

Division 29: Planning, \$48 043 000 —

Mr I.M. Britza, Chairman.

Mr J.H.D. Day, Minister for Planning.

Ms G. McGowan, Director General.

Mr N. Thomson, Assistant Director General.

Mr E. Lumsden, Chairman, Western Australian Planning Commission.

Ms S. Sherdiwala, Acting Chief Financial Officer.

Mr T.M. Hillyard, Manager, Strategic Property Unit.

Ms S.J. Burrows, Executive Director, Perth and Peel Planning.

[Witnesses introduced.]

The CHAIRMAN: The member for West Swan.

Ms R. SAFFIOTI: My question relates to page 332 and what is happening with the supply of land in the current market. I note that the minister predicts that the average lot size will increase from a very low 411 square metres to 425 square metres in 2014–15. Can the minister explain why the average lot size will increase rather than decrease, as much of the private sector says?

Mr J.H.D. DAY: Which line is the member on?

Ms R. SAFFIOTI: I refer to the table on page 332 with the heading “Outcomes and Key Effectiveness Indicators” and the line item on average lot size in the Perth metropolitan region.

Mr J.H.D. DAY: In short, I am advised that it reflects the continuing trend of subdivision activity and metropolitan infill development, but that does not quite sound right. It is only a slight increase from the estimated actual of 411 square metres up to 425 square metres. That is not a particularly significant change. The trend occurring more so is greater urban consolidation and greater reliance on urban infill projects, but there is still a substantial amount of greenfields development, which will be the case for quite some time. I will ask Sue Burrows to elaborate on this aspect.

Ms S.J. Burrows: There is a definite trend in the market for small-lot subdivision. We have seen that coming through quite regularly now, even with greenfields subdivisions. We are expecting that trend to continue, particularly with the rolling out of strategies under the Directions 2031 and Beyond framework. The budget papers reflect what the market is delivering.

Mr J.H.D. DAY: While we are still on that, I will ask Neil Thomson to add some more.

Mr N. Thomson: When we compare budget to budget, we see that there is a decrease. If we go back over many years, we see that the budgeted number is probably always a little higher than what is achieved, so the member needs to compare the 2013–14 budget, which was 500 square metres, with the 2014–15 budget, which was 425 square metres.

Ms R. SAFFIOTI: I could do that, but perhaps it could be better estimated in the first place.

Mr N. Thomson: True.

Ms R. SAFFIOTI: I have a further question. I understand that the industry has concerns about lot size and availability. I note statistics released the other day that showed the average price per square metre over the past year had increased by 13 per cent. I cannot remember which way around it goes, but I think the block size is falling and the average lot price is increasing, and significant shortages are happening in some parts of the metropolitan area. What does the minister see happening with lot availability over the next year?

Mr J.H.D. DAY: There has certainly been an increase in demand over the past 12 months or so, which reflects the fact that interest rates have remained low and therefore more people are moving out of rental accommodation and wanting to buy their own homes, particularly in the first home owner level of the market. The other side of that coin is that rental vacancies have gone up significantly over the past 12 months or so, and I understand they are currently around four per cent. That has taken a lot of pressure off rental costs. In particular locations it is a matter of supply and demand, and it is quite good for a number of developers that there is a high level of demand as a result of their marketing and desirable developments. But if we look more broadly across the metropolitan area, we see that there is still a reasonable level of available land. A large amount of land is zoned for urban development and, from memory, something like 60 000 lots are approved conditionally for subdivision. That does not mean that all of those will be subdivided or meet the conditions in the end, but it indicates that a lot of land is available for subdivision in the Perth metropolitan area and the Peel region. I agree that in some locations

there has been a higher level of activity and, perhaps, a shortage, but if we look more widely across the metropolitan area, we see that it is not universally the case.

