

**CORRECTED PROOF
REPORT OF PROCEEDINGS BEFORE**

STANDING COMMITTEE ON STATE DEVELOPMENT

INQUIRY INTO NEW SOUTH WALES PLANNING FRAMEWORK

At Sydney on Monday 24 August 2009

The Committee met at 10.00 a.m.

PRESENT

The Hon. A. Catanzariti (Chair)

The Hon. R. H. Colless

The Hon. M. R. Mason-Cox

Reverend the Hon. F. J. Nile

The Hon. M. S. Veitch

CHAIR: Good morning and welcome to this public hearing of the Standing Committee on State Development's inquiry into the New South Wales planning framework. Before we commence I would like to make some comments about procedural matters. In accordance with the Legislative Council guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs.

In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. The guidelines for the broadcast proceedings are available on the table by the door. I remind everyone that any messages for Committee members or witnesses must be delivered through the Committee clerks. I remind everyone to please turn off their mobile phones as they interfere with Hansard's recording of the proceedings.

LORRAINE FRANCES WILSON, Executive Councillor, New South Wales Farmers Association, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. If you do take questions on notice today, the Committee would appreciate if the responses to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions are forwarded to you.

Mrs WILSON: That is fine.

CHAIR: Before the Committee commences with questions, would you like to make an opening statement?

Mrs WILSON: If I could, yes. Firstly, thank you for the opportunity to present some of the issues affecting agriculture, in particular those issues that affect coastal food production. At the outset may I suggest that the innate responsibility of governments is to provide a public benefit? I would further suggest that food security now, and food future, has to be a priority for sustainability. The New South Wales Farmers Association has made a submission to this inquiry which details the needs of agriculture in New South Wales covering the multitude of planning legislations within which farmers need to operate.

You have met with several New South Wales Farmers Association representatives in the past few months. I do not have the legal background of Liz Tomlinson, the local government skills of Reg Kidd, the background of David and Goliath confrontation experienced by Fiona Simpson on the Liverpool Plains, or the detailed environmental analysis knowledge of Louise Burge. I am, however, a fourth-generation farmer from the Central Coast plateau region with a personal background in the history of the way our industry has evolved within economic market environmental pressures.

The New South Wales coast provides a large percentage, up to 70 per cent, of the food required to sustain our metropolitan population. Documentation would indicate that 40 per cent of food production in New South Wales occurs in the Sydney Basin, on the Central Coast and in the Hunter Valley. While all coastal regions are under immense pressure to provide land for expanding populations, drawn to employment opportunities or a sea change lifestyle, the correlation is the diminishing agricultural sector. This is particularly evident in the Sydney Basin region.

It is of concern that Rural Lands SEPP 2008 did not include the regions previously identified. The farm sector has to wonder why, especially when we know that fresh is best and transport miles applied to food production are relevant to an environmental outcome. Farmers are particularly concerned with projections of a 25 per cent population increase by 2031 and 50 per cent to 2050. Future planning mechanisms will require a balance between urban expansion, food production and biodiversity, and as the impact of proposed government climate change policies becomes a reality, so will the impact of food miles. At the moment multiple consents and the many layers of Federal and State legislation impacting on development in New South Wales, and in particular agriculture, are stifling.

Mechanisms that may offer a solution to some of the problems of coastal food production are transferable development rights and agribusiness park sectors, both being explored more fully overseas. Identifying marginal land for non-agricultural lifestyles would give a win-win outcome. We have to remember that whatever planning issues we may have, they are not unique to New South Wales or even Australia. The balance between population growth and increased future food requirements will necessitate planning mechanisms to encourage food production.

In Australia we have maintained the mistaken belief that we have plenty of land. However, when you reduce the landscape to areas where people want to live and specialised regions for food production, this becomes less factual. For example, despite current thinking that rice may be a viable crop for the Northern Rivers, it is traditionally grown in the Riverina. Citrus is not as sustainable west of the Great Divide without irrigation as it is on the coast. Realistic planning outcomes are needed, with particular care to omit double standards. There is a litany of examples to demonstrate that agriculture does not enjoy the same rights as other sectors, for example mining. Farming in periurban areas involves unique unusual and sometimes confrontational challenges. The smells and noise of an agricultural business are not usually palatable to those buying a tree

change or rural lifestyle. Planners have believed that locking up agricultural land by size and zone limits would save it. This has often resulted in economic sterilisation. Cashed-up retirees and big-end-of-townners have the capacity to buy into this market. Neither likes to live with the noise and smells of farming. The result is conflict or an inability to optimise farm output. And there can be a raft of problems associated with large tracts of previously agriculturally productive land falling into uneducated mismanagement. The Yarramalong Valley is a good example: weed heaven.

Governments are keen to espouse the uptake of technology. However, this is not always upheld by legislation. Absolute security of tenure and existing use is of paramount importance to sustainable farm productivity and investment in new technologies. Agriculture, when allowed to develop new technologies, has shown it can reduce water usage and increase productivity. The following figures supplied by Dr Stephen Goodwin give a dramatic potential to greenhouse productivity, for example.

There are more than 2,000 commercial irrigators, 1,053 in vegetable production, who operate in the Sydney Basin. Imagine the productivity if these farmers were to have security of tenure. Not all farmers are comfortable with the cost benefits of new technologies and prefer more accepted methods of farm production. The policy recently reported by Woolworths to retail only barned or free-range eggs demonstrates the variance in the market. The growth of organic and free-range markets is well documented.

I have previously mentioned the concept of agribusiness parks. Some believe that this is the future of farming. Presently there is a move to trial the concept on the Somersby Department of Primary Industries site on a lease basis to potential producers. This would be an opportunity to explore a living food land experiment, testing the triple bottom line concept—socially, economically and environmentally sustainable production of food using integrated pest management and, again, less water than traditional methods.

The popular urban belief that farming should be free-range chickens on green fields is not sustainable. I have had debates with some who would espouse a NIMBY-istic agricultural outlook and who believe that farmers can survive on niche markets. This style of farming usually requires off-farm income and would do little to ensure food self-sufficiency for this State. There is also a school of thought that promotes the implication of all food. This is a dangerous concept given the food standards Australians expect and demand. Food safety is accountable in Australia; the same cannot be said for imported food.

The abuse of the agricultural landscape as a scapegoat for environmental and biodiversity outcomes is short-sighted. The majority of farmers are land carers. They know that unless they respect the land and their livestock, the future of their business is bankruptcy. The farm is the land on which it stands. Offset requirements contained in current legislation are a restrictive mechanism for farm productivity. I have quoted something from the submission New South Wales Farmers gave.

Overarching legislation to recognise the value of agricultural land based on a local community consultative process would ensure better environmental and community outcomes. Whatever the Government decides to realistically expedite planning in New South Wales, it is evident that checks and balances will be required to overcome deficiencies in that system. Finally, I would like to share with you something I have espoused and believed for a long time: A country that cannot feed itself can very quickly become Third World.

CHAIR: The Hon. Christine Robertson could not be here this morning. But most of us are from country areas, so you are amongst people who understand you. What is the state of the agricultural industry in the Sydney Basin and what are the issues facing it at present in your opinion?

Mrs WILSON: Many of the issues are related to the periurban situation or status. You have a variety of things happening. You have older farmers who are just waiting for their land to be able to be subdivided—which in itself is a short-term thing for the future of agriculture in the Sydney Basin, but you can understand their situation. Then we have the more modern farmer who wants to progress and introduce new technologies to his business but he has problems with his neighbours because often that new technology makes noises well into the night, as does transport and fans going. I am a chicken farmer, so I understand the tunnel ventilation side of chicken farming more than a lot of other things. People also do not like the smells.

This was proven very well in the Central Coast plateau region when we experienced Newcastle disease in 1999. Even chicken farmers knew the difference in the smells associated when there were no chicken farms operating. Most people accept that those smells are part of farming—but not the people who have spent a lot of money and just require a rural lifestyle. In that situation, I have to add that even farmers who were not chicken

farmers—it became a divided community, simply because of the smells associated with chicken farming. In the Sydney Basin, at least on the Central Coast plateau, mining is also impacting on agricultural land and has the potential to impact even further.

CHAIR: That is not such an issue with mining, but in country areas it is virtually the same thing with farmers living close to the central town area. Certain issues come up from time to time and they are driven back as the town spreads. It is not much different.

Mrs WILSON: No.

CHAIR: Except the pressure is more in the Sydney Basin.

Mrs WILSON: No, it is not. But it is possible to identify land that is less agriculturally profitable. It could be ridge areas, different soil types or whatever. However, with some of the intensive agriculture that is available today—chicken farming is one form and greenhouse production is another—the soil has very little to do with the productivity.

CHAIR: Your submission also states on page 4:

Zoning land for agriculture does not protect agriculture unless this goes hand-in-hand with measures that preserve the ability of farmers to use their land productively. In the Sydney region and up and down the coast we have seen the progressive economic sterilisation of agricultural land as neighbourhood complaints and local Government regulations prevent farmers from conducting necessary farming activities. The result is swathes of vacant paddocks zoned for agriculture, excluded from development, but effectively useless except as "Green space".

Can you give some examples of what leads to this?

Mrs WILSON: Again, it is the issue of peri-urban requirements of less noise and fewer smells, and also the fact that it might involve an older farmer who really wants to retire but who is pushed into a situation where his land is no longer valuable because of the withdrawal of the option to subdivide. Perhaps he cannot optimise on his asset base as he expected. That is the basis for my suggesting trading developmental rights. I say at the outset that I do not understand the concept, but I do know that it has been around for a long time. It worries me that a lot of the information about it on the Internet comes from China, because it is well established that Chinese farmers are not recompensed very well for their land when the authorities want to establish infrastructure. I know that American States are very looking very closely at this.

