

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 21 May 2013

Members

Mr N. Angus
Ms J. Hennessy
Mr D. Morris
Mr D. O'Brien

Mr C. Ondarchie
Mr M. Pakula
Mr R. Scott

Chair: Mr D. Morris
Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr M. Guy, Minister for Planning;
Mr D. Yates, Secretary, Department of Transport, Planning and Local Infrastructure;
Mr J. Gardner, Executive Director, Statutory Planning and Heritage,
Mr J. Ginivan, Acting Executive Director, State Planning Building Systems and Strategy, and
Mr G. Forck, Chief Finance Officer, Department of Planning and Community Development.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2013–14 budget estimates for the portfolio of Planning. On behalf of the committee I welcome the Minister for Planning, the honourable Matthew Guy, MLC, and the following witnesses: Mr Dean Yates, Secretary, Department of Transport, Planning and Local Infrastructure; Mr Jim Gardner, Executive Director, Statutory Planning and Heritage, Department of Planning and Community Development; Mr John Ginivan, Acting Executive Director, State Planning Building Systems and Strategy, Department of Planning and Community Development; and, again, Mr Greg Forck, Chief Finance Officer, Department of Planning and Community Development. 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 requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. Cameras must remain focused only on the person speaking. Panning of the public gallery, committee members and witnesses is strictly prohibited. Filming and recording must cease at the completion of this hearing.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the precincts of the hearing are not protected by parliamentary privilege, including any comments made on social media from the hearing itself. The 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 for fact verification within two working days of the 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. Sessional orders provide a time limit for answers to questions without notice of 4 minutes, while standing orders do not permit supplementary questions. It is my intention to exercise discretion in both matters; however, I do request that witnesses answer each question as succinctly as is reasonable, recognising that many responses may include a degree of complexity.

I ask that all mobile telephones be turned off or to silent. I call on the minister to give a brief presentation of no more than 10 minutes on the more complex matters relating to the planning portfolio. Welcome, Minister.

Overheads shown.

Mr GUY — Thank you, Chair, for the invitation, and I thank the committee members as well. I want to give you a brief run-down, as you can see there, of the planning portfolio: planning, building and heritage. It is my pleasure to be here to give you those details relating to these key functions of government, nowadays including Land Victoria within the new Department of Transport, Planning and Local Infrastructure. Before taking those questions I will give you a short run-down of our 2012–13 achievements and priorities for the year ahead.

As you can see on this slide, the no. 1 priority for the Victorian government is to grow our economy while enhancing our overall social prosperity. The government is doing this by generating new jobs, increasing business investment and of course boosting productivity to ensure our competitiveness within an emerging international market. Significant initiatives are already being delivered through strategic and system planning reforms to our planning, building and heritage systems and tools — to the strategies that underpin them.

Planning, building and heritage play a central role in delivering the government's economic imperatives and of course boosting productivity. That is why the systems must be made simpler through reduction to red tape and

of course an increase in certainty. We are putting the right tools in place so that our strategic plans can be implemented quickly and of course with the most benefit.

Another aspect of our approach is protecting building and livability. For the first time, the state government is developing what is called a vision for Victoria, which involves a long-term strategic plan for Melbourne, and of course for regional Victoria, to manage this growth and change. Our planning, building and heritage reform agenda is already providing greater clarity to local government, state entities and of course the business sector. It is essential that local governments have access to the best tools to manage their planning systems with confidence.

We will go to the next slide, and we can see there that with some of the strategic reform achievements considerable progress has been made with the development of a new metropolitan planning strategy and eight regional growth plans as part of the vision for Victoria to guide growth and subsequent change. The release of the discussion paper *Melbourne, Let's Talk about the Future* is part of our broad and ongoing engagement process on the development of that new metropolitan planning strategy. The final Geelong regional growth plan — the G21 plan — has been released as part of a larger project which is developing the eight regional growth plans, including the Central Highlands, Gippsland, Greater South Coast, Hume, Loddon Mallee North, Loddon Mallee South and Wimmera Southern Mallee regions. These plans forming the vision for Victoria are on schedule to be released, all of them, later this year. Adjusting the urban growth boundary has also been a significant achievement — around 6000 hectares of land supply has been brought in to deliver more logical land use outcomes in a number of locations.

In terms of system reform, a pillar of our system reform program has been to review and consult widely on sweeping reforms to residential, rural and commercial as well as industrial zones. That has been a comprehensive process, which will provide clear guidance for development, stimulate investment and secure Victoria's long-term future. Legislation to introduce a simpler assessment process was straightforward. Low-impact planning permit applications were introduced, and that new planning process known as VicSmart will mean straightforward proposals will be assessed within 10 days. This will create certainty for some home owners, mums and dads, assisting local governments in managing their planning responsibilities more effectively and will, I think, work very well.

Victoria will be a safer place to live following reforms to the way that potentially contaminated land is managed. Again, a thorough examination of existing planning controls and practices and an independent advisory committee review will result in new requirements for low-risk, low-impact development, paving the way for a cleaner and safer Victoria.

The next slide is 'System reform'. Another hallmark of planning system reforms has been the work of the Rural Council Planning Flying Squad. To date, 93 projects totalling over \$1.5 million in assistance to councils have been delivered, with 70 planning scheme amendments, 220 permits and improvement to council planning systems right across the state. For example, in the Macedon Ranges the program assisted in processing 80 permits with a construction value of \$12.9 million. In the Towong shire a \$29 746 grant to progress amendments and to deal with their permit backlog and panel submissions has seen benefit. The Macedon Ranges shire, as I said, received \$55 000 for their planning permit backlog and implemented processes and improvements that have been put in place. The Moyne shire, which is in the south-west, received \$138 000 to assist with the preparation of VCAT submissions and progressing some planning permits and amendments.

The government is also in the process of delivering a long overdue and much-needed new standard developer contributions framework. It is complex but we have commenced broad consultation. That involves setting a different levy for different development settings, such as greenfield development, metropolitan infill development, and rural and regional development, as well as a levy for residential and non-residential development.

Notably, reforms have also commenced to Victoria's building system, with the announcement of a new Victorian Building Authority to replace the Building Commission to progress the recommendations of the Victorian Auditor-General's Office and the Ombudsman's reports. These planning and building system reforms restore consumer and business confidence in our building industry and further advance the reputation of our planning industry.

I want to make some comments, if I can, on protecting and building livability. A vital step in the development of Australia's largest urban renewal project at Fishermans Bend has been the rezoning of that 240-hectare site to eventually accommodate around 25 000 future jobs and up to 50 000 people. A key input into addressing livability in Melbourne's western suburbs has been the release of a discussion paper revealing the preconditions necessary for a viable commuter and tourism ferry service connecting the city and the west.

A key achievement of the Office of the Victorian Government Architect has been the successful operation and effectiveness of the new design review panel. After just 12 months, that panel has reviewed and improved the design quality of 45 state government projects at a total value of the \$1.7 billion.

As the government continuously embarks on enhancing livability, I am pleased to also announce that the new planning regulations governing the height of developments and the distance of developments from the water along the Maribyrnong and Yarra rivers are also well under way.

If I can just talk about protecting and building livability again with some points. The \$6.5 billion worth of developments in the CBD, Docklands, Southbank, Dandenong and Footscray go a long way to ensuring metropolitan Melbourne retains its status as one of the world's most livable cities, providing housing choice and cementing Melbourne as a world-class city.

The Office of the Victorian Government Architect has developed a set of guidelines called 'Government as Smart Client' for procuring architectural services. These guidelines provide advice to government and more broadly to the development industry.

The executive director of Heritage Victoria has approved nearly half a billion dollars worth of permits for places on the Victorian Heritage Register over the past 11 months. That breathes new life into Victoria's valued heritage. Some of those key developments include a permit being issued for works to adapt the former St Mary's hall in Myers Street, Geelong, which Mr O'Brien will be keen to hear, for use as a medical library. The total package of the works, including a development adjacent to the hall, will be in the order of \$63 million. A permit has been issued for the construction of an aged-care facility at the former St Vincent de Paul orphanage in South Melbourne. Those works total \$25 million, and they include the construction of new buildings up to four storeys behind the refurbished heritage buildings.

The Office of the Victorian Government Architect also hosted a major symposium around Melbourne's housing future in 2012. Presentations by leading experts — I understand none other than Prince Charles when he was here — focused on the housing issues confronting Melbourne and innovative solutions to tackle these issues. I thought you would be interested in that, Mr Pakula. Overall, these key achievements have contributed to Victoria's reputation as a destination state, and Victoria continues to rival other states and territories as well as cities around the world — just ask the Royal Family.

One of the key points I want to note in this initial presentation is around Land Victoria. As you know, Land Victoria, through the machinery of government changes, is now in the planning sphere and so are its 280 staff. Land Victoria completed a statewide 2012 biennial revaluation, which provided a sound base for equitable council ratings and land tax assessments. Legislation has been passed that will enable Victoria to be the first jurisdiction to join the national electronic conveyancing system. It is a national system for the electronic creation and lodgement of conveyancing transactions. It offers financial and business benefits to the Victorian community and members of the financial, legal and conveyancing professions, and it provides an average saving of \$380 for each typical property transfer settlement.

In the past 12 months Land Victoria has conducted around 650 000 property transactions involving around \$70 billion worth of property. Land Victoria is the key state government program for land administration and continues to provide innovative solutions for authoritative, comprehensive and accessible property information and registration.

Just two more, if I may. Looking forward to the key priorities in this upcoming year, it is my intention to deliver the metropolitan planning strategy and to have established that and its implementation authority by the end of this year; the seven regional growth plans, obviously with G21 done; to assist local government managing heritage through the development of municipal heritage strategies; to progress legislative reforms to modernise the Environment Effects Act that will improve the efficiency and effectiveness of environmental impacts and

projects that may have major impacts on them; and to amend the Heritage Act to improve, streamline and strengthen heritage protection across Victoria.

New residential zones will be introduced on 1 July. They will be progressively introduced by councils over those 12 months. Industrial and commercial zone changes will become effective on 1 July. Chair, I can tell you that as of yesterday the VicSmart legislation is now in effect. Preliminary testing with selected councils has shown that an estimated 15 per cent — around 8500 — of the state's annual permit applications could be fast-tracked through VicSmart. Over the next few months I will make some necessary changes to the state planning scheme to introduce categories of applications that will be assessed through VicSmart.