Ms R. SAFFIOTI: I have a further question on the same table on key effectiveness indicators. Another line item refers to people in the metropolitan region who live within a 10-minute ride of a railway station. That figure has remained constant over the past number of years. Given that so many new housing developments are occurring and there are no new train stations, I wonder why that figure has not fallen. By way of supplementary information, is the department able to give me some justification on how that figure stays the same, even though, for example, in Ellenbrook it takes 10 minutes to get from north Ellenbrook to south Ellenbrook, even though it is nowhere near a train station?

Mr J.H.D. DAY: What KPIs exist in the first place and then how they are assessed is an arcane process, so I will ask some people who are much more experienced in that to comment. One new train station that will come into operation pretty soon is Butler. As the member knows, the line has been extended up there and other transit-oriented developments are also occurring. Elizabeth Quay is a good example, but that is not yet completed.

Ms R. SAFFIOTI: That is not a new train station.

Mr J.H.D. DAY: No, but new residential developments will be in the area. I will ask the director general to add some more on KPIs.

Ms G. McGowan: I will certainly let Mr Thomson expand more on this. We are in the process of recognising that our KPIs need adjustment. In fact, I think we have just had some approvals along that line.

Mr J.H.D. DAY: I will let Mr Thomson comment.

[8.10 pm]

Mr N. Thomson: These KPIs have been here for a very long time, as the member is aware, and we are in the process of reviewing them because they are about providing meaningful information.

I could not comment on that specific one. One might assume that the density was increasing around some of the rail stations, so that would mean that as the population went up, the percentage stayed the same. But that would be just conjecture. For that specific one, we would have to provide some sort of analysis of it.

Ms R. SAFFIOTI: Could the department provide that by way of supplementary information? As I said, those figures are there; someone has put them together to put them in the budget, so there must be some information somewhere.

Mr J.H.D. DAY: The member wants to know how that 37 per cent has been determined.

Ms R. SAFFIOTI: Yes.

The CHAIRMAN: Is the minister happy to supply that?

Mr J.H.D. DAY: We can provide that. If someone is able to explain that over the next week or so, they will do so, I am sure.

Ms R. SAFFIOTI: Maybe it will encourage someone to change it for next year.

Mr J.H.D. DAY: Maybe. There are examples of additional residential developments occurring close to train stations. Midland is one example and Claremont is another that comes to mind.

Ms R. SAFFIOTI: Sure. But I think the minister would agree that the volume occurring outside that 10-minute radius would probably be greater.

The CHAIRMAN: Is the minister agreeing to give supplementary information?

Mr J.H.D. DAY: Yes.

The CHAIRMAN: Okay. Let us clarify that.

Mr J.H.D. DAY: If it can be determined, yes, we will provide it.

[*Supplementary Information No B70.*]

Mr J.E. McGRATH: My question relates to the second bullet point under significant issues impacting the agency on page 330. Reference is made there to the second phase of planning reform. I was wondering whether the minister could indicate what reforms are being considered and what outcomes he hopes to achieve in this attempt to further streamline approvals processes and improve land-use planning and development decisions.

Mr J.H.D. DAY: In the planning portfolio, a lot of attention is given to the major projects, of course, and sometimes to significant planning scheme amendments and so on, but really equally important is the structure of the planning system to ensure that we have an approvals system that is responsive to the population growth

pressures that we have in this state. As the member would be aware, substantial reform has been put in place over the last three or four years. We are going through a second phase at the moment, as the member said in his question. Some of the proposed changes being considered are: further streamlining region and local scheme amendment processes; improving the structure plan process; and ensuring that delegations to local government officers, officers in the department and officers of the commission for that matter, I guess, are consistent. Also, we are considering an increased emphasis on design outcomes, particularly for multi-unit developments. There is a system in place in New South Wales known as SEPP 65—state environmental planning policy 65—and I think there is a good argument that something like that is required in Western Australia when there needs to be architectural input on certification for the design of multi-unit developments. That is under consideration. The stage that that is at is that a discussion paper was put out in the second half of last year. Comments have been received and they have been assessed by the department. It was only last week, I think, or the week before, that they were put on the department's website—that is, the assessment and analysis of the responses—and over the next month or two within the government, my office and so on, and probably ultimately in cabinet, we will consider what we will put into effect as far as further reform is concerned.