As I said in my opening comments, ours is not the only country that is having problems with population mixing and matching. Just about every country is having the same problem. Everyone wants to live where it is nice, and that is usually where it is also good to farm. If we could put the city in Central Australia, Alice Springs would love it. I am sorry for the levity.

The Hon. RICK COLLESS: I refer to the comments you made about those coming into an area where agriculture has been the traditional land use. How do you believe that should be addressed from a planning perspective? Do you agree that farmers who choose to sell their land should have the right to sell it whomever they wish? That is not necessarily restricted to outsiders coming in; that conflict also occurs between farmers who in some cases have been neighbours for a long time. One might change his land use to include chickens or a feedlot or whatever and upset his neighbours. How do you think that should be addressed from a planning perspective?

Mrs WILSON: I hesitate to give one answer to that question because it has multiple layers. This is where the consultative process comes into its own and gains strength. On our farm, for instance—and I know it very well because I have lived there all my life—we raise 70,000 meat chickens at one time. However, we are surrounded by seven different landowners, only one of whom is a farmer—the rest are not involved in agriculture.

The Hon. RICK COLLESS: What is the size of the non-agricultural properties?

Mrs WILSON: They vary from 20 acres down to seven acres. The diversified chicken part of our farm could very well be on a seven-acre block. It does not need a lot of land to produce that type of income. We decided not to tunnel ventilate and that has cost us a 40-year contract with Inghams because the company saw us

as being unable to meet its standards of production. Tunnel ventilation also impinges on the privacy of neighbouring homes with noise and smells.

The Hon. RICK COLLESS: You state in the submission that the planning system fails because it is focused on lot sizes and zoning issues. That would be a classic case of where the minimum lot sizes and the zoning system has failed the community at large.

Mrs WILSON: It has. It needs to be even more fundamental than that. Perhaps there needs to be training or education for people wanting to acquire acreage. There is a responsibility to the land. It really came home to me as I drove through the Yarramalong Valley a couple of years ago, ironically on my way to an environmental workshop. It was evident that the weeds had taken over on many properties. That raises all sorts of public management problems and costs. As members you would understand that fireweed on the South Coast is a huge problem. It is also a huge problem in our area, and I suspect in other areas.

This comes back to the original question about how we plan in areas like this, because often the people who are moving in want two or three horses for their children or maybe a motorbike or something similar. I remember as a child that there was no fireweed in our backyard, and there is very little now. We do have Patterson's curse, but we keep on top of it. That has come with the horses. We cannot stop people having horses; people must be free to have a horse in their back paddock if they so desire.

I do not pretend to have the answers; I am only presenting the problems. As I said, designated agribusiness parks and maybe a more village-type lifestyle if people wanted a rural lifestyle might address some of the problems and also provide the opportunity to more people to live in a rural area. Many cannot afford to buy acres, but they might be able to buy a small block in a village. I remember 30 years ago visiting England and being astounded that there were so many fields between Heathrow and London. I am not sure that that is still true. It seems to me that that village concept is very worthwhile. When you hit London, you knew you had—it was like a brick wall.

The Hon. RICK COLLESS: Over the past 15 years or so the Government, rightly or wrongly, has acquired a great deal of land for national parks. Some of those parks have incorporated very good agricultural land. You mentioned this in your opening statement. Do you think there is a case for the planning system to include a category that preserves land for agriculture forever?

Mrs WILSON: I would like to think so, especially in areas such as the Sydney Basin. But it would have to go hand in hand with the ability to trade developmental rights so that the people who own the land now are not paying the price for that public benefit.

The Hon. RICK COLLESS: Of course, one of the issues is the rating system. If we have small parcels of agricultural land in a bigger peri-urban-type area very often the farming people are forced out because of the exorbitant rates imposed on them.

Mrs WILSON: Yes. This is a personal comment. I have heard of the rating issue being used as a reason for the non-viability of farming businesses. I question that. Rates are not a huge part of our business expense at the end of the year. There are plenty of other things that are a far greater issue than rates. I guess it is something that people use as a comparison. In areas such as ours the issue is what they get for those rates as well. There are no footpaths and there is no water and sewerage infrastructure. In fact, we pay for the privilege of having our own septic systems, which I find ironic.

The Hon. MATTHEW MASON-COX: Thank you very much for coming in today. I appreciate your opening statement.

Mrs WILSON: Thank you.

The Hon. MATTHEW MASON-COX: You mentioned transferable development rights and that they are well developed or developing overseas, but that there is obviously nothing here in New South Wales. Can you provide the Committee on notice with more information about that so that we can understand it better?

Mrs WILSON: Yes, I would like to. I know of someone who is very keen to give me that information in respect of the Sydney Basin area. It is a subject very close to his heart. I will get that information to the Committee.

The Hon. MICHAEL VEITCH: You mentioned the Chinese and US experiences. Can you provide information about those two scenarios as part of the response?

Mrs WILSON: Yes. I have with me that which I printed off last night, but it is just a printout from the Internet.

The Hon. MICHAEL VEITCH: You have 21 days.

The Hon. MATTHEW MASON-COX: That would be great. You also mentioned the agribusiness park concept.

Mrs WILSON: Yes.

The Hon. MATTHEW MASON-COX: In that regard, you would be aware that under the planning legislation each local government area puts in its local environment plan and includes areas that are for agricultural use, potential conditions for land subdivision and perhaps the relevant size of lots, which tends to vary depending on the local government area. That it is a bit odd, but at the end of the day different land has different arable value and so on and each local community should have a say about what works. How does an agribusiness park fit into that? Is it more specialised in a peri-urban area, where there is more conflict in terms of land use, as opposed to a more rural area? Can you expand on that?

Mrs WILSON: From what I can gather, agribusiness parks in Europe are more aligned to intensive agriculture—greenhouse developments—and the neighbours are well aware of the side effects of living close to such agriculture. Communication is set up between the farmers and the community and they might restrict the use of lights at night—for example, dimmers are installed. Two of our local chamber of commerce members did an extensive grant-funded tour of Europe last year and I know that they have information they would be happy to share about the potential of agribusiness parks, especially in the Sydney Basin area.

The Hon. MATTHEW MASON-COX: We would love to have that information.

Mrs WILSON: And they would love to give it to the Committee.

The Hon. MATTHEW MASON-COX: If you would take that on notice that would be excellent.

Mrs WILSON: I would be happy to.

The Hon. MATTHEW MASON-COX: The formalising of that relationship is really at the heart of this so it is very clear what the relative rights are?

Mrs WILSON: Yes.

The Hon. MATTHEW MASON-COX: And there is a means of communication between the two areas.

Mrs WILSON: And lack of communication is often the problem that arises. But communication does not solve all of those issues, and has not. I mean we had some incredible problems in the Wollondilly area a few years ago of neighbours just absolutely not wanting to accept the existing use of the farms. I have to say that our neighbours are very sensitive to our needs and their reaction to late-night chicken pick-ups and truck movements and all the rest of it is that we were there first and they came afterwards, but what happens to the people who buy those properties next or the ones after that? Those people may not quite so understand.

Reverend the Hon. FRED NILE: How are some of those people who are objecting to the farming or the smells putting into effect their complaints? Are they going to the local council to try to get the council to close down your production?

Mrs WILSON: I believe that is the normal way of them giving their objections. I have not actually experienced it myself but anyone who has lived under those conditions—sometimes the repercussions from those objections are incredibly expensive. It can involve landscaping, barriers and certain restrictions on truck movements et cetera. In our area, for instance, feed trucks are not allowed on to farm before 5.30 a.m. That is

fine until you get to Christmas Eve when you have maybe four days of holidays and you have six-week-old chickens, which require a feed truck every second day. So there are times when that type of restriction becomes very difficult to manage. Does that answer your question?

Reverend the Hon. FRED NILE: The problem then is that the council itself is not showing much sympathy. As you said, if you were there first then the council should give you privileges, if you like, or concessions and that is not happening?

Mrs WILSON: I am not using my local councils as an example of this. This is happening in many, many areas. Farmers have to make incredible allowances for complaints from neighbours.

Reverend the Hon. FRED NILE: What could we do about that if we had a recommendation?

Mrs WILSON: I think security of tenure or existing-use security would solve a number of those complaints, and if the people buying the properties were better educated and understand that they are buying into a working environment. The urban concept of farming by a great many people is green hills where they are a few beautiful sheep or cattle roaming freely or, better still, some very white chickens scratching away at grass. The reality is that those paddocks can become muddy and if chickens graze for too long in one area it is no longer green grass; it is bare dirt. That is the reality but that is not what people believe. Sometimes the reality of modern-day agriculture is not as pretty as what people would believe it is.

Reverend the Hon. FRED NILE: You mentioned the pressure that comes from the council but you have also raised what Ingham's laid down and now Woolworths—

Mrs WILSON: Absolutely.

Reverend the Hon. FRED NILE: Is that a new problem now where the big commercial companies are actually directing farm policy?

Mrs WILSON: And farm expenditure, which is fairly scary. It was not just Ingham's; it was an across-the-board chicken processor requirement that everyone convert to tunnel ventilation. Some of us said there was not a cost benefit and that we were not going to do it. That is another issue: that is market power.

Reverend the Hon. FRED NILE: I know it is difficult for governments to do everything?

Mrs WILSON: Yes, it is.

Reverend the Hon. FRED NILE: We spend a lot of time discussing the caged agricultural issue here in Parliament trying to work in with the farmers, and now Woolworths is almost going to decide the policy and not the Government?