The final report of the development contributions advisory committee I intend to receive fairly soon and act on those recommendations. You may be aware that in February Parliament passed general amendments to the Planning and Environment Act. They will be effective from 30 June. They were in relation to development assessment committees becoming planning referral authorities and of course the GAA's expanded remit and some changes in relation to wind farms.

Can I just say we will also be releasing the Fishermans Bend strategic framework, which will include a development contributions plan, a community infrastructure plan, and urban design and transport guidelines. It will be a priority to commence capital projects including the Werribee Sneydes Road interchange and the Darebin Yarra bicycle link trial. We will also have an eye on streamlining the rezoning of surplus government land and reducing the time it takes to rezone this land from two years to six months. We will expand the expertise of the Victorian Design Review Panel through regional Victoria, ensuring that from July the panel will be available to local planning authorities to utilise over the state.

Over the next year or so these priorities will improve Melbourne in its housing choice and livability throughout all of Victoria. It will improve urban renewal and strategic locations, help get the most out of unused infrastructure and attract investment to generate new jobs. I thank the committee for the opportunity to present some key objectives and priorities. I look forward to being able to answer any questions the committee chairman may have for me.

Mr ANGUS — Minister, I refer you to budget paper 3, page 239, which lists a range of departmental objectives. Minister, I know you have talked about combating housing affordability pressures in the inner suburbs of Melbourne. What about in areas such as our growth areas of Melbourne and in regional Victoria?

Mr GUY — That is a very good point. I thank Mr Angus for that question. He might be aware and the committee might be aware that the government had a target of 50 000 lots to be bought through the precinct structure planning process in its first 18 months and has committed to a further 50 000 lots through the precinct structure planning process after that. That is incredibly important for ensuring that we have supply-ready lots in our growth areas, and it combats a number of the issues that I found when I became the minister, particularly in areas such as the northern growth corridor where we have one of the fastest growing areas in Australia. Mr Ondarchie would certainly be aware of this area. There are only two active developers in that market. Of course that does not create competition and that leads to a situation where the retail price end is not as competitive as it should have been.

I can tell the committee chairman that when I came to be the minister there were 80 developments active in our growth areas. There are now 142. That is incredibly important, as I said before, in relation to competition, supply and ensuring that our growth areas have a level of competition that is going to benefit the consumer. I would point, for the committee's information, to the population projections for some of our growth areas over the next 20 or so years. The city of Wyndham will grow from around 170 000 people to 340 000 people; Casey will grow from 260 000 people to 404 000 people — that is the population of metropolitan Canberra today. Whittlesea will grow from 160 000 to around 290 000 people, Hume from around 175 to 263 000 and Melton from 112 000 to around a quarter of a million people — the size of Wollongong today, and that is in one municipality.

So it is imperative that if we are going to ensure that there is land availability and competition in these markets we need to ensure that the government has bought land through the precinct structure planning process. Indeed we have made sure that there is available supply in those areas of more than just one or two key developments. Since I have been minister I have brought forward just under 100 000 lots through that precinct structure plan

process. As I said, there is 50 000 in the first instance and another 50 000 to come. It is important to note that a lot of that land is not residential. A lot of it is employment land, as we know we need to get into those growth areas. I will tell you about some of the land supply in those PSP-approved areas. In Cardinia when I became the minister it was around five years total supply. It is now around 10. In Casey it was around two years four months — it is now six years. In Hume it was around two years, nine months — it is around 17 years supply there now. Three years in Melton is now 11 years. The total growth areas have gone from for 4 years to around 8, and in 2 years time it will be around 14 years.

Chair, as I said before, that has a huge impact upon price. As we can see from data that has been put out from Oliver Hume of late, in December 2010, the price in Melbourne's growth area for land peaked at an average lot price of around \$225 000. It is now around \$201 000. Verbal evidence now coming in shows that it has now dropped under that figure of \$200 000. That means that Melbourne is an incredibly competitive place compared to other Australian cities. Sydney, Brisbane and Perth are all more expensive than Melbourne when it comes to land in our growth areas. That means that people will continue to see Melbourne as an attractive place to move to and our growth areas as attractive and affordable places to be able to move to.

I will conclude by saying one key point. Mr Angus asked me about this — that is, our regional areas and regional land supply. I will talk about this a bit later on through some notes if I am given the opportunity. In the Latrobe Valley we bought around 6500 lots on 800 hectares, and in Ballarat 1290 hectares. In the suburb of Lucas in Ballarat West there are around 30 000 people. Geelong in the G21 area is looking to the north. In Wodonga the Growth Areas Authority is helping the council with Leneva and developments around Leneva. It is incredibly important that we provide a price advantage in places like regional Victoria as well, not just in Melbourne, because if we do not do that we will simply direct growth to Melbourne. Chair, we need to provide options for Victorians to move to other places rather than just the growth areas or metropolitan Melbourne as a whole.

Mr PAKULA — Minister, in your presentation you made reference to the reform of the Building Commission — its new structure. I am interested to explore part of its role over the next financial year and particularly in regard to the tragic wall collapse on 28 March this year. At the time you indicated that the Building Commission — and I am not sure if it is going to still be called that after 1 July — would undertake an immediate audit of similar structures across the state. It has been suggested to me that at this stage the extent of their involvement is writing to local councils asking them to check the conditions of structures in their various municipalities. I am just wondering in terms of reporting requirements what reporting requirements are there on councils to advise the Building Commission of what they have discovered or ascertained as a result of those audits?

Mr GUY — The Deputy Chair's question is a very good one and a very important one. It is important to note that the Building Commission and what will be the Victorian Building Authority does have an important role in education around our building industry. I would say one key point around the authority that we are seeking to create later in the year: this authority, which will replace the Building Commission, will be a regulator first. The days of having a participant in the industry — be it a corporate sponsorship, be it in hospitality — are over. The entity that will be created later this year, as I said, will focus absolutely on its regulatory authority and its regulatory role, and I think that is very, very important.

The matter of the tragic wall collapse is a very important question. The commission has written to all councils. It has also written to all builders across the state and is seeking feedback from them. I have had some preliminary discussions with Greg Hyams, the building commissioner, around some of the findings and what has been found to date. Mr Ondarchie may note that in the northern suburbs a wall has been removed at a former convent site in Northcote, so there have been council audits in themselves around walls that may be in an unsecure state, and it is important for councils and the commission to be in contact about some of those issues. There has not been a large number but obviously there have been some, and councils, to their credit, are doing their best to ensure that, like in Darebin, those structures are either secured or withdrawn. So that is very important.

I would also add that my department is doing some proactive work, importantly, in regional Victoria on similar matters, and Mr O'Brien would be aware of the matter around the Ritz Hotel in Geelong, where the department has again, through some public comments of Mr Katos, the local member, and Mr O'Brien, approached the council around the safety of that structure, the Ritz Hotel. It is an old structure; I have seen it firsthand. There is

some cracking on site, and you would have to say, on any visual analysis, there is a way to go in terms of securing that site. The council has now given the owner some orders in relation to rectification, and that is very important. I believe there is probably imminent action from the mayor down there around that site — and credit to him and the council. Myself, the department and the Building Commission are very much ready to help that council where need be, where you have an owner who has let a site go and it has not been secured, and if we need to move on it very quickly, we will.

We will take the council's advice, but it is a very important question Mr Pakula asks, and it is a very relevant question. We are doing all we can with councils to ensure that structures around the state — not just walls — are indeed in a safe position.

Mr PAKULA — Just a brief follow-up. Like in all things, there would be some inconsistency in the speed and conscientiousness with which various LGAs would deal with these requests from the Building Commission; so what power, authority or processes have the Building Commission put in place to ensure that councils are acting on the requests that have been made of them by the Building Commission and what kind of follow-up powers do they have to ensure it is being done the way it ought to be done?

Mr GUY — Again, quite a good question. One of the key things the Building Commission needs to do is ensure that they are first of all having that conversation with councils and certainly identifying areas within their municipality, should any exist. The key point then needs to be looking at the history of that site — such as the Ritz site I mentioned — whether there have been notification orders that have been given to an owner or whether there has been a level of recalcitrance or whether there has not, or whether there is a permit application process. There is one in Williamstown that is contentious involving an old pub that has now been fenced off, and my office and myself contacted the council and the proponent directly to make some very deliberate inquiries around the safety of that location and to ensure that if there is going to be an ongoing discussion between two, then you need to put public safety first.

So we are in regular contact, and the commission, I understand, is in contact with a number of councils in certain areas and that is something I look forward to receiving from the commission and indeed from the Building Advisory Committee in due course.

Mr O'BRIEN — Thank you, Minister, for your answers on those important matters. Another important issue for regional communities is the issue of good, long-term strategic planning, which I know you have said a number of times — as has the Premier and other government members including myself — is a matter of paramount importance at a time when population growth is strong, particularly in our many wonderful regional cities. So I am asking if you could advise the committee what you and your department are doing to manage population growth in regional cities across Victoria. I note, in passing, that there is a reference in budget paper 3, page 269, to a number of performance measures, including 'Regional stakeholders effectively engaged in informing and shaping contents of regional growth plans', for which you had a target in 2011–12 of 100 per cent, you have expected to have an outcome in 2013 of 100 per cent and you have set a target for 2013–14 of 100 per cent.

Mr GUY — As I think the committee's only member from regional Victoria, I thank Mr O'Brien for his interest in regional Victorian issues, and particularly I will take Geelong as an example, given his home base is around the greater Geelong area. One of the key points I mentioned in my introduction was around the development of those regional growth plans. They are so important for Victoria's future. The days of Victoria being complacent around population growth in Melbourne, and particularly growth areas alone, are certainly at an end, and the government is going to do everything it can in a planning sense to ensure that we have not only supply but incentives for Victorians to see regional Victoria as a place not just to live but also to work, and we need to put in place those initiatives and incentives through the planning system.

Mr O'Brien did touch on the regional growth plans, and again members might be interested to know that we did identify in the growth plans a lead council, and we have delivered some funding to them in and around the development of those regional growth plans, more importantly so that we are developing Victoria in a holistic sense. So, for example, in Gippsland there are a number of councils, as you would know. We have employment areas in the La Trobe Valley which have the ability to expand quite generously. We have other areas, particularly around Bairnsdale, Sale and of course Traralgon and that central Gippsland region where population growth can be accommodated, but it should not have to happen everywhere.