Mr C.J. TALLENTIRE: I am pretty sure that I have heard the minister say in the Parliament on a number of occasions that really the delay in the system is not about land release but about lot release, which is a decision of private developers. Why does the minister want to worry about streamlining an approvals process that, according to the minister, is working fine because we are getting the land releases out there, when it is the lot releases that is the problem, and that is a decision for individual property developers? What action is the minister going to take on them and why is he worrying about this?

Mr J.H.D. DAY: We want to have an efficient system.

Mr C.J. TALLENTIRE: But the minister says that it already is.

Mr J.H.D. DAY: Not as much as it could be, I think. It is still a very lengthy, quite involved and time-consuming process for scheme amendments to be completed, for example. There needs to be adequate opportunity for public consultation and for input from the other relevant government agencies—that is, local governments and state government agencies, obviously including the Environmental Protection Authority and the Department of Parks and Wildlife when they are relevant. All those protections need to be provided for, but the system can be made more efficient, I think. We are not talking about just residential land developments, of course, in relation to the whole planning system; we also need to consider the provision of industrial land, which is very important for job creation and providing employment close to where major urban expansion is occurring, wherever possible. Other commercial developments, industrial plant developments and all those sorts of things need to be provided for economic development and a healthy economy in Western Australia. We want to make sure the system is efficient, but also that it allows adequate time for consultation. I will ask Mr Lumsden to add a bit on this point.

Mr E. Lumsden: When we talk about a planning system, we need to look at the system as a whole, and it really comprises two components in terms of the planning reform agenda. One is the broader strategic planning process associated with subdivision approvals. The first point I make, as the minister has explained, is that we have a very healthy number of conditional subdivision approvals. It is up to the developer to clear those conditions through the relevant agencies—that is, both state government and local government. The second aspect of the reform agenda relating to approvals is development approvals. Ninety-nine per cent-plus of development approvals are done by local government. Those issues are getting somewhat confused in the focus of local governments in terms of perhaps the details they are going into for the development compared with what is in the R-codes for guidance, and equally by tying development approvals to the strategic planning process, particularly structure plans.

Members need to understand that the Western Australian Planning Commission sets the broad policy framework. As the minister has outlined, part of our planning reform is to address that framework to ensure it is the most efficient possible. However, in terms of outcomes, the proof in the pudding will be how local government, as well as other agencies, deals with subdivisional clearances. With development approvals, in particular, we must ensure that we do not have complex layers of approvals through structure plans. We must also ensure that the town planning scheme texts remain focused, because they have been amended over time, which may have been done with good intent, but the other planning instruments that local governments use add to the complexity. Therefore, we need to address the whole system, not just part of the system. I hope that puts it in perspective for the member.

Mr J.H.D. DAY: One of the concerns about residential land development has been the amount of information required in structure plans by some local governments, I understand. The concern is that what is required is excessive in detail or that details are considered that should be included at a later stage of the whole process, and that does impede an efficient outcome in some cases.

Ms R. SAFFIOTI: Is the minister contemplating moving more of the planning decisions one way—that is, to the state government rather than to councils?

[8.20 pm]

Mr J.H.D. DAY: We need to ensure that the state has the ability to act when necessary, because ultimately the buck stops with the state government and state Parliament in relation to residential housing supply and other economic development. To some extent that has occurred through phase 1 of planning reform, with the section 76 process by way of which planning scheme amendments can be required to be initiated by the Minister for Planning. The establishment of development assessment panels does not actually give the power to the state government, but it puts in place a much more professionally based decision-making process in relation to major developments, and I think overall they have been working well.

Ms M.M. QUIRK: How is it possible to have any sort of decent dialogue with local government at the moment when they are all so focused on future amalgamations, and, if you like, doing their version of navel-gazing? That whole process has, effectively, paralysed any decent decision-making by a lot of the local governments for the last year and a half.