Mrs WILSON: That is right. I imagine there are some incredibly concerned farmers in Young and up in the New England area who have invested millions and millions of dollars. I have to say with the tunnel ventilation of the meat-chicken production one of those large sheds—larger than our sheds—are getting close to the \$1 million per shed cost. That is a lot of money when you get paid maybe 63 cents a bird at the end of it, and that is if you have not had a lot of chickens die.

Reverend the Hon. FRED NILE: Is there anything that the Government could do to say it would oppose companies setting up their own boycott of products and whether that is fair under fair trading and so on?

Mrs WILSON: I would have to leave that to the layer industry to talk to on that because that is where the impact is at the moment. I am sure they will come to you at some stage with an idea of how you can best address those issues. I was a layer farmer—that was one of our diversifications many years ago—and the irony there was that we had free-range chickens, 1,500 of them, but we could manage 10,000 in the same amount of time in a battery system. The housewife at that time demanded a cheaper egg and a cleaner egg. Now I am not sure that she still wants a dirty egg but she certainly still wants a free-range egg in a lot of cases, which is going back to that green grass scenario that I was telling you about.

Reverend the Hon. FRED NILE: Turning to another issue raised in your submission, can you outline the reasons for the association's opposition to zoning of the land for environmental conservation and for retrieving carbon sequestration outcomes?

Mrs WILSON: The association is concerned that agricultural land is being taken up as a means for other industries to be able to clear everything in sight on their asset base. I drive through the Somersby industrial area on my way to Gosford and the amount of blocks there that have been denuded of every tree and great swathes of concrete put in that it makes me really quite frustrated and angry at the double standards involved. I guess there was an example given in the review of a farmer who was not allowed to clear one tree because of environmental issues on his property and he then watched a mine come in next door and clear everything in sight.

Farmers by and large want to be environmentally responsible and encourage biodiversity on their properties, but they also want to be able to be viable and productive in what they are doing and the two do not always run hand-in-hand. Farmers should not be expected to bear the cost of the environmental balance sheet. My favourite saying is—I know Mr Turnbull wanted us all to change light bulbs—I would like everyone to turn off their air-conditioners. I do not think that would go down very well actually.

The Hon. MICHAEL VEITCH: I am from Young so I know all about the incident you refer to.

Mrs WILSON: Has Mr Langfield been to see you yet?

The Hon. MICHAEL VEITCH: I should put it on the record that Mr Langfield is a very good friend of mine, so I do know. I have had quite in-depth conversations with him about the recent decisions by the very large supermarket chains about their purchasing requirements.

Mrs WILSON: I would say that is probably half of their market.

The Hon. MICHAEL VEITCH: In your opening comments, and also in the New South Wales Farmers Association submission, there are some comments about the remodelling or a new planning model framework for New South Wales. I have a couple of questions around that issue. If the Committee were to recommend that there be a whole new planning framework developed in New South Wales, admittedly that will take three to five years to work through, the consultation process for that would be crucial?

Mrs WILSON: Yes.

The Hon. MICHAEL VEITCH: How do you propose we would engage the agricultural businesses, the horticulturalists? What is the best mechanism by which that consultation could be done?

Mrs WILSON: I think I would probably be sacked, as an executive councillor, if I did not say New South Wales Farmers, would I not?

The Hon. MICHAEL VEITCH: That is a very good answer.

Mrs WILSON: New South Wales Farmers is arguably the biggest agribusiness lobby group in Australia. It has incredible resources to be able to assist in any way that the Government would be asking them to and we would also, I would think, be happy to increase those resources to enable something that we could all live with come out of it. That is a wonderful suggestion.

The Hon. MICHAEL VEITCH: It has been raised with the Committee that we should just have one lot of legislation that covers the whole lot. The New South Wales Farmers submission talks about master legislation with each of the respective Acts beneath it, single-issue Acts which relate to it. It has also been put to us that we have three Acts, we have one Act for strategic planning, another Act for assessment and approval and then all of the environmental legislation comes under a third umbrella legislation. These are all interesting models that need to be worked through but why in the submission of the New South Wales Farmers Association is a proposal put forward about having master planning legislation and then a range of single-issue legislation under that?

Mrs WILSON: I would think that is because that is the type of model that works because it encourages and expects the communication between all of those parts to be in place. It will not be up to the head of that

particular group to get on; that overarching model has to mean that they all communicate. Communication between all of those groups is paramount.

The Hon. MICHAEL VEITCH: We keep coming back to this communication thing, do we not?

Mrs WILSON: Communication is absolutely a priority.

The Hon. MICHAEL VEITCH: In the remodelling do you think there is a place for what we currently refer to as section 3A; that relates to developments of State significance? Is there a place for a State significant development process?

Mrs WILSON: I believe that as long as it does not encroach on the local consultation process and is actually of State significance, not just something that someone wants to happen and dare I say—no, I had better not say that here—

The Hon. RICK COLLESS: You are protected in this forum?

Mrs WILSON: But am I protected from you? And it does not depend on how much that person might pay to a political party's coffers then I would think that would be very feasible.

The Hon. MICHAEL VEITCH: It was put to me by someone on the weekend that without the current part 3A arrangements, if Blowering Dam were proposed now it would not get built at all even under the 3A arrangements. It was also put to me in conversation around locking up farmland, that if you did that Blowering Dam would not get built under that proposal because it was some of the best dairying land in the State, so it is an interesting concept. That leads me to the next issue, which has been raised a lot with us about historic agricultural land use versus proposed or potential land use, and this often happens on the urban fringe of rural communities. I am not overly conversant with what happens within the Sydney Basin so my comments relate more to country towns, but people will often say, whether it is a wheat farm, a canola farm or an orchard, they have made an economic decision about their farm income and they want to change that. They go through a whole range of issues that you were talking about in response to Reverend Fred Nile's questions. How do you accommodate that within a new planning model?

Mrs WILSON: A change of use? Why should agriculture be any different to, say, an industrial block of land that is changed from producing one article to producing another article? The impact from agriculture would be greater if it was an intensive industry wanting to go in, say a cattle feedlot, for instance.

The Hon. MICHAEL VEITCH: Or a piggery?

Mrs WILSON: Or a piggery, that is quite different to a grazing or a cropping property. If I were a neighbour I would want to know as well. I am not sure how you would address that. I really do not know but perhaps, again, communication with neighbours and getting prior understanding and approval. I know in Cowra there has been a huge dairy built there but because of the expanse of land around, it is not impacting on neighbours, the actual building of the dairy, so maybe it is in ensuring that the planning takes into account the placement of buildings within that block of land and the buffer zones that would be required. Farmers have to come to terms with that. Our chicken sheds are right on our boundary; we could not build those today because of the buffer zones that are in place at the moment. I do not think any of this is insurmountable. If there is a will, there is a way.

The Hon. MICHAEL VEITCH: Are you suggesting then that maybe a new planning model would have a clearly enunciated process for communication?

Mrs WILSON: Absolutely, yes.

The Hon. MICHAEL VEITCH: The submission talks about the relationship between the Commonwealth and State legislation and how it can be quite confusing for the farming business operator. Do you have any suggestions or wordings for recommendations that the Committee could use about Commonwealth-State legislation?

Mrs WILSON: To encourage the Commonwealth?

The Hon. MICHAEL VEITCH: We have certainly heard before that there needs to be some clarity. There is potential conflict between the two.

Mrs WILSON: I guess the question that the State could ask the Commonwealth is: what outcomes are they looking for. The outcomes that have happened—the Native Vegetation Act is State legislation—have not necessarily been the ones that were expected, so I do not know. I would have to take that on notice.

CHAIR: We talk about existing uses or history of use, whatever you want to call it. Say some new technology comes into the area which may be of assistance to a particular farmer on that person's farm; for instance, something like a frost fan, and that gets put on the particular farm. How do envisage that happening while taking into account neighbours' objections? How can you balance that from a planning point of view?

Mrs WILSON: I do not know how you balance that, I have to say, and I do not know how you balance the situation where you have, on a similar basis, chicken farms against a citrus farm next-door, except that in the rural community perhaps this is something that farmers have to come to terms with; that there will be farm businesses that do not farm the same way or traditionally the way that you farm, and you have to accept it. And it is happening; it is happening in Tamworth. There is a raft of intensive chicken sheds in Tamworth. It is also a very big cropping area. I do not know how the Tamworth council controls that. Again, it may be the buffer zones. Maybe the person wanting to put in the fan has to give ratios of noise output, et cetera, et cetera, and place that fan in a way that is not going to impinge on neighbours' rights. Just while we are on fans, can I ask you a question? Is that possible?

CHAIR: You can try.

Mrs WILSON: You spoke before about the reserves that have been taken onboard by the New South Wales State Government. I have been wondering for some time, given that wind farms are not very popular with many people, why are not the wind farms being placed in some of those reserves if they are so environmentally wonderful?

The Hon. RICK COLLESS: They should be in national parks; that is my view.

Mrs WILSON: Thank you, that was the answer I wanted.

The Hon. RICK COLLESS: I also add by saying that there is an inquiry into wind farms, which is about to commence, so a lot of those issues are going to be canvassed fully through that inquiry.

Mrs WILSON: I think they are amazing structures. I have seen the ones down near Goulburn, but I do not think I would want one living next-door to me.

The Hon. RICK COLLESS: Me either.

CHAIR: If you had listened to a frost fan you might.

The Hon. RICK COLLESS: I ask another question that follows on from the line you were taking, Mr Chairman, how we, from a planning perspective again, look at the different levels of changing land use that farmers may take on from time to time. Given that major redevelopment such as feedlots and the implementation or construction of chicken sheds, frost fans and things that have a physical presence in the community generally under current legislation need approval from council by way of a development application or building certificate—that process would apply to any physical development like that—but where we have a change in land use, say, moving from cropping to grazing or winter crops to summer crops in their simplest form, at present those things do not require any sort of approval; and in my view, I do not think they should, I think farmers should have more flexibility to do as they choose with their land rather than less flexibility—

Mrs WILSON: Yes, I would agree with that.