So what we want, through a regional growth plan, is to give a region the ability to be flexible so that all of Gippsland can sit down as the councils in that area and say, 'Where should our population growth areas be? Where should our industrial land be for the future?'. Rather than saying, 'Sale needs industrial land, Maffra needs industrial land, Traralgon, Trafalgar, Yarragon, Drouin, Nilma, Darnum, all need industrial land or all need commercial land or all need extra residential growth', we should say, 'Let's look at this in a holistic regional sense'. That is what the regional growth plans are about. That is why they say, 'Look at some of the major areas like, in the La Trobe Valley sense, Morwell or Morwell South, where you can get industrial land to grow, and importantly look at places like Trafalgar and Drouin, which are seeing residential growth that is quite great, certainly for some of those townships.

You then begin to look, as the name suggests, at a regional plan for growth and actually using your planning scheme on a regional basis, rather than just on a piecemeal individual approach. Those are the regional growth plans — and G21, which we have recently delivered with all the mayors down there, credit to them all for being a part of it — the Great South Coast, Central Highlands, Wimmera Southern Mallee, Loddon Mallee North, Loddon Mallee South, the Hume region and, as I have just mentioned, the Gippsland region. These areas can provide a huge level of population accommodation for Victoria in their regions and in their targeted townships.

It also allows them to use the government's own reforms package on a regional basis. There will be some parts of the municipality that will say, 'We will use the agricultural overlay to protect our primary agricultural production areas', areas which are going to be the economic growth of that municipality into the future. There are other areas where agriculture is moving away, so we will look to a beneficial possibly low-density residential zone or another zone to use which might assist with providing a larger lot size of accommodation for people who want to, say, work in Bendigo but live in the Loddon shire. We have to allow councils to look at those areas on a regional basis. That is why it is so important.

Without going on too much again, I refer to the flying squad. The flying squad has been an immense success and a credit to the department, which has done a lot of work with regional councils to ensure that the flying squad gets to councils that have had planning backlogs and that have not been able to go through some of those permit processes as quickly as they have in the past. I think it has been a very, very good initiative, a well-received initiative and an initiative that will go on long into the future.

Mr SCOTT — Minister, I refer you to budget paper 3, page 270, and also the equivalent budget page in the 2012–13 budget, which is page 213. The actual figure from last year's budget for expenditure on the planning, heritage and building output — the actual figure for 2010–11 — was \$165.5 million. The actual figure for 2011–12 had dropped to \$128.8 million, and the expected outcome for 2012–13 was down to \$87.5 million. That is a reduction of around 47 per cent. This is not hypothecated by your particular outputs related to planning, building and heritage, but I note that for the whole department there are savings and efficiencies — we would call them cuts, but let us not get hung up on what language is used — of \$308.2 million. The planning budget has effectively been halved over that period. Minister, have these cuts caused delays in the delivery of services by your department?

Mr GUY — No, they certainly have not. I think with most of them we are looking at rephrasing of expenditure and some timing issues there. I might get the chief financial officer, Greg Forck, to make some comments in relation to the issues that you have raised.

Mr FORCK — In relation to previous financial years, there were significant expenditures related to certain one-off projects or fixed-term projects — some projects in the central activity areas and also revitalising central Dandenong. Those expenditures, as approved, were of a much higher forecast in those years, and according to the milestones achieved in those projects, they have reduced, as I said, as approved. In relation to this financial year, there has also been some rephrasing of expenditures in relation to some projects. They have come out of this financial year and have been transferred into the next financial year to reflect the milestones for those particular projects, and that is by and large the major component of that reduction in the output price.

Mr SCOTT — Could I seek some detail on exactly what is happening? Some of this may have to be on notice, because there have been issues about both the rephrasing and the proportion of the savings targets that relate directly to the planning area. I seek further information on both of those issues.

Mr GUY — That is a fair question, and we will take Mr Scott's question on notice and make sure he gets a detailed answer.

The CHAIR — Thank you for that.

Mr ONDARCHIE — Minister, I want to refer you to page 239 of budget paper 3, where it talks about housing supply and managing population growth. You and I have talked about the affordability pressures in the inner suburbs of Melbourne. Many people are finding it hard to buy, even to rent, in the inner area of our city. What is the government doing about addressing the issues of housing affordability in inner city Melbourne?

Mr GUY — Mr Ondarchie and I share an electorate, and that electorate includes Docklands, the CBD and some of the fastest growing inner city areas in terms of population growth in Australia. Mr Ondarchie and I — and I thank him for his question — certainly know of the pressures that are being put on the inner suburbs but also the incredible opportunities that central Melbourne and parts of our electorate have in terms of population accommodation and sustainable growth for Melbourne over the next 20 or 30 years.

One of the key points Mr Ondarchie has asked about in his question is in terms of affordability. While there will always be — pardon the pun — a floor on affordability on apartment prices, because you look at the cost of construction, quality and a range of other mechanisms, there is the same situation in inner urban areas as there is in our outer urban growth areas, and that is around supply. Where you have greater numbers in supply, a greater level of supply, a greater offering at the retail end, you create competition. Within that, it becomes more competitive at the retail end, and of course the beneficiary is those who are seeking to purchase. It is the government's aim to ensure that we are getting people into a housing market and at least providing that level of opportunity for those who want to get into a market that is not necessarily a home in the suburbs.

I would argue that in fact the inner suburbs of Melbourne, parts of the city of Melbourne and parts of the city of Port Phillip, are indeed growth areas. They are growth areas in a different way. If you look at recent local government area census data, you will notice that eight municipalities are handling around 70 per cent of the growth in Melbourne — six in growth areas and of course the City of Melbourne and the City of Port Phillip. What that says is that incredible pressure is being applied and growth is occurring in defined areas of Melbourne. That is important to note.

This government and myself as a minister have been very supportive of the concept of growing a greater inner city area for the reason that when you do have an apartment tower that is constructed within the CBD area or Docklands, or one that obviously may not be as large in scale but certainly higher density in the Docklands or possibly, when the structure plans are approved, at Fishermans Bend, you offer a style of accommodation to people that means that they can walk to the supermarket, they can walk to their job, they can walk to a tram or walk to a train. They can do their business by means that do not rely on a car. It is so important that our central city areas have the ability to grow and have the ability to be a key component of population absorption going into the future.

As you would know, there has been a lot of commentary around some of my approvals of higher density towers in the inner city area. I would simply say very, very clearly that Melbourne has the ability to bring forward a greater level of growth in its central city area than any other city in Australia. We should embrace that. We should embrace the fact that every apartment tower approved in the central city area takes another, smaller apartment development off an inner city street or a cul-de-sac in the middle suburbs of Melbourne. It allows an area like the northern end of our city, which has changed inexorably over the last 15 years, to be an area which in the past was considered a terrible place to work but is now surrounded by students, many of them overseas students, who have brought to the northern part of our CBD between the University of Melbourne and RMIT a 24-hour city, to actually revitalise that area. We should be proud of that.

Yes, my department has a lot of conversations, and I do not think it is ever really acknowledged the level of conversation they have with proponents around the quality of the development, around the form of the development, the physical look of the development and how it interacts with the street level. That is something the department has a great level of expertise on and has done an incredible job on. For the 2010 to June 2012 figures there was around \$1.6 billion worth of investment approval in the central city alone. I just say in conclusion that central Melbourne has the ability to absorb population, taking it away from other areas that have been seen as development fronts and do not necessarily need to be — some of our existing suburban areas.

Central Melbourne can be a revitalised, 24-hour, central city area that can take a lot of population pressures off existing urban areas and provide a fantastic 21st century city hub for this city of Melbourne, which we should all be very, very proud of.

Ms HENNESSY — Minister, I refer you to budget paper 3, page 267. The opposition has some correspondence that it has received from the Ombudsman dated 27 March 2013, which I am happy to table or make available to you. It is a letter that refers to matters that have been canvassed in the media in the past. The letter refers to suggestions that you were involved in helping approve applications from developers who attended dinners with you after developers had made \$10 000 contributions to a Liberal Party entity, as I understand it. In the letter the Ombudsman says he must notify the IBAC of any matter that appears to involve corrupt conduct and that he has written to the IBAC informing it of the matter. Can you advise the committee whether or not you are aware of any investigation and assure the committee that you would cooperate with such an investigation if that was to come to fruition?

Mr ANGUS — On a point of order, Mr Chairman. My point of order is relevance in relation to the question tying back to the budget matters that are the subject of this particular hearing.

Ms HENNESSY — On the point of order, Chair, we are the Public Accounts and Estimates Committee and accountability is an important part of our role. On budget paper 3 at page 267 there is a departmental output that goes to the minister's obligation to administer 'the planning system and statutory responsibilities of the Minister for Planning'. There is also a specific output, which is 'Critical stakeholders effectively engaged' in the planning system measures. Without going to the specifics of the allegations around what some of these approvals involve — —

The CHAIR — Order! We do not want to start rephrasing the question as part of the point of order. I do not uphold the point of order. The question has been linked to matters that relate to the budget, but it is a tenuous link, a very tenuous link. It is sufficient to allow the question to be asked, but obviously the way the minister responds is a matter for the minister.

Mr GUY — I am aware of one journalist who has asked those questions, so maybe he is the one journalist who has put in the application. It is a very interesting question. It related to four planning applications, and I want to go through them because it does bear importance in putting straight some of these issues. I am not aware of this letter, Ms Hennessy; I am not aware of it at all. I suspect it has only been lodged by the one journalist who did not get the answer that he wanted from another source.

One of those applications relates to 450 Elizabeth Street apparently seeking a height extension. I point out to the committee it should be noted that the city council wrote to me on 24 February 2012 saying that the council was of the view that the overall height of the building could be increased to compensate for the loss of floor space. The first point on that one is that the recommendation to do that was actually a recommendation from the City of Melbourne, not a recommendation of mine.

The Kinnears Ropeworks site in Footscray is another issue that was mentioned again by one journalist from a news organisation. Again, I simply say that the recommendation at the time from the department — in September 2011, when the authorisation to exhibit a planning scheme amendment, overlay C93, commenced — was that in fact the site be rezoned from business 3 to a mixed use zone, as the council's authorisation request had foreshadowed. The government was going along with the intention of the then Labor-controlled Maribyrnong City Council. That is point 2.

The third point concerns Yarra City Council. I understand that in 2009 Yarra City Council granted Salta Properties a permit for 355 dwellings. The permit included a social housing component of 93 dwellings. However, funding for the social housing was ultimately denied in 2010. Salta sought to reallocate the proposed communal car parking, Chairman, for the social housing as regular car parking attached to the dwellings, principally because it would leave the car parking requirements way below the City of Yarra's own car parking standards. The government simply intervened to ensure that adequate car parking was put in place for that development — very straightforward. Indeed on another matter for that developer, Salta in fact took me to VCAT because I denied them the right of height that they wanted to go to in another development in Docklands. Given that they took me to VCAT, you can hardly say I did them a favour.

