unfortunately we have to draw this to a conclusion, so thank you to all of our witnesses. Minister, you will be provided with a transcript early next week together with questions you have taken on notice and any follow-up questions from the committee. Thank you, and good afternoon.

Committee adjourned.