The Hon. RICK COLLESS: Do you have any comments on that and, where there are planning controls in place, at what development level?

The Hon. MICHAEL VEITCH: Maybe you need trigger points.

The Hon. RICK COLLESS: Yes.

Mrs WILSON: There is an Act.

The Hon. RICK COLLESS: It is the Environmental Planning and Assessment Act.

Mrs WILSON: Does that not give guidelines as to what might be encroaching on other people's freedoms or other people's tenure.

CHAIR: It probably does but the question is how far they go with it or what is there, because you have a big noise difference between a wind fan and a frost fan.

Mrs WILSON: You mentioned a frost fan. The answer I should have given probably is that frost fans are really used at critical times of crop growth. They are not used every night.

CHAIR: No.

Mrs WILSON: They are used to save the crop, are they not?

CHAIR: That is the intent, yes.

Mrs WILSON: I do not believe that there should be any question that if you want to save a crop that there should be a problem with the noise that comes from that. Even if you live in an urban area and someone down the street turns 21, you have a noise problem. Somewhere there is someone turning 21 all the time.

CHAIR: Thank you very much for coming in this morning and for your contribution. We have given you a fair go.

Mrs WILSON: You have been very generous.

CHAIR: You have taken some questions on notice; there may be others.

Mrs WILSON: That is good. I may have given you something to think about.

(The witness withdrew)

(Short adjournment)

CARLO CAVALLARO, Managing Director, Cavallaro Group, 82 The Albens Drive, Moore Creek; and

FREDERICK ALBERT HARRISON, Chief Executive Officer and Director, Ritchies Stores Pty Ltd, 10/1095 Frankston-Dandenong Road, Carrum Downs, Victoria, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee please indicate that fact and the Committee will consider your request. If you take any questions on notice today the Committee would appreciate it if responses to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions are forwarded to you. Before we start questions, would one or both of you like to make a brief opening statement?

Mr HARRISON: I might start. The company I work for, Ritchies, has 57 supermarkets, predominantly on the east coast of Australia. We have 15 stores in New South Wales. We currently serve about 200,000 customers each week in our supermarket and liquor network. We employ around 1,750 employees in New South Wales. Our base has been in Victoria but we have expanded into New South Wales since late 2005. We have invested about \$85 million in the State thus far. Unfortunately, we are getting little or no return at the moment, but it is something we are working hard on as we try and make an impression in the State.

We are also doing a bit of development, not just the retail component but we are in the process of putting together a large development in Kyogle. We own some land there and we own the current supermarket we are trading out of. Kyogle is a great little country town, however, it is serviced by a supermarket of approximately 1,000 square metres, which just is not sufficient for the population, so we are in the process of building a 2,200 square-metre supermarket with about four or five specialty shops. In total, development is going to cost in the vicinity of \$10 million to \$11 million.

Probably what Ritchies are famous for, if I can use that term, is our community benefit card program whereby we donate 1 per cent of each customer's shop to their nominated club, school or charity. It is a unique program: we are the only ones in Australia running with this program. Since its inception in about 1995 we have donated \$31 million back to 5,000 local clubs, schools and charities, and we are currently donating in the vicinity of \$4.8 million to \$4.9 million cash each year to these local organisations. It is a loyalty program: they are given a card; they swipe the card when they shop; the customer nominates their own organisation; we do the donation on their behalf. It is a great point of difference for us. In fact, just down at Western Place on Wednesday night I will be down there because the company has been nominated for the BRW ANZ Private Business Awards. We have been nominated under the Best Community Retailer. We are in the last four so hopefully we might go okay there.

If I can just give some examples of competition difficulties that we have had in New South Wales, and Rutherford being a good point in question. When we took on the Rutherford store in December 2005 we were the only supermarket in Rutherford with Ritchies Super IGA—that was our business. In August 2007 a Coles opened, in October of that year an Aldi opened and in February 2008 a Woolworths opened. So we have gone from the position where there has been one supermarket servicing the local community to a point where within eight months another three major players have opened. So there is now a point there where there are four supermarkets operating in this location. Needless to say, our business has been decimated. We obviously compete very, very aggressively on product and price. Our pricing is lineball with the likes of Woolworths and Coles, but the fact is through this planning process there have just been another three players enter in such a short period of time. That has affected Maitland. I do not know if anyone has ever seen Maitland—we are virtually next door at Rutherford—that town is basically a ghost town. The shopping precinct there is now a ghost town: there are just too many supermarkets in such a small marketplace at present.

We have got examples in Erina. We operate a supermarket at the foot of Erina Fair shopping centre—I do not know if it is Erina Road or The Entrance Road. We have operated a business there. We bought the store in 2006. There were some major roadworks going on out the front of our store. Traditionally you were able to do a right-hand turn into our car park. That right-hand turn has now been removed and it is virtually impossible if you are coming from the south to get into our car park because if you missed that right-hand turn you used to go up to the big roundabout there and perhaps do a U-turn around the roundabout and come back down. That has now been abolished: you can only do a right-hand turn, which basically only gets you into the Erina Fair shopping centre. That has really hurt our business. Plus, on top of that, we have gone and invested \$3 million into the store to try and refurbish and modernise it. Decisions like that have not helped on the way through.

Also, in Port Macquarie—it is an incredibly competitive town—there is ourselves, two Woolworths supermarkets and three Coles supermarkets, all within five kilometres of each other. There is a huge parcel of land there in a prime location now that has been earmarked for another Woolworths. We are just saying this is obscene. People are not dying for a feed in Port Macquarie and here is another massive Woolworths development in conjunction with a Dan Murphy's liquor store about to enter the marketplace: it is going to just literally dominate the area. You are going to have three Woolworths and three Coles, and we are saying why, because it is not needed; you do not need another huge store in town. But it is about weakening our independence, trying to reduce our impact and our market share, and there is no doubt, as the ACCC inquiry has found, that it is people like the independents who create and force competition in the marketplace. If they get knocked out over time because they are being outmuscle or there are supermarkets on every corner it is going to make it difficult for people like Ritchies to compete in the longer term.

[Evidence suppressed by resolution of the Committee]

CHAIR: If you feel that you want something kept in confidence can you let us know beforehand?

Mr HARRISON: Okay. We are very much pro the fact that competition should be taken into account with planning policy. I suppose one of the key attributes today, if you said what is the one point we are trying to make, is that competition should be absolutely taken into account with planning policy. We see the two as being intrinsically aligned. On that note I will hand over to Carlo.

Mr CAVALLARO: My story is a little bit similar. I am head of the Cavallaro Group. We have got 14 supermarkets—13 in north New South Wales coming south to Sydney and one in Mount Tambourine in Queensland. We employ 650 people, and our concern is not so much competition but the size of the competition. We feel that planning should be taken into consideration, like Fred says. We know from different reports that for every square metre of retail that we manage we employ two people versus one person that Woolworths or Coles or the competition would employ. A Pricewaterhouse report of 2007 states that. I am not sure if you gentlemen have a copy of that. If you do not have one we can make it available.

From my company's point of view we are very entrenched in the local community. We have been lucky; we have not had bad experiences with local council. In actual fact, we have been very successful and everybody has been very helpful to us in every way and form. You will probably say if we have been successful and everything has been good why am I here? We are here because we feel that anywhere that we are we are part of the community: we sponsor the Westpac helicopter rescue squad; we sponsor NIAS, which is the Northern Inland Academy of Sport; we sponsor all the local schools—we are really entrenched in the community, and we look at our position, the country stores versus, say, Tamworth. We are in Tamworth with our IGAs, we are a market, and there are three Coles, one Woolworths planning to expand, a Franklins, and Aldi will come in.

We are not averse to any competition coming in; what we are averse to is the number of square metres that comes into any given town or village or whatever the case is. When the town only needs, say, 2,000 square metres of retail and then somebody comes in and puts another 2,000 square metres of retail, I do not think it takes very long to realise what is going on in that particular town—many people will go broke, et cetera, et cetera. This is where I am coming from. The competition is good in the proper proportions.

CHAIR: On page 4 of your submission you state that the concentration that has occurred in the grocery market means it is necessary to enhance competitive conditions through government intervention. You also state that the Trade Practices Act, as presently drafted, has a limited ability to manage market concentration and that this leaves the planning system as the only available and effective tool. Given that you are proposing constraining the trade of some market players, would the answer not best lie with improving legislation such as the Trade Practices Act rather than relying on the planning system?

Mr HARRISON: We see the two as being intrinsically linked. We agree that you cannot make a decision where there are no more shops. We are not suggesting that. The issue relating to supermarkets is that when you sign a lease it is not for five, six or seven years—these leases are from 15 to 20 years. When you make a decision to agree to sign a lease you use your best judgement as to what you see as being the likely competition path in the years ahead. If the rules and competition factors change all of a sudden it is hard for us to be paying these extreme rents. I think that the two are linked. It is a matter of knowing upfront what are the

rules and having consistency in the rules rather than just changing the Trade Practices Act. However, I agree that it would also assist if we had some changes to the Trade Practices Act.

The Hon. MATTHEW MASON-COX: I note the review relating to the planning system so far as promoting economic growth and competition are concerned. I understand that you made a submission to that review which is being conducted by the Department of Planning and the Better Regulation Office. Thank you for providing the Committee with that submission. From your perspective how is that process going, that is, the review that is being conducted by the Department of Planning and the Better Regulation Office? What is the status of that review and how do you see it developing at this stage?

Mr HARRISON: To be honest I am not 100 per cent sure how it is progressing.

The Hon. MATTHEW MASON-COX: You might want to take that question on notice.