Also I think there was one other point there — I cannot see it in the points noted to me, but it was Kinnears. There was the Yarra City Council, there was Salta and 450 Elizabeth. Three of those points were recommendations from council. As I said, one of them was the recommendation in relation to Salta, which was very straightforward, Chairman, so I fail to see how I have done any favours for any of those developers. I think it is just a rehash of a story that was featured on 5 March simply by one news organisation that was desperate at the time for a bit of relevance in the story they were missing.

Can I also point out, Chairman, that if we want to go on this path, asking questions at PAEC around developers or favours or indeed however any member wants to put it, I would certainly, of course to you, Chair —

Ms HENNESSY — It is cooperation with inquiries.

Members interjecting.

The CHAIR — Order!

Mr GUY — I am answering the question.

The CHAIR — Exactly.

Mr GUY — I would simply point out that organisations like Mirvac, Walker Corporation, Bensons Property Group, Grocon, Becton and Central Equity contributed \$300 000, Chair, just before the 2010 election to the previous government under the same donations regime as which I attended a function which is being raised at this hearing today, Chair. I simply say, ‘Why are those issues not being raised?’. Indeed, Chair, I ask: why, when the former Premier, John Brumby, put a fee for service to the Clean Energy Council — \$33 000 for a fee for service. Not even a donation was made, and the opposition voted against changes to the wind energy — VC78 and VC82. One must ask: what was the motivation to vote against those proposals in Parliament after a \$33 000 fee for service was given by the former Premier to the Clean Energy Council and donated to Progressive Business, Chair? I simply say that it is very slippery ground for someone to make any allegations around IBAC inquiries when the former Premier as a fee for service — \$33 000 would certainly, I would have thought, constitute the same level of inquiry as what the member is raising this afternoon.

Ms HENNESSY — So I take that as a yes —

Mr GUY — Ms Hennessy, I am sure I will cooperate as much as the former Premier might cooperate should he have the same letter referred to him as you and a certain journalist must have concocted for this one.

Members interjecting.

The CHAIR — Order!

Mr PAKULA — The dump button does not seem to work!

The CHAIR — It cuts the microphone. That is the point of the exercise.

Members interjecting.

The CHAIR — Ms Hennessy, done? Thank you. I think that is a wise decision.

Mr ANGUS — Minister, I refer you to budget paper 3, page 268, and the performance measure there in relation to ‘Critical stakeholders effectively engaged in the metropolitan planning strategy’. Minister, could you give the committee an overview of the government’s work so far on producing a new metropolitan planning strategy for Melbourne and in particular advise the committee on what amount of public consultation has in fact taken place to date?

Mr GUY — You will be pleased to note that in the public consultation there is no fee for service of around \$33 000 that is being paid. You will note that it is a very straightforward conversation with Melburnians, Mr Chairman. We commenced between January and March an intensive period of engagement with the general public around the new metropolitan planning strategy. Importantly, the government is seeking to elicit the views of those who do not normally participate in planning discussions. The conversation toolkit which the

government had put forward with community groups, local governments and peak organisations — there have been 728 000 downloads of that guide, 45 consultation events registered and 15 workbooks received. That is very important.

In relation to focus groups, Chairman, these are for people we are trying to seek who are very hard to reach. Discussions with those harder to reach stakeholder groups across Melbourne have been very deliberate — Indigenous groups, the homeless, culturally and linguistically diverse people, newly arrived and established migrants, people with a disability, parents of young children, youth, older people in the suburbs and of course the long-term unemployed. Eighteen sessions have been held with over 208 participants from those groups. We have had twelve 3-hour vox pops — short interviews — with around 408 participants over that period of time actually coming together to be a part of what is going to be a magnificent level of consultation on the metropolitan planning strategy.

We held a major community forum on 2 March. Over 1000 people attended to participate in the day and certainly online, and ‘planmelbourne’ was indeed trending as the hash tag for Melbourne as a topic on Twitter for that day while the event was under way. There were 95 table hosts and 45 support and content support staff. It was very well received and indeed, as I have said, had a huge level of activity.

The survey that was put forward through the *Herald Sun*, the *Age* and *Leader* group newspapers — on the ‘Plan Melbourne’ website as well — was put out to as many people as possible. Chair, we had 8425 completed surveys. Five thousand were submitted reply paid, and 3400 were submitted online. Through the 250 participants in stakeholder organisations we have been through, with over 110 organisations providing feedback, and ‘Plan Melbourne’, the website, having 21 000 visitors, 9822 downloads, 585 submissions — it is so important that we do that level of consultation, Chair, as has been asked. We are seeing things such as community values coming back as an important level of interest from those participating in the surveys. People like the neighbourhoods they live in. They want to see how multicultural Melbourne is growing, both in the CBD and local areas.

You will not be surprised to learn that public transport is featuring quite heavily — certainly the concept of the 20-minute city and transport nodes or clusters. We are having a lot of interest in those concepts.

Community services and infrastructure — there is obviously overwhelming support for the education services being put forward. Housing — the need to increase density. Employment within 20 minutes is obviously very important as well. Environmental sustainability — needing more environmentally friendly houses and buildings through construction and the retrofitting of others. More emphasis on changing and generating our own energy and water reuse. Community engagement to ensure that we continually engage with communities on the journey through a new metro planning strategy. Parks and open space — you can imagine people obviously value open space and their parkland; that is so important. And of course Chairman, the need to have a clear vision, clear community benefits, and to understand what are going to be the key reasons and the key concepts behind a metropolitan planning strategy and how it will be so important to their lives.

I just say that it is a long process. It is a very detailed process, and it is one that we have a lot of pride in in terms of engagement. There have been, as I said, thousands of Victorians engaged, unlike any other strategy of its kind, and I think as such the product will be one that will reflect a lot of those community values that have been put forward via things like Mr Angus’s question, but certainly have been put forward in that consultation process.

Mr PAKULA — At the back of budget paper 3 is appendix A, which outlines performance measures which are proposed to be discontinued. One of the ones that is proposed to be discontinued is the ‘Planning scheme amendments completed in 30 days’ measure. The 11–12 actual was 65.25 per cent, and the 12–13 target was 80 per cent but the expected outcome is only 50 per cent. This seems to be running in tandem with ministerial direction 15, which, as I read it, creates a 40-day rather than a 30-day requirement. Do I understand correctly that the response to this failure to meet the 80 per cent target is to increase the number of days that are available to complete planning scheme amendments from 30 to 40?

Mr GUY — That is a good question. Deputy Chairman, the key factor behind our planning scheme amendment reform process was that a decision has to be made within a time frame. It actually has to be made, and if it is not made, then the default is that it is allowed. This is at the initiation phase, the start of the planning

scheme amendment process. What we found is that when I came to government there were planning scheme amendment requests that dated back some years. In fact we had to ring the municipality — I am pretty sure it was Stonnington — to ascertain whether or not a planning scheme amendment that was conceivably hanging around under the previous minister for some years for a supermarket in Balwyn was actually still wanted, given that it had hung around for that period of time. The idea on the planning scheme amendment and the 30-day target's replacement with the 40-day target is that will be the entire process, Deputy Chairman. It will be the entire process of analysing and then having a decision, as distinct from the 30-day target which was a timeline to prepare the amendment for the decision. This process will give the decision within that period of time, and if it is not there, obviously the default to the council is that it can proceed.

That is important, because it gives the councils a level of certainty. It means they actually now have certainty in the planning scheme amendment process; there will not be a situation where a request for a planning scheme amendment can hang around for four or five years. It means they will get the decision and they will get it within that 40-day time frame. It will be assessed by the department and a recommendation will be given, obviously, to disallow or to allow it, but importantly councils will have a decision. I think for so many of them that is what they have certainly wanted, and that is what they will receive. I think that in terms of providing clarity in the planning system and clarity to the users of it, in this case councils, that is the best outcome for them — knowing that they will have a decision within a certain time frame. They can factor that into applications and pre-application hearings. They can factor that in when those discussions are taking place, and obviously that becomes incredibly important for someone putting in a permit application should that depend on a planning scheme amendment as well.

Mr PAKULA — Just a brief follow-up: Mr Scott in his last question asked you about the almost 50 per cent reduction in the planning output, which Mr Forck explained in part. Is there any correlation between that reduction and the inability of the department to meet that performance measure, as I described it — that being the 80 per cent target and the 50 per cent expected outcome?

Mr GUY — No, not at all. In fact, just again reiterating what I said, the key point on this process is the department will be doing a greater level of work because we will be providing an answer to the council within that time. We have put in place a more efficient process, a more deliberative process and one that can certainly give an outcome to councils in a defined period of time. As I said, the default at the end of the 40 days is that it can be approved. So there is a default approval mechanism for councils at the end of it. They do not have that at the moment; it can just go on and on. So, conceivably, the response to the premise of Mr Scott's question — which I take it was if there is a resource reduction, will it impact upon the planning scheme amendment time frame — is no. That cannot be the case because the new process put in place has a default answer. The default answer is in place: after 40 days there is a decision. At the moment there is a 30-day time target, but that obviously does not get an answer guaranteed by the end of it; it is just an indicative target. This 40 days actually has a deliberate outcome at the end of it, and therefore either there will be an incentive for the department to have a look at it, because they will need to have an answer within 40 days, or if they let it default, then the council can proceed.

Mr O'BRIEN — I would like to follow on from your answer to Mr Angus's question about the government's new metropolitan planning strategy. I wonder if you could advise the committee on what direction this strategy will take, what are some of its broad objectives and aims, and how you plan to achieve them and put them into practice? Perhaps you could answer that by contrast with the previous government's Melbourne 2030 strategy.

The CHAIR — The minister will answer the question in any way he sees fit, without direction from the member.

Ms HENNESSY — Can you not be so obvious? It is embarrassing.

Mr O'BRIEN — He is also wearing a Melbourne tie, so I think it is appropriate.

Mr GUY — I think Mr O'Brien's question is quite relevant —

Mr SCOTT — I am sure you do.

Mr GUY — And indeed his reference is quite relevant.

Mr O'BRIEN — Labor does not like to hear about 2030.

Mr GUY — Mr Scott, metropolitan planning strategies are very important, and what is important is to actually note and acknowledge that the metro planning strategy is being rewritten and what it is going to replace. It is important to note the principles for the metro planning strategy that Mr O'Brien has raised and note what the government is working towards in creating that document.