Mr J.H.D. DAY: Is the member suggesting that they really should be focusing more on what they are achieving in their local communities rather than worrying about their particular structure?

Ms M.M. QUIRK: No, I am suggesting that it is unrealistic to think there can be any meaningful dialogue with local government about these major issues until its position is sorted.

Mr J.H.D. DAY: I am pleased to say that, regardless of all the debate about the structure of local governments that is going on, planning work is still being undertaken in local governments. Firstly, not all local governments are affected by the reform process, but even in my own area of Kalamunda, for example, where there is a pretty intense debate at the moment about whether Kalamunda comes together with Belmont, I am pleased to say that there are planners in the Shire of Kalamunda who are actually working on important planning issues such as what will happen around the new Forrestfield train station, for example. They are trying to make sure there is good use of land around that area, and there are other things I could give as examples. Although there is a degree of distraction, I think amongst the planners at least, and hopefully the chief executive officers, they are focused on what they need to be.

Mr C.J. TALLENTIRE: I refer to “Land Use Planning Initiative — Bushfire Risk Mitigation” on page 139 of budget paper No 3. It is stated that there will be \$439 000 spent on measures to mitigate the risk of bushfires in future land developments.

Ms R. SAFFIOTI: Otherwise under “Spending Changes” on page 329 of budget paper No 2.

The CHAIRMAN: Thank you, member for West Swan; I appreciate that.

Mr C.J. TALLENTIRE: I am keen to know, if the government is anticipating assisting people with the mitigation, how far that can be spread across the metropolitan area and how that money will be spent. The second part to my question relates to the declaration of fire-prone areas and what the Department of Planning’s role will be in that assessment and declaration process.

Mr J.H.D. DAY: I thank the member for the question. In relation to this particular amount of funding, I am advised that it relates to a joint proposal led by the Department of Planning, the Department of Fire and Emergency Services and the Department of Commerce, and three other agencies, and it seeks to mitigate the risk of bushfires to life, property and infrastructure across Western Australia. That is a pretty general statement, of course. Maybe somebody can provide the information about how those funds are going to be used specifically in a moment. In relation to the wider issue, the member would be aware that we put out information about three weeks ago about the action we are taking to increase the requirements for building in bushfire-prone areas. Those areas will be declared bushfire-prone by the Fire and Emergency Services Commissioner. Work is underway at the moment within that agency using information from Landgate and local governments, where it exists—there is already quite a bit of information around. That responsibility will be with the Fire and Emergency Services Commissioner, and then local governments will need to ensure that people building in such areas comply with Australian standard 3959, from memory. There will need to be a bushfire-risk assessment undertaken, and there will be different levels of risk in different locations. That will determine the particular building requirements that will need to be put in place. I think it can all be pretty well managed. The experience in other states, I understand, has been successful. It does not mean to say that people cannot undertake developments in the hills, for example, where there is, generally speaking, a higher risk. They will have a higher level of protection so that, for example, embers cannot get under eaves or they cannot be sucked into evaporative air-conditioning units and so on. It does provide a greater degree of protection for people, so I think what is

being put in place from 1 May next year has been pretty widely accepted and supported. But in relation to this amount of funding, do we have any further information?

Ms G. McGowan: Mainly in relation to the mapping; the methodology is actually being prepared by the office of bushfire administration within the Department of Fire and Emergency Services. The actual work of the Department of Planning is much more around the state planning policy and the guidelines, and going through the implementation phase. I am not sure whether Mr Thomson has any more specific information, but I think it is mainly around the staffing costs and the administrative costs of the public consultation, and finalising the guidelines and the regulations that are being put into the Planning and Development Act to include deemed provisions and into local planning schemes.

Mr C.J. TALLENTIRE: Going back to the declaration of the fire-prone areas, does the minister anticipate that parts of the hills will be deemed unsuitable for semi-urban development?