Mr HARRISON: We will take that question on notice.

The Hon. MATTHEW MASON-COX: You referred in your opening statement to a few examples of where you believe that new entrants such as Coles and Woolworth's have swapped existing supermarkets that you have run?

Mr HARRISON: Yes.

The Hon. MATTHEW MASON-COX: Are you putting it to the Committee that this is deliberate strategy of Coles and Woolworth's to flood the market and to erode your position as a means of weakening your overall trading position?

Mr HARRISON: Absolutely. We are a private company so obviously we have limited resources. We work in the vicinity of 2.2 per cent. If all of a sudden we are swamped and our rents are equivalent to a high proportion of our sales, the store becomes unprofitable and we have to shed staff. For example, at Rutherford we have removed 60 per cent of our staff. It is a smart move by the big supermarket chains to put supermarkets virtually on every corner. A good example is in Griffith where we have become a new player in the market. When we opened Woolworth's took the unprecedented step of matching every one of our specials. We opened with our lot of specials and those specials literally were price matched. That is a good example of how independents are providing price tension in the market.

All those specials were matched and that has been ongoing. Woolworth's is now talking about putting in another supermarket. Currently there are Ritchies, Coles, Woolworth's and a Rossi's Foodworks in town. Woolworth's has 45 per cent of the market share in Griffith. It has been planning for a number of years to put another supermarket out of town in a residential area near Burrell Place, which we think is ridiculous. Woolworth's already has 45 per cent of the market share and there are three other competitors. Why does Woolworth's have to open another store in Griffith?

The Hon. MATTHEW MASON-COX: Have you approached the Australian Competition and Consumer Commission [ACCC] about this?

Mr HARRISON: Yes. We have forwarded submissions to the ACCC on this matter. In fact, going back about two years ago we went to the Land and Environment Court and we won that case in court. The developers, in conjunction with Woolworth's, are again submitting that proposal. It is very much aligned. If it weakens Ritchies, forces it to close and sends it bust, that is another competitor out of the market. It is just like the fuel story.

The Hon. MATTHEW MASON-COX: As you said, it is not competition per se; it is the number of metres of floor space that are coming into the market that will result in over-saturation.

Mr HARRISON: Yes.

The Hon. MATTHEW MASON-COX: I refer to the floor space dominance test that you suggested should be set at 25 per cent. What has been the experience of a similar test that I understand is being used in the United Kingdom in particular? Can you expand on the experience in other markets where a test such as this has been adopted?

Mr CAVALLARO: What is happening is that no new players are allowed to grow beyond 25 per cent of the market. In Australia we have a situation where two players control 80 per cent of the market. The other 20 per cent of the market is controlled by the independent group, which comprises Aldi, Franklin and the corner shops. That is where the disadvantage comes in. As I said in my opening statement, it relates to the number of people, verses square metres, verses the retail dollar spent in any given area. If an area needs only 2,000 square metres of retail space and you put 4,000 square metres of retail space in that area somebody will go broke. In this case the independents believe that they are the ones that will go broke because they do not have the muscle or the carte blanche possessed by the supermarket chains.

Their only reason for going into any of these areas is that they are interested in a percentage of the dollar in the retail world; it does not matter whether or not they make money. As Fred was saying earlier, it does not matter what we do as we have to expand using our own resources. Either we make it or we go broke. This is why people are saying, "Let us have some sort of regulation that makes sense for everybody concerned." Above all, do not restrain the percentage of the industry to one particular player, for example, the chains or the independents. We do not believe anybody should have more than 25 per cent in any given area at any particular time; it does not matter who it is. Am I making sense?

The Hon. MATTHEW MASON-COX: Yes. However, in Australia we have already gone past that. We already have a concentration.

Mr CAVALLARO: We are so close to a monopoly it is not funny.

Mr HARRISON: When we are talking about market share that is close to 78 per cent of the supermarket purchase package.

The Hon. MATTHEW MASON-COX: You are suggesting that there should be a special regulation or planning instrument that deals with competition issues as they relate to the retail sector and, in particular, to supermarkets, for example, flagging floor space dominance. You referred also to the idea of net community benefit. Are you suggesting that the local government authority responsible for approving those developments should deal with that?

Mr HARRISON: Correct.

The Hon. MATTHEW MASON-COX: It has been put to this Committee that the expertise in a lot of local government areas is a bit thin on the ground. How do you see that progressing when a number of regional areas are already finding it difficult, because of the number of people on the ground, to deal with straightforward planning issues let alone more intricate planning issues that require the application of more complicated tests and pressures?

Mr HARRISON: That is a fair question. We might take that question on notice and respond to it within 21 days.

Mr CAVALLARO: As a suggestion more than anything else I understand what you are saying about the expertise of each council being thin. However, you need to put in place rules and regulations that are consistent with the State rules and a centralised body must say, "These are the rules and this is the way that the game will be played." Based on what you are saying it is my experience that every council reads the Building Code of Australia differently. We are forever arguing one person's interpretation over an engineer's interpretation or somebody else's interpretation. If we had a code that explained what we were permitted to do it would be easier for one body to address and administer that legislation.

The Hon. MATTHEW MASON-COX: You are looking for a crystal clear set of rules to be determined by the Department of Planning and to be implemented locally and reliably?

Mr CAVALLARO: Yes. That would cover a lot of things. Earlier Fred referred to leases. If it is okay to bring it up I would like to refer to one issue. I refer to a particular shopping centre where our tenant, for whatever reason—

CHAIR: Mr Cavallaro, we would prefer it if you did not refer to individual cases.

Mr CAVALLARO: That is fine. That is why I asked whether it was okay.

Reverend the Hon. FRED NILE: Earlier you expressed some concern about the draft centres policy. Could you explain why you are concerned about that?

Mr CAVALLARO: I will take that question on notice.

Reverend the Hon. FRED NILE: You also referred to having neighbourhood walkable centres. Supermarkets such as Coles and Woolworth's have big parking areas as they expect that people will travel by car. Would it be difficult to reverse that trend of having customers who prefer to travel by car?

Mr CAVALLARO: There is not much you can do about what is already taking place. We are looking at the future more than at the past. What is done is done. It would be lovely if we could turn back the clock and ensure that everybody had only 25 per cent of the market. However, we understand that that is not possible. We are looking at what is happening now and where we are going with it. We are seeking some clarification about how things will be done from now on.

Reverend the Hon. FRED NILE: In recent years shopping centres have been built outside the town centre. Are you suggesting that they should be built within the town centre?

Mr CAVALLARO: Yes, we are definitely suggesting that. I am not sure of the experience of country towns. However, every time you move a shopping centre in a country town to a neighbouring centre you destroy the heart of the town and it takes years to return to normal trading activity. Let me give Tamworth and Taree as examples. Any country town that has had a new shopping centre built outside the central business district has suffered the consequences. I am sure you have some knowledge of that.

Mr HARRISON: We like development within a shopping precinct. Sometimes a shopping centre is built a kilometre out of town in a greenfield paddock. You referred earlier to the need for transport, to people's accessibility to such a centre, and to walking versus driving. That is where it becomes hard. When you have a shopping centre in town and all of a sudden another centre is located outside the town—Maitland is an example of that—the shopping centre becomes a ghost town because a huge development has sprung out of the ground a couple of kilometres away. We believe that there should be some concentration with the draft centres policy and that retail developments should be together. Griffith is another example. The proposal for a new shopping precinct in Griffith is completely out of town; it is not part of the shopping precinct. We are dead against centres springing up outside the township, unless there are extenuating circumstances.

Reverend the Hon. FRED NILE: Obviously land would be a lot cheaper outside the town centre.

Mr HARRISON: Correct. A lot more land is available in regional centres for that sort of thing.

Reverend the Hon. FRED NILE: You said earlier that you had gone to the Land and Environment Court and that you had won your case. What options do you have if there is unfair competition because Coles and Woolworth's open up more stores where you already have a store? Have you complained to the council and has it been receptive to your objections?

Mr HARRISON: Yes, we have gone through a process with council. In Griffith, basically the vote changed at times at council. Now we are in a position where council and the developer are proceeding and there has been a group of local residents who have now taken up an objection. That case is proceeding at present. We absolutely have spoken to council and lobbied councillors.

Reverend the Hon. FRED NILE: So, when the council fails—

Mr HARRISON: The council originally voted yes for the Griffith development then there was a special vote and the original decision was overturned and the developer then went to the Land and Environment Court and it was defeated at court. Now, council have looked again at the proposal, and there has been a slightly reduced footprint on the proposal and council has approved it. In the group of residents, about 80 to 100 people have objected and the matter is now heading towards the Land and Environment Court, but I believe there is a pre-hearing at which the local community now needs to contribute about \$85,000 into a fund to guarantee the payment of legal costs should the locals lose.

Reverend the Hon. FRED NILE: It is difficult for a group of residents to take on Woolworths or Coles or a big Westfield shopping centre.

Mr HARRISON: It is. They have approached us to try to lend some support.

Reverend the Hon. FRED NILE: But you have also been to the Land and Environment Court, as you said.

Mr HARRISON: Yes, that is correct—*Ritchies Group v Griffiths City Council*. It was a couple of years ago.

Reverend the Hon. FRED NILE: Obviously we need to have a better system so that residents or you are not forced to take action.

Mr HARRISON: Yes, we think there needs to be some addressing of competition otherwise as the chains are now close to 80 per cent they will end up close to 90 per cent. Our company, Ritchies, is the largest of the independent retailers. We are finding that not just in New South Wales but all around the country, Coles and Woolies are trying to come into small country towns and open supermarkets. In Churchill, Victoria, there are 2,800 people and we have a supermarket there trading virtually as a satellite to Morwell, the main town. In Morwell there are two Coles and a Woolworths, and in Churchill we have spent \$4.5 million upgrading and increasing the size of the store. It is now about 3,000 square metres and Woolworths is now about to open a store there—in a town of 2,800 people.