I would point out again to the committee that going forward over the financial year, when the document will be delivered, one of the achievements we want to get through that document is a distinctive Melbourne. Throughout its history, Melbourne, as you know, has responded to a number of challenges and opportunities to build on Melbourne's past and to embrace its future, as I said to Mr Ondarchie's question before, around the central city area. That is so important — a globally connected and competitive city.

Melbourne is a global city. It is becoming certainly more globally connected, so we need to ensure that not only is it a connected city but it is a competitive city. It is part of the government zone reform initiative to match and to bleed in with the metropolitan planning strategy rewrite to ensure that we do have a competitive city. To remain competitive in the decades ahead we are going to need to increase productivity, and the strategy is going to need to outline how we can do that. Whether it is through job clusters, whether it is through residential growth or whether it is through the central city area, it needs to outline some of those points.

Regarding social and economic participation, social issues affect a person's capacity to contribute to the economy and indeed to their own community. If they are not addressed, they put a handbrake on productivity and of course impose direct costs on society, whether it is health services or welfare services, so we need to make sure that the strategy going forward is one that is focusing on a range of areas that are looking at people, not just a person as a commodity but a person as an individual, because with a city of 4½ million people we need to ensure that livability is a key point.

Regarding strong communities, connection to family, friends, neighbourhood areas and across generations is obviously very important in building strong communities and promoting wellbeing. The government is keen to reinforce the elements that create strong and caring local communities. Those things are not just words; they are put forward in terms of actions — whether it is a 20-minute city, ensuring that someone can walk to facilities that are health-care facilities or walk to their place of employment if they work locally, or having services and service delivery mechanisms that are close to their municipality. We need to factor that into the document.

Of course there is environmental resilience. We are certainly in an era when the community is more attuned to those issues and wants government to react to them and put in place planning solutions in our strategic work that recognise those environmental resilience issues. We need to be able to respond to changing environmental and climate issues and ensure that development is not at the expense of some of our natural elements; hence the government's protection of the Yarra and Maribyrnong rivers.

A polycentric city, as we want to become, that is linked to regional areas will need to have a number of key points to underpin it, whether, as I said, it is the 20-minute city concept, infrastructure investment that is supporting city growth, transforming places, transforming activities areas, leadership, partnership, looking at spatial work and transport work in the same element. That is so important for Melbourne.

I will say in conclusion that we need to reinforce, as I said before, our central city as a world city, create global employment clusters, as has been mentioned before, and build a state of cities rather than a city-state through this document to develop local solutions for suburban places, whether it is activity areas or new zone mechanisms to assist with neighbourhood protection, creating opportunities for connecting communities again, especially through walking and cycling, and of course leaving a legacy of a city that is as livable into the future as it is today. Of course on top of all of that is to have an organisation that will implement this strategy, and that is what this government is absolutely keen on doing.

Mr O'Brien did make mention of previous strategies, and I would say in fairness that that is where I think previous strategies have been at a disadvantage. They have not had an implementation mechanism. This strategy will have an implementation mechanism, so from day one of its launch it will be there to be implemented.

Mr SCOTT — Minister, I refer you to budget paper 3, page 267. One of the dot points under the heading ‘Metropolitan and regional planning and development’ is about providing better infrastructure. In a media release of 2 June 2011 there is reference made to work-in-kind agreements. My understanding is that, although it is nearly two years since their introduction — I think they started on 29 June 2011 — there is yet to be a work-in-kind agreement signed. I am seeking information as to whether there will be changes to that particular policy area over the forward estimates in relation to work-in-kind agreements.

Mr GUY — No, there will not be any changes. It is ongoing. It is nearly at a stage where it can advance to the next stage, and I think the government sees works in kind as a terrific mechanism to engage the private sector in infrastructure provision. It should not be seen as a silver bullet; it should be seen as one of a number of mechanisms to assist with outer-urban infrastructure requirements. The government is very keen to get works in kind in place. It is complex — no doubt about it. Many local governments have the equivalent of work-in-kind agreements, as they deal with DCP — development contributions plan — issues now. It is done at a local level, and we believe it can be done at the state level. Issues such as value need to be looked at, whether a development cannot be fulfilled. That is all being looked at, so we are looking at some of those issues that underpin it, but the concept is sound and one that we look forward to bringing to fruition this financial year.

Mr SCOTT — A supplementary: where you have indicated that there will not be a change to the policy, what is your explanation as to why there have not been any work-in-kind agreements brought to fruition, to use your phrase, in the period since the announcement?

Mr GUY — A draft consultation document was only issued in February, so we are seeking consultation. We are seeking to talk to those entities that may be a part of or have members that would be a part of a work-in-kind agreement. I think anyone would say that in terms of something as complex as this you need to engage those who would or whose members would be part of a work-in-kind agreement. I think that is very important, and I think that is wise. I do not intend to rush works in kind. We intend to get it right, and that is why the government has gone out to industry consultation, and now that that has come back we will endeavour to move on to the next step and put it in place this financial year.

Mr ONDARCHIE — Minister, apropos of your presentation to us, albeit we rushed you through it, I want to talk about the fact that you acknowledged that Victoria is one of the fastest growing communities in Australia, and the recent ABS statistics actually prove that. Do you support these levels of population growth, and what does the level of population growth mean for planning and how it should react to such pressure?

Mr GUY — Mr Ondarchie raises a very pertinent point, and that is around population growth in Melbourne. I want to take the opportunity, and I am glad you have given it to me — thank you — to discuss with the committee and just to put on record some of the levels of population growth that are occurring in metropolitan Melbourne, and not just Melbourne but also in regional Victoria as well, because some of those are historically very high. And it does underline the challenge and the necessity to get planning policy and planning changes right. Indeed following on from Mr Scott’s question around works in kind it is highly relevant. We need to ensure that works in kind, which can provide greater infrastructure for areas which have got huge population growth, are done not necessarily swiftly but right. Obviously we want to get things done in a prompt manner, but we want to make sure they are absolutely watertight from the start.

From 2007-08 to 2011–12 Melbourne’s population was almost — in all of those years — numerically the fastest growing in Australia. I remember the days only 10 or 12 years ago when the gap between the metro areas of Sydney and Melbourne was a tad under 700 000; it is now barely 400 000. So in just 12 or 13 years the gap between the two metropolitan areas has diminished by around 300 000. That obviously is good in the sense that it says there is confidence certainly in overseas migration and certainly in Victorians not moving to other states but staying in Victoria, which happened from around 1997 onwards. It says clearly that generations like mine are having a third child rather than, as our parents did, stopping at two. There is a range of factors in it, but of course that does provide greater population pressures, and our key aim should be livability and not just population numbers.

Having said that, Melbourne’s population numerically in 2008 grew by 80 000 people, around 90 000 people in 2009, 66 000 people in 2010, 60 000 in 2011 and this year it is back up numerically to around 77 200 people. I will factor that in: if you combine the raw population growth of Brisbane, Adelaide, Canberra and Darwin, and if you throw in the Gold Coast as well, numerically that still does not equate to what is occurring in Melbourne.

That gives you a key understanding of the level of raw numerical growth that is occurring in our city, and it means that we have to get our planning systems right. We have to reform zones, we have to reform our metropolitan planning strategy and of course we have to ensure that population is happening in the right areas.

In contrast, as I have said, 77 200 people in the last financial year came into Melbourne — 65 000 people in Perth, 61 000 people in Sydney, 43 000 people in Brisbane, and 14 000 people annually increasing in Adelaide. I want to just make this point if I can: 14 000 people was the numerical growth in the metropolitan area of Adelaide in the last financial year. Ms Hennessy is on this committee; her electorate is in the western suburbs, and until a short time ago, so was Mr Pakula's. Now he has moved to the eastern side of the city. The numerical growth in the population in the city of Wyndham last financial year was around 12 500 people. That is one local government area in Melbourne. It is not far off the entire metropolitan area of Adelaide. That underlines the importance of the things that Mr Scott raised about works in kind and getting those right, the importance of what Mr Angus raised around metropolitan planning strategy and getting that right and the importance of ensuring that we can find new ways of funding infrastructure in some of those growth areas that have seen the unprecedented population pressures that we are experiencing.

Ms HENNESSY — Minister, I want to ask you about delays in the planning and environment list at VCAT. I do not expect you to answer questions that sit within the responsibility of the Department of Justice, but early last year you put out a media release announcing a \$1 million injection into the VCAT planning and environment list to try to help speed things up. I think at that time there was about a six-month delay. Then in September last year VCAT put out a circular advising applicants to be warned that there was currently an 8 to 10-month delay. I am not sure what the current delay figures are, but I am interested in whether there is anything within your portfolio responsibility that can be done to try to ease the excessive delays down at VCAT?

Mr GUY — That is a more charming question than the last one Thank you. Ms Hennessy raises a good question around VCAT. I think it was longer than six months; I think it was around eight or nine months. I am happy to be corrected, but I think it was initially that period of time. Minister Hulls encountered similar delays, and he put an extra \$1 million, I think in 2006, into VCAT to try to bring it down. I did the same thing through the department of planning. We injected into DOJ an extra \$1 million to go into the planning list to assist with the time at VCAT.

I would just say that it is an ongoing issue. My department is working with the Department of Justice around alternative funding mechanisms as well and not just throwing an extra \$1 million every so often from the Minister for Planning but actually looking at new ways of additional funding to VCAT. I think that is important. I think it is important to ensure that we have a reduced time frame in terms of the planning and environment list. It is certainly not satisfactory to the extent that it is at. As I said, we have put in extra money. We are doing a review between the two departments to ensure we can find some different ways, and when that is complete I have no doubt we will find a better way forward. Until then I accept that certainly the way VCAT's planning and environment list has been funded over a period of time is facing pressures, and we need to find a different way in terms of doing business.

Mr ANGUS — Minister, I refer you to budget paper 4, page 40, and in particular the East Werribee employment precinct preliminary infrastructure. Minister, the outer suburbs are facing massive challenges to bring a greater number of jobs to them rather than simply having their growing numbers of residents commute into the city every day. Can you advise the committee what you and your department are doing through this budget to help people in one of Australia's fastest growing areas, the Wyndham growth corridor, in finding a job locally?

Mr GUY — Mr Angus asks a very important question, and I appreciate it. One of the key things I did do late last year, and I wanted to update the committee on it because it is obviously very relevant to the budget process, was launch the master plan for the Werribee employment precinct. That precinct is going to be immensely important to the sustainability of Melbourne's western suburbs and the Wyndham growth corridor. Importantly that precinct will be the home in 20 years time or so for around 50 000 jobs.