Mr J.H.D. DAY: There may well be in really high-risk areas. For example, in valleys, I suppose, that are heavily vegetated there is a higher risk, or if there is sloping land, because fire does tend to race up hills. The other aspect of what is being done is that a draft state planning policy is out for public comment at the moment under the auspices of the WA Planning Commission, and there are also draft revised guidelines for bushfire planning in relation to subdivision in bushfire-prone areas. It is not just about buildings that get constructed in these areas; it is also about how subdivisions are done and what areas can be subdivided. That is all part of the overall approach that is being taken.

Mr E. Lumsden: As the Western Australian Planning Commission is the ultimate authority for the approval of subdivisions, the answer to the member's question is that there may be, to give the member a straightforward answer. The reason for that is that the commission will have to evaluate any application that comes before it in terms of the bushfire mapping that is being prepared, as the minister has outlined, and have a look at the current rating of the bushfire and the fire management plans, if any. It will obviously seek, if necessary, further advice from the Department of Fire and Emergency Services, as well as input from local government. But certainly there is no doubt that there are areas that are prone to bushfire, no matter how well we design subdivisions; I speak with some authority on this because I have lived in Darlington, Glen Forrest and Swan View in the hills, and I have been a chief fire control officer. As we know, the fires now have a tendency to be far more intense and more prone to be lit from both natural and unnatural causes, if I can put it like that. When the commission is making decisions, it is the ultimate authority, and bear in mind the responsibility on the commission is to take all those issues into account from a risk-management point of view. I can remember a very small rural subdivision being proposed down in Dwellingup—everybody would remember the Dwellingup fires—surrounded by state forest. The risk may be so great that we would not give approval. That does not, however, stop the applicant appealing to the state appeals tribunal, so we would make that decision on all the facts because we would have to defend that decision in the tribunal.

[8.30 pm]

Ms R. SAFFIOTI: I refer to the table headed "Spending Changes" on page 329 and the line item "New Service Delivery Agreement With the Western Australian Planning Commission". There is \$17.6 million for 2014–15; is that coming from the metropolitan improvement tax?

Mr J.H.D. DAY: Yes, it comes from the metropolitan region improvement fund, and it reflects the new funding arrangement between the Planning Commission and the department, ensuring that all funds expended by officers of the department on behalf of the commission are conveyed through the new service delivery agreement.

Ms R. SAFFIOTI: I understand there is an existing agreement; is there an increase in the amount that is coming from that fund?

Ms G. McGowan: There is not actually an increase; I will let Mr Thomson expand on that if he needs to, but previously the staff of the department carried out functions on behalf of the commission and some staff were costed directly to the commission and also worked for the department. We have actually moved that situation and ended up with a service delivery agreement whereby the overall quantum of funding coming from the commission is now shown in the budget under the department's budget allocation. I entered into a service delivery agreement with the commission, hence I am accountable to the commission for that expenditure, but it has just made it far more transparent having all the funding come through and being identified through the service delivery agreement. We are crossing over into the relationship between the commission and the department, so Mr Thomson or Mr Lumsden might wish to comment.

Mr N. Thomson: I can confirm that the arrangements have really, I suppose, been reformed from what they were for, as far as I know, many decades; certainly over the last 10 years. In previous budget papers we had a rather strange situation in which officers of the department would spend directly off WAPC cost centres. For the sake of greater transparency, the demarcation between the department and the commission is now governed in the coming financial year through the service delivery agreement. There has been no net change to expenditure; officers who previously spent against commission cost centres will now do so off departmental cost centres. Not

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only does that improve transparency, it also means that things like performance indicators are properly calculated. There are some changes in the cost base, obviously, but again, for many years there was an underestimation of the cost of running the department because it appeared in the commission's budget papers but it was a direct spend, so really it is about transparency and changing the culture of the organisation. Under the Public Sector Management Act, officers obviously are accountable to the director general, and I suppose it is an important cultural change for officers to report to the director general, and that the relationship between the director general and the commission is governed through a strategic relationship that focuses on the appropriate level.

The appropriation was recommended.