What will happen? We will trade very, very unprofitably, so too will Woolworths, but who cares! It will injure us and hurt us, and we do not have the financial backing or resources to continually sustain those sorts of hits. Woolworth can amortise across its 700 or 800 stores; they have poker machines, fuel, and three or four different liquor banners that they trade under. They have Dick Smith, Big W, the ability to amortise their losses across a huge business. We do not; we rely on our food and liquor business to succeed. When you get unreasonable and unfair competition on your doorstep all the time then that needs to be addressed. This inquiry is a great opportunity, ladies and gentlemen, to try to bring some sanity back. We think the 25 per cent retail floor space dominance test goes a long way towards addressing that point. We are totally in favour of it, because it gives a bit of sanity and logic into how future stores can be opened.

Reverend the Hon. FRED NILE: You are saying that that should be done under the State Planning laws? We would have to amend the legislation, the planning Act?

Mr HARRISON: Yes.

The Hon. RICK COLLESS: How do you calculate the amount of floor space that should be in a community? Where do you draw your boundaries? That must be part of the planning process, if local councils or planning authorities, or whoever, is doing it. How is that amount of floor space calculated? Where do you put the benefit?

Mr CAVALLARO: The total floor space in a supermarket gives an indication of what turnover can be achieved in that supermarket. That is the measurement, if you like. In a particular town that has \$10 million worth of retail spending and there are two or three supermarkets, and their square metres are a lot bigger than the requirement, the \$10 million will not get any more or any less, because that is the money that is in that town. But, if you have more square metres of retail space available the basket comes down and the supermarket becomes unprofitable. Am I making sense?

The Hon. RICK COLLESS: Yes, but in Churchill, about which you were talking, there are Coles and Woolworths supermarkets only a few kilometres away. How do you determine the optimum floor space for Churchill itself?

Mr HARRISON: Generally we try an old rule of thumb in the supermarket industry: the average per head of population spends between \$50 and \$60 per transaction in a given week. You tend to look at the population and multiply it by \$50 per head, and that gives an indication of the total market available. Churchill is literally only five minutes from Morwell and most people shop in Morwell because it has the banks, we are only one supermarket and there are half a dozen or nine specialty stores. The reality is that at the moment our sales in a store like that would be in the vicinity of turning over, say, \$17 million a year.

That is a viable business at that point in time, for the costs of the rental, electricity, et cetera. If you bring in a Woolworths store, at best we will hold 50 per cent, and we think that would be a great result. At 50 per cent the store is totally unviable. We will trade at a significant loss. We need to amortise that across our other business, but when that is happening consistently across into Rutherford and Berowra Heights, for example, that comes to a point where we cannot continue.

The Hon. RICK COLLESS: All the towns that you have mentioned are adjacent to a bigger centre. What happens in the smaller towns that are more isolated and where people are less likely to go shopping? I use the example of Canowindra. Do you have a store in that small town between Orange and Cowra? It is a discrete unit in its own right, with a population of probably 3,000. For a town like Canowindra, for example, where a Woolworths supermarket is not five minutes travel away, when you work out whether it is under strength, and less than what the town should ultimately have, how do you determine the optimum floor space? That might be a case in which there might be justification for more competition with a Woolworths or a Coles?

Mr CAVALLARO: Yes. We are suggesting that. If Canowindra has 1,000 square metres and the town requires 500 square metres, and the council will approve only another 500 square metres, then the whole thing balances. It all makes sense. But, if Canowindra needs only 1,500 square metres and somebody approves 2,500 square metres, the whole thing will be non-viable. That is what we are trying to bring into the town. We generally do not have a problem with competition, if the competition makes sense to everybody concerned. But in the case of Canowindra, going from 1,000 to 3,000, somebody has to suffer.

The Hon. RICK COLLESS: Someone will go broke?

Mr CAVALLARO: That is what we are trying to bring to the table.

Mr HARRISON: We might take that question on notice. I would like to respond to it.

The Hon. MATTHEW MASON-COX: Yes, and in responding could you articulate some of the industry norms and benchmarks? As the Hon. Rick Colless asked, what are the parameters? Could you give a few options with supermarkets close to regional centres or smaller centres or discrete centres, so that the Committee could get a better feel about what should be the parameters that will work, and why they will work?

Mr HARRISON: I will take that on notice.

The Hon. MICHAEL VEITCH: My question flows on from that asked by the Hon. Rick Colless. I live in Young and I use Young as an example of supermarket developments in the past 10 years. The most recent was Aldi. In developing the local environment plan, and for the retail sector, the council undertook some modelling. The council had an idea about the retail floor space requirements. However, I take you away from the supermarket industry at the moment; the council struck an issue with the number of hairdressers. If we were to apply your model to the hairdressing sector, or any other sector, it would become a problem. In Young, the retail precinct was developed in the local environment plan. A lot of councils will do that: they will go into that level of detail to develop a local environment plan. For a Coles, Woolworths or Aldi to suddenly want to build outside a town there would have to be a local planning instrument already in place to allow it to happen. In the instances you have cited, are you saying that they were outside the current local environment plan for that to happen? Or, did they take a spot rezoning to change the plan?

Mr HARRISON: Are you talking specifically?

The Hon. MICHAEL VEITCH: You were talking about the Griffith example, being one kilometre out of town?

Mr HARRISON: Yes.

The Hon. MICHAEL VEITCH: Was it allowable under the existing plan?

Mr HARRISON: The land had to be rezoned.

The Hon. MICHAEL VEITCH: So it went to the Land and Environment Court. You have had experience with the Land and Environment Court process. If the Committee were to recommend a better appeals

process, or improvements to the current appeals process, do you have any suggestions as to what they should be? Has your experience been satisfactory at the current Land and Environment Court?

Mr HARRISON: It was a very expensive and lengthy process. We do not see that that is an ideal way to go. To give a measured response, I will take that on notice.

The Hon. MICHAEL VEITCH: That would be good. Also, could you give suggestions on how that could be improved? I am looking at ways of having disputes settled before they get to the Land and Environment Court; if you could suggest a process for that it would be beneficial to the Committee.

Mr HARRISON: I will respond to that.

The Hon. MICHAEL VEITCH: You mentioned that you recently had a victory in the Land and Environment Court.

Mr HARRISON: It was a victory of sorts.

The Hon. MICHAEL VEITCH: Was the basis of your legal argument around the merit of the decision, or was it around process?

Mr HARRISON: It was a bit of both from the point of view that we felt it was inappropriate in a residential area where a parcel of land was clearly separated from a shopping centre to have that zoned. There was not a need for a supermarket in that area where it can affect amenities and schools. The Land and Environment Court upheld that decision. About 18 or 20 months ago the developer slightly modified its plan, still with a supermarket, put it back to council and council voted in favour of it this time. We cannot understand what has necessarily changed in the 18 to 20 months from the original decision. That has been part of our argument.

The Hon. MICHAEL VEITCH: Mr Cavallaro, you mentioned issues around interpretation. Every council interprets the building code differently?

Mr CAVALLARO: That is right.

The Hon. MICHAEL VEITCH: Again this is an issue for the Committee to work through. If we recommend a whole new rewrite of the planning legislation, the planning framework in New South Wales, in whatever we come up with there will still be an issue of interpretation.

Mr CAVALLARO: Definitely. It does not matter what you do, I agree with you, there will be an individual interpretation of everything. But if the framework of the rules of a particular project or issue is defined to start with, it would be easier for a developer, such as myself or the Ritchies Group, to do their homework prior to presenting a particular project in the proper fashion to start with. If the rules are there and the rules are simplified, it will not alter the interpretation of the individual but it will make life easier. If the rules are statewide, it is easier to present the same case from Young to Canowindra to Tamworth. That is what I am referring to. Every council seems to have a different view, a different interpretation of the building code.

The Hon. MICHAEL VEITCH: Yes, it is a problem. What has been your experience of the knowledge base of the local practitioners within the councils with which you have had involvement?

Mr CAVALLARO: The bigger the council, the more the knowledge; the smaller the council, the less the knowledge.

The Hon. MICHAEL VEITCH: Is that because of resourcing, do you think?

Mr CAVALLARO: Definitely.

The Hon. MICHAEL VEITCH: With regard to the question on notice about floor space modelling, are you able to include how it is arrived at?

Mr HARRISON: Sure.

The Hon. MATTHEW MASON-COX: One of the terms of reference for this inquiry is how the Australian Government's reform agenda for planning should work its way through the system. Clearly, given the competition issues here and the ACCC, this is an area that is under a fair bit of review. Given you operate in different States, and given the strong competition aspects and the strong link to Commonwealth power, should this issue be one that has consistency among each of the States, so that we have a national system for dealing with this important issue for planning purposes?

Mr HARRISON: Absolutely, yes. I think that is what we need: consistency. Whereas, at the moment there is total inconsistency between all three States that we deal with.

The Hon. MATTHEW MASON-COX: And with regard to the major operators, Coles and Woolworths, and yourselves, State borders do not really mean anything, do they?

Mr HARRISON: That is right, exactly.

Mr CAVALLARO: The term I was trying to think of before was "market share". The chains are only interested in market share. It has nothing to do with profit or common sense; it is purely market share.

The Hon. MATTHEW MASON-COX: Market share drives profits in the longer term.

Mr CAVALLARO: That is right.

CHAIR: I thank you both for your attendance this morning and for your contribution. You have taken some questions on notice and there could be others that we will add to that. When you receive those questions, if you could provide the responses to them within 21 days it would be most appreciated.