These kinds of precincts have worked in other areas — cities in the United States; they have worked to a limited extent at a lesser level in other areas of Australia. We are very confident that putting in place money now for the infrastructure requirements to get the Werribee employment precinct — which is going to get a new name, and

we are in the process of doing that — up and running and working is going to be so important, not just for the suburb of Werribee but importantly for the suburbs of Point Cook, Hoppers Crossing, Truganina and a whole range of other areas in the western growth corridor. It will be important for people who might live and work in Mr O'Brien's area in Geelong, who might want to transport themselves there in the morning to go to work, or indeed the other way: people living and working maybe in Yarraville or in Preston or other parts of the city who might want to commute down to that hub, as it will be, between Melbourne and Geelong, a new and very important activities area.

We are very confident in the Werribee employment precinct and very confident that what we have done through this budget in terms of putting forward an extra \$30 million on top of the \$40 million committed through land sales to actually get the Sneydes Road upgrade into the employment precinct up and running is going to be so important for that precinct in its initial stages. Indeed the \$72 million boost to transport and infrastructure we put in place for that precinct will do a number of things. Around 17 million of it will begin works to upgrade Sneydes Road to connect the site with the regional arterial road network and of course create a new full diamond freeway interchange that will allow people from Point Cook to move in and out of their suburb more easily but also allow them to move into the employment precinct, should they have a job — thanks to the \$34 million health announcement in that precinct which was recently made, or indeed other areas soon to be on the land parcels that might be sold and some of the employment that might come from that area.

There has been \$9.6 million dollars put forward for the realignment of the Hoppers Lane and Princes Highway intersection to improve safety and provide an attractive area for new business investment, \$3 million put forward for phase 2 environmental site assessments, \$2.5 million to identify ways to develop Crown land for future business and jobs and half a million dollars for options for the heritage-listed farm buildings in the precinct.

It is important that the government has put around \$70 million up-front on the table to get infrastructure in place now, before the site is parcelled off. That sends a very important message to the private sector. It sends a message to the people of Werribee and the Wyndham growth corridor. It says that we are keen to put in place the infrastructure to make this employment precinct work and, importantly, to make it work now and to put in place the infrastructure now so that those job centres can be genuinely brought forward and attracted to that precinct sooner rather than had been foreseen in the past. So I would say we are very confident about what has been brought forward in this budget to upgrade infrastructure in the western suburbs but particularly for the Werribee employment precinct. More importantly I look forward to being able to announce a new name — other than just the Werribee employment precinct — for that precinct in the near future, and I hope when it is decided on — —

Mr PAKULA — I hope you don't call it Finn.

Mr GUY — Deputy chair, there were some suggestions around 'Finland', I think with two 'Ns', not one. But I think, respectfully, that the council might have some other suggestions.

Mr PAKULA — Minister, I want to ask you about the changes to the departmental structure. It is interesting that Mr Yates is described as the secretary of DTPLI and others still have DPCD in front of their names. It has been a bit unusual. In terms of the way the budget papers are set out, if you look at last year's there is a DPCD list of output initiatives, many of which, or some of which at least, would be what you would describe as traditional planning outputs. In this year's budget paper 3, on page 48, the output initiatives seem to be exclusively what you would describe as public transport or road outputs. It looks for all the world like a DOT output initiative list, despite the fact that planning and local infrastructure are now included. I suppose my question in the initial sense is: is there anything we are missing here in terms of these output initiatives, or are there simply no planning output initiatives in this year's budget?

Mr GUY — Chair, there are planning initiatives that — not in the budget sense, as you say. There are initiatives certainly that we have raised today that have been brought forward. In terms of the budget structure, what had been an initiative in the past, as you raised before, was around planning scheme amendments, and that had been a longstanding initiative as to getting those done in a period of time. We have actually changed the process so that initiative is no longer necessary. A number of those have been there. We are actually reforming the planning system so what had been initiatives in the past — for example, on the precinct structure plan

release: we have gone through nearly 70 000 lots, so the necessity for that is no longer relevant. The amendment process has been changed, so it is no longer necessary.

The departmental restructure is, as the Premier has said, incredibly important — and I have had a number of questions here today — to ensure that transport and planning outcomes are delivered through one department. Through our new secretary, Mr Yates, who is quite experienced in a central agency role as well, we have been able to bring to this department a team of people who can see transport and planning in the same silo — in the same sphere — which is so important for maintaining livability. It is so important for focusing on not just transport and planning initiatives here, but the same things together.

I know you have obviously raised a point about planning initiatives. I would simply say that in relation to a number of them there is no longer a need because the government has reformed the planning system to such an extent that we now have a level of mandatory requirements in terms of time frames that supersedes the necessity to actually have that.

Mr PAKULA — Just a quick supplementary question. You talk about planning and transport being in the same silo; in terms of Minister Mulder's role as the coordinating minister of the department, does that impinge at all on any of the traditional authorities or approvals that the minister for planning would have? I mean does he now have a role in any of that, or does that all remain with you?

Mr GUY — It is no different to when Peter Ryan was the senior minister in the Department of Planning and Community Development. It is no different to that role; it is no different to any other lead agency minister. I think that — more than myself — Minister Mulder gets to come to PAEC hearings and answer the questions on output levels for staff for all of the departments, whereas I am limited to points in planning, which in some instances can be advantageous.

There is no role that changes from any lead minister in the sense — actually with the machinery of government changes, as you would be aware from my presentation, Land Victoria comes under the planning purview, which is an extra 280 people who we are now accommodating in that sphere. And of course, importantly, the Office of the Victorian Government Architect now comes under the planning sphere. This means that everything in relation to land, land disposal, evaluations, as well as the planning function in itself and its three statutory authorities, is contained now in one section, if you like. Of course, on top of that we have the Office of the Victorian Government Architect and its Victorian Design Review Panel in the same planning sphere as part of the Department of Transport, Planning and Local Infrastructure. I would say again, it is a very sensible move. It is one I have been very supportive of, and I believe it will serve Victoria very well into the future.

Mr O'BRIEN — Further to the many commitments that you outlined in relation to your answer to Mr Angus's question in relation to the western suburbs that are in need of jobs — and regionalised jobs — I would like to ask you, Minister, what is the government doing in relation to other areas of Melbourne, particularly Melbourne's south-east, so that they can enjoy real growth? And, importantly, are there any projects in this budget that may aid job growth in the outer south and south-east of the Melbourne metropolitan area?

Mr GUY — Chair, I obviously appreciate Mr O'Brien's question. It is a very important one, not just focusing on the western suburbs — as I have done a bit today, and that is very important because, as I said before, the level of raw growth in our western suburban area is quite high. But also, not to be overshadowed, are Melbourne's south-eastern suburbs. Melbourne traditionally has grown towards the south and south-east — so that belt from the bay over towards, say, Narre Warren and Pakenham has been our city's key growth front for the best part of 20 to 30 years.

The budget outlined a number of initiatives, and one in particular that I wanted to talk about is in relation to improving some areas around the Frankston railway station; there is \$13.8 million of planning money to do that. That is important. The central Frankston area is an area that is going to grow strongly as an activities area within itself. It is a project that we have had a bit of interest in through the department for a period of time — nearly 12 months — and have actually sought and achieved some funding in this budget. I am pleased to say, Mr O'Brien, through you, Chair, that we will see a level of investment in central Frankston that will ensure that that activities area can continue to grow, and grow sustainably.

Recently I allowed the council — through a planning mechanism — to bring forward a boost for that central business area, with a \$70 million office complex for South East Water. That will bring 700 jobs to the central

Frankston area. The \$13.8 million to upgrade the railway station area and the transit interchange will ensure that it is safer, that it is brighter, that is cleaner. There will be new lighting, new signs, improved safe taxi pickups, 'kiss and ride', public art, footpaths, public seating, pedestrian underpass upgrades, bus shelters, covered ways to shield passengers from the elements and of course traffic light and signalling upgrades to help with bus access.

That money becomes ever more important because, as I said, Frankston's activities area is changing. One former minister I know in the previous government had trouble with some comments he made about Frankston, but I would simply say that I have a lot of confidence in Frankston and indeed Frankston's ability as our only central activities area right on the waterfront to be able to offer a level of higher density accommodation within its defined boundaries and job growth that can support that. And that is what we are seeing from South East Water.

Can I also bring the committee's attention while I can — and it is pertinent to Mr O'Brien's question — that I brought forward an amendment to the Cardinia planning scheme recently, amendment C176, to bring forward what is called the O'Connors abattoir in Pakenham. That will provide around 800 local jobs and around \$300 million in investment in the south-eastern suburbs. Those two projects, whether it is South East Water or O'Connors in Pakenham, are so important. Going back to a previous question on the Werribee employment precinct, it is so important to bring forward those kind of job-generating initiatives in our growth areas, and I cannot stress enough how supportive councils have been in all three projects. Importantly, they know that their municipalities are facing a level of population growth that they will need to manage well into the future, and providing security through job growth in those growth areas is obviously going to be so important.

Mr SCOTT — Minister, on page 267 of budget paper 3 there is reference to the Minister for Planning administering the planning system and having statutory responsibilities. In doing so, one of the key groups that is impacted on by how you perform your duties is the building industry; I am sure you would agree?

Mr GUY — Yes, it is.

Mr SCOTT — One of the key measures for building activity in the building industry is the number of building permits issued. The Building Commission publishes that information, and there has been a significant decline in the number of building permits of late, particularly in 2012, and there has been a decline of about 16 per cent from 2010 and 2012, from 112 000 issued in 2010 to less than 95 000 in 2012. The last time building permits approved were below 95 000 was in 1998. I would be grateful if you could provide an explanation to the committee of what factors, what the state is of the building industry and what government policies have contributed to that situation.

The CHAIR — Mr Scott, I will allow the question, but the minister is responsible for oversighting the issue of planning permits, not for the number of permits that are issued.

Mr SCOTT — I understand that. It is the actions of government and their contribution.

The CHAIR — That is why I am allowing the question, but I think it is worthwhile making that point.

Mr GUY — It is important to note that in terms of dwelling commencements, dwelling starts — that kind of figure — for the best part of 15 years Victoria has boxed, and is continuing to box, above its weight with 24.8 per cent of the national population, doing that or above level for a long period of time. In fact with the figures of around 60 000 or 65 000 starts, I think those in industry will understand it is probably unsustainably high. They are coming down to a level which is more realistic on a business model sense of 40 000 and 50 000. I think that is probably a more realistic level in terms of the industry and where we are at.

Having said that, you do raise a key point, and that is around policy reform to provide incentives to ensure that we can provide our building and construction industry — whether it is housing, commercial, industrial — with confidence to invest. I think that is quite right, what you say: what are we going to then do in a policy sense to ensure that we can provide a level of certainty into the future? I would say on a number of fronts not just in the strategic sense in terms of the metropolitan planning strategy of regional growth plans but also in a policy sense, such as zone reform.

If you look at the zone reform initiatives, which we have put forward and are about to implement on 1 July, we are actually creating three very clear zones, where one says development will not occur; one is very similar to the residential 1 now, which is the general residential zone; and for the first time we are going to seek to apply quite liberally a residential growth zone which will incentivise growth and development in areas where it has been defined and councils have done strategic work to apply. That will give the development industry a zoning mechanism which they have not had before — that is, one that is incentivising their built-form change in an area which has been very clearly articulated. It is very important to get that zone reform through.

There has been some commentary recently on our commercial zone reform, which I will make some reference to. It is a good question you ask — I cannot stress to the committee how important commercial zone reform is going to be to ensure that we can allow Victoria to grow and indeed grow sustainably in areas which have been determined and indeed how a complex planning zone structure becomes absolutely paramount to assisting economic growth.

On the zone reforms which I brought forward, concertinaing five business zones into two commercial, tidying up some of the industrial zones and actually seeing those changes now put out for a final round of consultation, the Master Builders Association has said:

Victoria's planning system is overly complex and often acts to stifle investment aimed at building better —

more concentrated

and connected communities ...

Today's reforms —

which was when I launched it on 6 May —

will simplify planning zones and support investment in both commercial and industrial buildings across the state.

We are obviously very supportive, as you can imagine. The Bulky Goods Retailers Association, given we have changed some of the floor space requirements, has obviously been very supportive. I also note that the Productivity Commission's 2011 report *Economic Structure and Performance of the Australian Retail Industry* made five related recommendations regarding the planning and zoning. I will not read them through, but it is important to note that the federal Assistant Treasurer, David Bradbury, had stated on 29 August:

State and territory governments need to show leadership through reform of their planning and zoning regulations.

Some jurisdictions —

such as Victoria —

have taken positive steps recently, but a few positive steps in one or two states is not enough.

It is good to get that endorsement from the federal Assistant Treasurer, David Bradbury. Even he says planning zone reform — as you rightly asked — can be absolutely fundamental to economic success and indeed providing confidence to an industry that has gone through more difficult times. There is no doubt about that; no-one is denying that it has gone more difficult times. As a consequence government has then gone back to reform systems and structures to ensure that when we are coming out of more difficult times we are well placed.

The CHAIR — Thank you, Minister. Is there a supplementary?

Mr SCOTT — There is indeed. When making determinations about public policy, is there a level of building permit approvals that is regarded within the department as being appropriate to deal with population growth? If so, what is that number for the current financial year?

Mr GUY — No, there is not a blanket figure which says this figure says we are doing things well or this figure says we are doing things poorly, because obviously it can be subjective. You might be building 60 000 one-bedroom dwellings when it would obviously have the same effect if you built 20 000 three-bedroom dwellings. That is why when I talked earlier about the department's work — and very good work — around higher density planning in the central city area, one of the key points they do monitor and one of the key points they do keep rolling over is the style of that accommodation. It does not just mean the built-form structure, and

it does not just mean how it relates to the ground. It also acknowledges and looks at the internal structure: are they predominantly three bedrooms; are they predominantly two bedrooms; what are we trying to achieve?

You raised a point which is useful around the Fishermans Bend structure plan. One of the key points around the Fishermans Bend structure plan will be to ensure that we can get a level of three-bedroom dwellings in that structure plan.

Members interjecting.

Mr GUY — It is quite important! So with the issues that you have raised in and around the dwelling numbers, we can actually get the family accommodation that has not been in places like Docklands before.

Mr ONDARCHIE — Just before I ask the minister his question, I know a member of the gallery on leaving the hearing today flung a comment at this committee. I would have thought that the member for Broadmeadows, who is clearly on his way home to Brighton, would have known better than to do that on his way out.

The CHAIR — Thank you, Mr Ondarchie!

Mr ONDARCHIE — Much appears to be made about you having planning control over a number of sites in the city. I wonder if there are any recent instances where you have actually handed back planning control to local communities.

Mr GUY — That is a good question from Mr Ondarchie because there is obviously a discussion around planning controls and the state government having or taking planning controls, but there is not a great level of discussion around what we then hand back and what I have handed back, which is quite a number of areas. One in particular around Waterfront Place in Port Melbourne was one where the previous minister, Justin Madden, had taken control of that site and there were some discussions. Ms Hennessy, you might be interested in this. There were some discussions, I understand, with an overseas developer at that that time. I understand they even attended a few functions in relation to what might be built on that site.

Ms HENNESSY — Don't be too touchy, Minister. Defensive.

Mr GUY — It is just factual. What we did was very important, and that was to hand the planning control, the responsible authority status, back to the City of Port Phillip, so it could then appropriately deal with the planning decisions for that location.

It was something similar for Tooronga Village. I gave powers back to the City of Boroondara in relation to Tooronga Village. It was quite a substantial site. The previous minister had removed it from the council purview and given it to himself to be the planning authority. I have given that back to Tooronga Village.

Your question is obviously very opportune; there have been a number I have handed back today to local government. Some of those are over areas that have been subject to redevelopment, that have either been completed or not begun and have gone back to council. Others, like the Narre Warren Fountain Gate town centre, are still in their infancy, and it is important that the council is the responsible authority again in that potential development, because it is an activities area and it is important to the city of Casey. The City of Casey has a good record at looking at activities area developments, and as a consequence I think it is important that the City of Casey gets back the Fountain Gate town centre for its future activities area planning.

Monash University, Caulfield, the western precinct redevelopment, is another one I have handed back, to the city of Glen Eira. There is Whitten Oval, for our members here from the western suburbs. There is 417 Barkly Street, back to the Maribyrnong City Council. There is the Malthouse Theatre redevelopment, the VCA redevelopment, now back to the city of Melbourne. Those are important. There is the recital centre, obviously, back to the City of Melbourne. Importantly, Mr Ondarchie, there is one in my electorate in the central city area at 118–148 Lonsdale Street and 117–147 Little Lonsdale Street. That was a contentious planning application which has gone back to the City of Melbourne, and they can now deal with any matters that might come up on that site.

I think it is important — and I am glad Mr Ondarchie has asked the question — that there are a number of areas where planning powers have been handed back to councils. That is correct, and indeed that is something that should be noted. So I thank him for the question.

Ms HENNESSY — Minister, I just wanted to pick up some of your evidence you gave in respect of the zoning changes. In respect of the changes to the commercial zoning you probably would be aware that there was a submission put in by Urbis, and they made the point that some centres would change over time as a consequence of this but that some would fail. The eastern metropolitan group of councils put in a joint submission, and they said that the commercial zones have the potential to severely undermine the role of existing activity centres. That seems to be slightly at odds with the evidence you gave before, and I was wondering if you could perhaps explain the disparity between those two positions.

Mr GUY — I think that submission was put in on the government's first proposal — the initial proposal that had been put out. But it is important to note that there will be, obviously, contention when it comes to some of the proposals for greater competition in our commercial zone areas. Having said that, we have had a lot of consultation with councils over that period of time, with the MAV and with others, around zone reform. I am very confident that it will not lead to the scenarios that some have put forward. I understand their initial concerns; we have worked through them on a range of those since some of those original concerns had been put forward.

It is important, obviously, that there is a level of feedback and participation from councils on the new structures. Importantly it provides councils with a greater degree of opportunity in terms of the two new zones in the commercial area — one which will be exclusively only for employment, and one which will have a mixed-use definition to it, which is not the case in some of the commercial zone areas, and of course around floor space gaps; I think that was one of their key concerns. Some of those have been addressed, and some have not. The government does believe that we do need to have a level of competition, particularly in areas where you have two very large retail giants, if you like.

Ms HENNESSY — That is essentially what the issue goes to.

Mr GUY — Yes, that is correct. And they have, dare I say, provided themselves as a duopoly in some areas, and the government wants to see a little competition. We do want to see a level of competition in the retail sector that can more than anything provide a benefit to the consumer, and it is one way that a planning system can certainly do that. Like I said in response to Mr Scott's question on works in kind, it is not a silver bullet, and it will not be the answer in every area, but I believe it will be an answer in some, and it will open up a number of areas for development, commercial opportunities I should say, that have not been there in the past. I do understand that some people have concerns, but I would say to them that in time I think they will come to see in particular that the level of competition that will be there for their constituents will be greatly enhanced by these changes. I am very sure that the consumer will be very comfortable and happy with the fact that they are not only having two options; they might in fact in the future have two or three or four, thanks to some commercial zone reforms.

Ms HENNESSY — Minister, what sort of economic impact modelling does the department do when grappling with issues such as the commercial zoning issue?

Mr GUY — It depends on their application, and economic modelling can be very subjective when it comes to what a zone might look like. It is obviously not about the structure of the zone; it is its application. So application becomes very important. If you did a direct translation as to how that would apply if you allowed a period of movement, if you like, of the zoning mechanism from a B1 concertinaing down to a C1 and 2 — the five business zones — that can be very subjective. So what we need to do, and we have obviously looked at it, is how the translation will occur and what will occur in terms of the hectare level of developable area that can be opened up, and that has been done. What I think you are asking for is the modelling in terms of economic impact on a municipal-by-municipal basis and I think that becomes more an application of the zone basis rather than a direct translation basis.

Mr ANGUS — Minister, I refer you to budget paper 4, page 40, outlining a range of new projects. Across Melbourne there is increasing pressure to provide better bike infrastructure and better tracks for walking to

assist with healthier communities across our city. Can you advise the committee on what the government has done to improve Melbourne's bike infrastructure to in fact build a healthier city?

Mr GUY — That is a good question; thank you very much, Mr Angus — a very good question. As someone who — —

Mr PAKULA — And a complete surprise to you.

Ms HENNESSY — Never saw it coming.

The CHAIR — Order!

Mr GUY — I did not. I am just fetching through my notes now to get out the relevant information to answer it. Here it is here. Look at this. I never would have thought.

Mr ANGUS — As a recreational cyclist, I am very interested in your answer.

Mr GUY — I am a recreational cyclist indeed. Thank you, Mr Angus. I think you are too.