Mr HARRISON: Certainly.

Mr CAVALLARO: Thank you for allowing us to address you. Hopefully we can help contribute for the benefit of the State.

Mr HARRISON: With regard to the ACCC position, we are not against competition. We compete now with Woolworths and Coles. Of our 57 stores, I think we are up against them in about 45 or 46. It is like a floodgate: they are just coming and coming. It is not just one or two stores; it is the third store and the fourth store. We presented you with the ACCC review. If I can highlight that on page 241 the ACCC itself recommended that planning applications for supermarkets should have specific regard to the likely impact of the proposal on other supermarkets. That came out of the ACCC review, and I think that is one of the more poignant statements that have been made. So we even have the ACCC supporting that line of thought as well. Thank you for the opportunity to address you today.

(The witnesses withdrew)

JOHN RICHARD FORMBY, Environmental Policy Chairman, Friends of Crookwell, affirmed and examined:

CHAIR: Whom do you represent?

Dr FORMBY: The Friends of Crookwell is the group that I am chairman of, but in a way I am representing myself because I am wearing two hats: first of all as the chairman of the Friends of Crookwell and also because I have had a long experience with environmental impact assessment and I am concerned about the trends in that area. That is really the main thrust of my submission, and secondary to that are any concerns the Friends of Crookwell might have.

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. If you do take any questions on notice today, the Committee would appreciate it if the responses to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions are forwarded to you. Would you like to make a brief opening statement before we commence with questions?

Dr FORMBY: I would like to make a brief opening statement. Firstly, thank you for allowing me to give evidence. As I have said, my evidence concerns the environmental assessment process principally and therefore is mainly related to items 1 (a) and 1 (d) in your terms of reference. The reason I am interested in this area is that I have been in and out of the field of environmental assessment since it was introduced into Australia in 1974. I produced the first major environmental assessment in South Australia. I have done a PhD at the Australian National University in that area and also a lot of subsequent research, and I have read a lot of environmental assessments. I mention all this because I am going to be rather impolite about the standard of current environmental assessment, so I am showing you that I have some basis for doing that.

When environmental assessment was first introduced, I and a lot of people thought it was going to create a kind of new era where the environmental and social costs of proposals were going to be included in the overall decision-making process so that developers would not be able to transfer those environmental and social costs to the public. But in my view that has not happened, and after a reasonable start the standard of environmental assessment has just become worse. I am not familiar with every State in Australia, but I have seen a few in New South Wales.

The Gullen Range wind farm environmental assessment, which proposes to put 84 turbines in the Upper Lachlan shire, where I live, was a particular example of that inadequacy of environmental assessment. I do not say this because I am going to be affected by wind turbines personally; I am not. At the moment I live a long way from where they are going to be. But I am concerned about the impact of having multiple turbine developments on the Upper Lachlan shire, and in that sense I am wearing my other hat as Chairman of Friends of Crookwell. My belief is that particularly the cumulative impact of these developments has not been properly assessed and there is not really a mechanism for doing so at the moment.

I would like to put to you a general principle about environmental assessment that I think is being repeatedly broken at the moment, and that is what I call the principle of separation. The environmental assessment process should be an objective and relatively scientific and impartial one, and the assessment of the environmental assessment by the Department of Planning should be likewise: it should be impartial and it should be objective. The separation is that after that the political decisions can be made. So that the Minister can come in and say, "Despite what this environmental assessment says, because of our political views or considerations we are going to approve the project." But at the moment that political aspect has worked its way right back into the Department of Planning, I believe, and into the environmental assessment process itself.

An example of this is the director general's report on the Gullen Range wind farm environmental assessment. I think that if one had a lot of time I could show that it was clearly biased in favour of the project and demonstrated how the environmental assessment process within the Department of Planning has become extremely politicised. That is one way in which I would like to see the process changing. As Mick Veitch was just saying, if you are going to make radical changes to the process, I would be looking for something that removed that politicisation from the public service and moved it to the Minister's decision so it would be clear who was responsible for the final decision. At the moment, for whatever reason, it seems to have been pushed back down the line.

I refer briefly to the written submissions I made to your Committee. The first set out some problems with the environmental assessment process at present, and these included the failure to deal with cumulative impacts, such as the one I referred to in the Upper Lachlan shire where we have 300 separate turbines proposed to be built or in place at present, and apparently more to come. What has happened there is that the Premier has declared that the Sydney-Canberra corridor is a precinct for wind farm development, but nobody has ever talked to anybody in the Upper Lachlan shire about what they think of that idea. So we have had no input; the decision was just made. So the cumulative impact aspect is a problem.

I am also concerned about the watering down of the legislation as I see it—and you may not agree with me—with the introduction of things like part 3A and particularly the critical infrastructure provision. Under the critical infrastructure provision you cannot appeal on the merits, as I understand it. You can appeal on the basis that the process was wrong, but you cannot spend your \$150,000 or \$200,000—which is another problem with the Land and Environment Court—and contest what I think is the major problem with the Gullen Range wind farm environmental assessment, and that is that its content is inadequate and that under critical infrastructure, if the development fits into that category, you cannot contest on the merits.

One other failure I referred to in my first submission was the failure to consider alternatives. When environmental assessment was first brought in, a major aspect of it was to consider alternatives to proposals. So that if you put up a wind turbine, you should also look at the merits of gas-fired power plants, you should also look at the merits of solar energy, and you should also look at the merits of energy-saving. But none of that has been done. What has happened is that the proponent compared wind power with the absolute worst case from the point of view of reducing greenhouse gas, and that is coal-fired power. So we always got the comparison with the worst case, so wind farms were always going to win. I think the aspect of looking at alternatives seems to have disappeared out of the director general's requirements, and it should be put back somehow.

There is also a need for a longer period for public comment. I am a full-time farmer these days and I found it very difficult to make comments on 1,000 pages of documents in 30 days—which is a bit shorter because you do not get them immediately. You need at least 60 days for public comment. They are some of the things that I thought were wrong with the process. I then made a supplementary submission in which I suggested that the current process has been politicised beyond repair, that there is no point in proceeding with it because what you are getting is environmental assessments that are largely public relations exercises written by people who are aiming at getting a project approved; they are not impartially assessing it. They are full of bad science, inadequate value judgement, poorly based value judgements, and all sorts of things. If I had had time, I could have written a couple of hundred pages on what was wrong with the Gullen Range environmental assessment.

What I suggested instead—and I do not know whether this is beyond the powers of your Committee to recommend or the current thoughts of your Committee—is that the environmental assessment process has to be taken out of the hands of the public service, of the Department Planning, and be made an independent statutory authority, in the same way as the Reserve Bank has been given independent power to set interest rates. What happened when Government was doing it was that they would be making political decisions which were not, in the long run, good for the economy.

The same reasoning could be applied to the environmental assessment process. We need somebody who is independent of politics to be in charge of assessing the environmental issues and managing the whole environmental assessment process. They should do one other thing; that is, monitor what happens afterwards. One of the worst things that happens with environmental assessments is that after the development is approved everybody forgets about it and the developers quite often break a lot of the undertakings they have given. That occurs because there is very little monitoring of what happens afterwards. That is another thing that an environmental assessment commission could do.

Finally, the Land and Environment Court has become impossibly expensive. The Friends of Crookwell are supporting an associated group that is involved in a very limited, narrow appeal. The group has found that it needs at least \$150,000 and probably \$200,000 to launch that appeal in the Land and Environment Court. If it loses, it will probably be up for double that. Appealing is now beyond the scope of most people.

My suggestion is that the Government should bring back the option of having a public inquiry. That gets rid of a lot of the adversarial aspects. There will obviously be some elements of that, but it would not be conducted in the same way that the Land and Environment Court is conducted and it could make findings that represent the best outcome for everybody—it would not be a you-win-you-lose situation. The public inquiry has been neglected probably because governments are scared that they will not get the outcome they want. I would

give an environmental assessment commission the power to institute public inquiries into major projects. I would be happy to discuss any of those points.

CHAIR: I agree that the Land and Environment Court worries many people. They are very frightened to appeal their case because it might cost a fortune. There does not appear to be the option for those who do not have a great deal of money to lodge an appeal. How would this public inquiry work? Would it be a standing inquiry and who would be involved?

Dr FORMBY: I do not know; it would depend on how often the proposed commission used the option. It could be constituted on an ad hoc basis or there could be some standing commissioners of inquiry. Many years ago in New South Wales there was a public inquiry system run by a Mr Coffey. I do not know whether anyone remembers him. They used to call it the "Coffey grinder". He would run the inquiry very quickly and would not allow any duplication of evidence—he would say, "That's already been said. Go away." He could cut down an inquiry to three or four days instead of months.

Some people argued that he was doing it too quickly and missing serious points of evidence. I sat in on a couple of hearings and I found that it depended on his personality. However, a lot of the time having that system was better than having nothing at all. Various sorts of public inquiries could be instituted. However, we do not need a Ranger Uranium-style inquiry that runs for years and costs the State or the Commonwealth millions of dollars. We could have a streamlined form of inquiry with one commissioner and no lawyers and where people give evidence and they are out the door if they repeat themselves.

The Hon. RICK COLLESS: I presume you are aware that General Purpose Standing Committee No. 5 is about to commence an inquiry into wind farms.

Dr FORMBY: Yes.

The Hon. RICK COLLESS: I also trust that you have lodged a submission.

Dr FORMBY: I have.

The Hon. RICK COLLESS: Why do you suspect that the turbines in the Southern Tablelands were approved so quickly?

Dr FORMBY: I would have to go through the detail of the director general's report, which I read again last night. At times you cannot distinguish whether it is the director general or whoever wrote it speaking or the developer, because they have lifted large chunks of the environmental assessment without quoting them and included them in their report. There is a lot of that.