Mr ANGUS — Me. That is what I am saying. I am. No lycra, though.

Members interjecting.

The CHAIR — Order!

Mr GUY — I think you have three children, Mr Angus?

Mr ANGUS — Four.

Mr GUY — Four daughters?

Mr ANGUS — Three daughters.

Mr GUY — Three daughters, one son. You would not get three of your children into the little contraption that I have my two sons in and which I haul on my bike. As a keen cyclist, I would say that it is important in a planning sense that we make sure that Melbourne is not based just on cars, trains and trams into the future but also on walking and cycling. Anyone who comes into work by car would notice how many bikes there are now on the road. I have been one of those in the past; sadly, not as much in this job as I would like.

Cycling infrastructure does need to be upgraded and it is important that we factor that into metropolitan planning. In fact around \$18 million has been put forward to bring forward the Darebin Creek bike trail. That is a missing link between the northern suburbs, as Mr Ondarchie would know, and Melbourne's southern and eastern suburban bike network, as you, Mr Angus, would know. I have put forward that money, out of planning, to ensure that we can get a very important piece of cycling infrastructure up and running. There are obviously some issues now with the Boroondara council. I think we will resolve those sensibly over time. What I would say is that it is very important that we focus on that kind of bike infrastructure.

Indeed the \$18 million there is on top of the \$18 million the government also provided for the Jim Stynes Bridge. The Jim Stynes Bridge will link Docklands and the CBD with a dedicated walking and cycling bridge over the Yarra River under the Charles Grimes Bridge. It is under way now; it is being constructed. It will link the city of Melbourne, as I said, the CBD, with Docklands and actually provide a missing link for those who want to cycle to Docklands. That is \$36 million in bike infrastructure that is up and running; that is there to create a city that is focused, as I said, not just on cars and trams and trains and big infrastructure, but is also focused on people wanting to get out, whether it is recreational cycling, like you, Mr Angus, or indeed for other people who cycle to work. There is a great level of those, certainly in Docklands. Some of the Docklands businesses — NAB, ANZ and a few others — have come together to actually encourage their staff to ride. I think they have had to triple the level of bike storage units underneath their buildings and upgrade the showers, as you can imagine, because they are heavily utilised. Providing the Jim Stynes Bridge is a piece of \$18 million infrastructure, partnered again with the City of Melbourne, to bring that money forward to build those two pieces of infrastructure that are so important for Melbourne's cycling infrastructure.

It goes, again through planning, on top of \$1.5 million that was put forward for bicycle connectivity from Box Hill to Ringwood, through your own area, Mr Angus, which is again going to be so important for that part of Melbourne for bike infrastructure, and \$1 million that was put forward around Chapel Street for bicycle works upgrades.

So in the next PAEC I look forward to members advising me that they have cycled on some of those new pieces of infrastructure. I believe the Jim Stynes Bridge would, hopefully, be close to completion at that time, and hopefully the Darebin Creek trail link will be well and truly under construction by that stage and any issues with some of the councils out east amicably and sensibly resolved.

Mr O'BRIEN — And hopefully Jim Stynes's football club will be having a better year!

Mr PAKULA — Minister, I just want to ask you about the reference to streamlining planning regulation, which is at page 267 of BP3, and I want to ask it in relation to VicSmart. You would know, as I am sure you keep track of all your press releases —

Mr GUY — Yes.

Mr PAKULA — that you put one out on 7 June last year, which is almost a year ago, which talked about —

Mr GUY — I can remember it word for word.

Mr PAKULA — Can you? So I do not need to read it to you? You would remember the bit, then, where you said it had the potential to deal with approximately 10 per cent of annual permit activity — —

Mr GUY — Struth! Did I say that?

Mr PAKULA — Which represents more than 5200 permit applications a year and can reduce assessment time from an average of 62 business days to 10 business days. As best I can tell, almost a year later that has not been implemented. I am just wondering if you could tell us why that might be?

Mr GUY — It is a good question. VicSmart is soon to be implemented. As I said, it has actually come into the planning structure on 20 May. It will be — —

Mr PAKULA — Like yesterday?

Mr GUY — As in yesterday, yes. It obviously goes through its VC amendment process and then comes into the planning structure. It is one that, as I said before, can account for around 8500 permit reductions, which is certainly well above the 10 per cent figure that we had forecast. It is one that will be able to provide councils with a straightforward level of detailing with a number of small, low-impact permits. It will be made operational through the VPPs, which are the Victoria planning provisions, and planning schemes by the start of next year. The planning schemes will set out the VicSmart process by then. It will identify the applications of assessments by VicSmart. I notice the opposition actually talking about wanting granny flats to go through a no-permit process, which is interesting. That is a step further beyond VicSmart. I know there was some criticism of VicSmart initially in the Parliament, and I think the opposition may have opposed it. So the granny flats issue is — —

Members interjecting.

Mr GUY — Is it not extraordinary? But it is good to see that there has been some movement, if you like, from that point of view to look at granny flats. It is not something that is being considered under VicSmart. As I said, we are more looking at those low-impact permits, whether it is a fence or it is a heritage issue, that can be put into a codified regime.

It is interesting to note, Mr Pakula, that a similar process on a codified planning system operates in south-east Queensland and very successfully, in, I believe, the cities of Brisbane, Gold Coast and probably Logan, and has operated there for some time. It is a codified system. It is probably more detailed than VicSmart and further applied than we intend VicSmart to be, but I believe the technicalities of our model will be superior and it is one that will manage those permits — around 8500 of them — very well when it kicks off in a few months time.

Mr PAKULA — In terms of the kicking off in a few months time, when you said it will be up and running at the start of next year, did you mean the 13–14 financial year or 1 January 2014? And when it does kick off, is it still your expectation that it will have the impact that you thought it would have when you issued the media release in June, as in the reduction of 62 to 10 business days? Is it still your expectation that it will do all of that?

Mr GUY — Yes, certainly that is our expectation. That is the structure and the process in the 10-day time frame, and the beginning of the calendar year obviously is the commencement date in that time. We want to make sure we get this right. It is a major change to the way we operate planning permits in Victoria, but it is one that is right. It will go a long way in terms of reducing red tape, and will provide a lot of certainty in the areas where it is applied — coming back to one of Mr Scott's questions before — so I think it is a good system and it will be a productive system. As I said, the department has done a lot of good work around talking to councils about how it might be applied, so we are very confident that will be a very good addition to the Victorian planning system to be able to cope with things, as we have mentioned before, around population growth and business demand that will be needed in a reformed planning system structure.

Mr O'BRIEN — Minister, perhaps further to your answer in relation to the Jim Stynes Bridge, I would like to ask you about the Yarra and Maribyrnong rivers, which are two of Melbourne's most important natural assets. I refer you to budget paper 3, page 267, and in doing so, could I ask you, Minister, are you doing anything to provide planning protection for these two iconic Victorian rivers?

Mr GUY — That is a very good question. It affects a number of members around the table — in fact only one, sorry. It affects Mr Ondarchie and myself around the Yarra and Maribyrnong rivers. It did affect Mr Pakula, but he has moved from having a boundary of the Maribyrnong River. It does affect all of us, though, as Victorians and a number of us here who are representative of areas in the metropolitan area because they are Melbourne's two iconic rivers: the Yarra and the Maribyrnong. Indeed it is high time that we do protect those two rivers with mandatory controls and indeed provide a level of certainty that those two rivers will not be overdeveloped, built out or have some of the environmental values of them diminished by planning or by built form.

A lot of my portfolio is around building. My portfolio is also around protecting. So a key element of this part of the portfolio is around the protection of a number of areas along those two rivers. Mr Ondarchie would know certainly in the Banyule area and in the city of Yarra area which are covered by my electorate there are a number of pressures being applied through built form encroaching onto those riverbanks. So I have brought forward what was called VC96 into the Victoria planning provisions, which has a state-recognised level of protection. That will provide setback guidelines and mandatory height guidelines. It puts a level of environmental focus back on those two rivers. It mentions, as I said, in the state planning provisions these two iconic rivers. It goes to a number of municipalities, as you can imagine: from Yarra to Boroondara, Banyule, Manningham, Stonnington, I understand, up to Nillumbik, in the east, on the Yarra River.

Importantly what should not be forgotten as on equal par with the Yarra in many ways is the Maribyrnong River, and where the Maribyrnong River goes. Some of those local government areas up there, whether it is Moonee Valley or some of the others — Maribyrnong itself — need to have a level of mandatory protection for that natural asset. So we have brought forward those controls. As you can imagine, we looked at a number of councils which had existing controls. Boroondara had them. They had existing controls from the previous government, which we were able to amend and bring forward as the first tranche of VC96, so Boroondara has those controls in place now. With other councils we are working on implementing them fairly soon. We expect them to be finalised probably by mid this year, in a few months time. I think we had a \$3.6 million commitment to clean up the Maribyrnong, and it complements that. It provides a level of security and certainty for councils in the western suburbs of Melbourne, up the Maribyrnong, which are facing development pressures up the Maribyrnong and who indeed see the Maribyrnong as one of those key natural assets that needs a level of mandatory protection.

Chair, you would understand this, having been a former local government councillor and a mayor. Mandatory controls are the greatest level of controls that can be applied in a planning system. Discretionary controls are always able to be challenged. Indeed Ms Hennessy raised an important point before about VCAT. When you have a discretionary control, obviously there can be an appeal mechanism and there can be a challenge to it. The most important thing that we can do through VC96 — the most important element — is those mandatory elements of that state amendment, the VC amendment.

That gives councils absolute certainty. It means that now the Yarra River and the Maribyrnong River will have mandatory controls, as I think many in the communities in those areas have wanted, have asked for, and indeed councils have requested. I think it is so important in a metro planning strategy sense, in an environmental sense and in a planning sense that we do not just view planning as a regime of, 'How do we make it easier to build?' We are also saying, 'How do we make sure that what we are building and where we are building is indeed appropriate?', and so this is a very good point and a very good question to raise around the future of our city, the character of our city and the character of the suburbs. After the bay, our two most important inland assets, environmentally, are the Maribyrnong River and the Yarra River.

The CHAIR — Thank you, Minister. That concludes the consideration of budget estimates for the planning portfolio. I thank the minister and the departmental officers for their attendance this afternoon. There was one question on notice relating to the planning output. We will write to you with regard to that question on notice, and we ask that, if at all possible, we get a response within 21 days, which will allow for timely reporting to the Parliament. That concludes the hearing. I ask that all broadcasting and recording equipment be now turned off.

Committee adjourned.