One example relates to an argument they keep using. If an individual objection is lodged about the visual impact of turbines, the director general will argue that because it is government policy to promote wind energy the objection of visual degradation does not have enough force. That is assuming what they have to prove. They cannot bring government policy back to there and say that an objection about turbine noise or visual and social impacts have no force because of government policy. The government policy should come at the end of the process, not during it.

Another example is the cumulative impact issue that I have referred to. Nowhere in the director general's report is reference made to the cumulative impact on the Upper Lachlan shire. There may be a word or two about it, but it is not really examined. That is because a decision is included in the director general's report that land values will not be affected by wind farms. By doing that they can argue that the economy of the shire will not be affected. That seems to be the argument they are using. In fact, the wind farms will have multiple impacts on the economy of the shire, because Upper Lachlan shire is very dependent on tree-changers moving in from Sydney and other cities. I do not think that those people would want to live next to a wind turbine. If I moved out of Sydney for peace and quiet I would not want a row of wind turbines anywhere near me. That will affect the economy.

The argument about land values is extremely weak. The director general is simply arguing to a predetermined conclusion. The issue of land values is based on a study done of the eight small turbines that most members have seen on the Goulburn side of Crookwell. They looked at the impact on land values of eight

turbines. That is much different from the impact on land values of 300 much bigger turbines and all the other disturbances that go with them.

Turbines do not create many jobs. The 84 turbines at the Gullen Range wind farm will create only 15 permanent jobs. It is not a big employment generator. Many people with a fair bit of money move into our shire but work in Sydney. They need to employ somebody to manage their property and they spend money locally on services. They often build big houses, which in turn helps the building industry and so on. Many of those people are very unhappy about the fact that we have been turned into a wind turbine precinct. I do not think the director general's report contains the appropriate balance.

The Hon. RICK COLLESS: Do you think the approval was pushed through so quickly because of a rather large development at Kurnell that the Premier suddenly announced that would be run using green power?

Dr FORMBY: I have no idea; I could not comment. I did notice it, but I have no idea why it appeared. The Parkesbourne-Mummel group has lodged a challenge in the Land and Environment Court. They had to withdraw their first challenge because the development was no longer critical infrastructure when 11 turbines were knocked out because of the local airport. That put the Gullen Range wind farm below the level of critical infrastructure. However, the Premier has talked about revising that down to 30 megawatts. At the moment, from memory it is 250 megawatts.

The Hon. RICK COLLESS: You talked about an independent environmental assessment commission. What form do you recommend that that should take and to whom would it report?

Dr FORMBY: I would love to have to the consultancy for that commission to work out that sort of thing. That detail would take a lot of working out and I have not had time to do it. I cannot answer that question in any detail whatsoever. I have not thought about who would be the appropriate people for it to report to. However, as an independent commission, I would assume that it would not be responsible to any particular member of Parliament. It would do what the Reserve Bank does and play an independent role and report to the Premier or the Minister for Planning when it made a finding. I am not sure that it would matter much because it would then become a political decision as to what was going to be done based on that report.

The difference is that as an independent body the commission's report would have some weight. I am not suggesting that it should make the decision about whether the development should proceed—not like the Reserve Bank does with interest rates. But as an independent authority its report would carry more weight than the current process. I am sorry about the detail; I cannot give you that.

The Hon. MATTHEW MASON-COX: I note that the Upper Lachlan Shire Council has a wind farm development control program. Can you give me an idea of the level of feeling in the community about this being overridden by part 3A?

Dr FORMBY: It is interesting because we had a vote across the shire about whether people wanted wind farms about six months or a year ago. About 70 per cent were in favour of wind farms. It should be noted that the wind farms were going to be concentrated in a particular part of the shire and that the bulk of the population lives in Crookwell and other towns like Gunning. They will not be that close to any of the wind farms. It is not the people who are participating by having a wind turbine on their property but those adjoining them—a fairly small group—who will suffer. I think that percentage has gone down since.

I cannot talk about the overall feeling in the shire, but I think that people are unhappy about the Minister removing the power for council to do anything about the wind farms. It seems to a number of people that the limits that council imposed were a lot more reasonable than those being imposed by the State Government. For example, the council required a two-kilometre buffer between a turbine and a house. Some of the turbines are now going to be within 600 metres of houses. That is very close when you are looking at something as high as Sydney Harbour Bridge at its blade tip. The turbine is also probably on a hill, which makes it look even bigger. People do not like to lose control of what is happening in their shire. People are unhappy with those regulations. I would say there has probably been a bit of a shift in opinion.

Another thing that has caused a shift in opinion, which I am well aware of, is that they have now put lights on the Culler Range turbine development, which is a different one from the Gullen Range—it is closer to Gunning—and there are now navigation lights which were not supposed to be visible from the ground. In fact, I have driven within 10 kilometres of those lights on the Gunning-Crookwell Road and I nearly ran off the

road because they have a mesmerising effect. They flash on and then they flash off and then there is quite a long pause where you are looking at these things and thinking are they going to come back on or not? They do. I am sure if you were a likely subject for hypnosis that they would affect you. In fact, I nearly ran off the road because I had not seen them before. People are very upset about those because they realise the turbines are going to affect the night skies as well as the daytime.

The Hon. MATTHEW MASON-COX: Is there a group at all like the friends of wind farms? Is there a group supporting them as opposed to not supporting them in the shire that you are aware of?

Dr FORMBY: No, not really.

The Hon. MATTHEW MASON-COX: Was the ballot of people in the shire an exhaustive ballot or—

Dr FORMBY: Yes, it was done at the same time as the council election.

The Hon. MATTHEW MASON-COX: Given that we recently had the Commonwealth Parliament pass the 20 per cent renewable energy target by 2020, what is your view as to the implications that may have for further wind farm development?

Dr FORMBY: It seems that it is going to be very favourable for wind farms. I do not understand the exact mechanism by which this will work but from what I can understand once you make that target mandatory—I do not know how mandatory it is; I do not know what the time limit is and I do not know whether that 20 per cent is going to be enforced on the energy producers, but I assume they will have their arms pretty heavily twisted to meet it—that means the coal producers are going to have to buy energy from wind farms in increasing amounts to meet that target. One of the analyses I read was that instead of being 10 per cent renewable energy we are going to end up with another 10 per cent because of that. The idea was it would have settled at about 10 per cent but with that extra pressure we will end up with 20 per cent. So we have got an extra 100 per cent of wind farms in fact from the number we would have had before.

So it will double, and the reason it will double is because there does not seem to be competitive non-renewable energies at the moment. That is what worries me about that strategy because it does not look a cost saving, power saving or energy conservation, and it does not look at gas-fired power stations which seem to be a much better alternative when dealing with this issue. They produce roughly 50 per cent of the greenhouse gas of coal-fired power stations, and they do not cost a lot more for the electricity they produce, whereas wind farms cost twice as much and more, and they have all these other social and environmental disadvantages. I understand gas-fired power stations have problems of their own but these are confined to a reasonably small area, whereas the Gullen Range wind farm is more than 30 kilometres long so it is taking up a lot of space and a lot of visual amenity, if you like.

Reverend the Hon. FRED NILE: You mentioned visual amenity. That was one of the things that amazed me with the original proposal for wind farms as an alternative to coal-fired power or energy, and the green groups seem to have supported the wind farms as that option—

Dr FORMBY: Yes.

Reverend the Hon. FRED NILE: —but they do not seem to have any concern, from my observation, about the visual pollution as well as the noise pollution. Do you think that is an inconsistency?

Dr FORMBY: I found that very strange because I was an active green many years ago in opposing woodchipping in the south-east forests and I found their change in attitude when it is a question of a man-made or a man-adapted landscape—as we have out in Upper Lachlan Shire—quite strange because landscapes that are developed by people also have a lot of environmental amenity and they seem to be ignoring that aspect completely. I think that the whole thing has become emotionally driven.

I have looked pretty hard at the benefits of wind farms and I think they are far smaller than people suggest, and that would probably involve a long technical discussion that probably is not relevant to the Committee. My conclusion is that wind farms will not replace much coal-fired power anyway because the wind stops a lot of the time and when it does stop you can show it stops over very large parts of Australia at pretty much the same time. So even if you spread wind farms all around the place they are going to be up and down a

lot and it is difficult to fire up the fossil-fuel system to make up the difference. It can be done—it is a complicated process—but I am not sure that it is going to be done very well. One of the inquiries into renewable energy said that wind farms would only be 10 per cent firm. In other words, you can only expect them to be available when you want them 10 per cent of the time, if you see what I mean?

Reverend the Hon. FRED NILE: You have to have the alternative power source?

Dr FORMBY: You have to have 90 per cent of the alternative power available.

Reverend the Hon. FRED NILE: You mentioned in your comments about the failure to consider alternatives gas but you did not mention nuclear. You do not think nuclear should be taken into consideration?

Dr FORMBY: I think we are going to have to look at it but I am not a great fan of nuclear power because I was involved with the Ranger Uranium inquiry years ago, in the 1980s, and that scared me. The number of things that could go wrong such as terrorism, leakages, malfunctions, the difficulty of disposing of nuclear waste and all those things that we had not at that time overcome. Then you look at Chernobyl and you could say there may have been a technological deficiency and some management problems in running those plants but the mess that the Chernobyl catastrophe created was enormous. So all those things scare me a bit about nuclear power but I am starting to think that we need to review that, but I would review it very carefully.

Reverend the Hon. FRED NILE: You mentioned about this independent assessment organisation. Do you feel the new State Planning Commission could fulfil that role?

Dr FORMBY: I do not know enough about it. I noticed that current environmental legislation has provision for something like a planning commission in it that can investigate environmental issues when it is asked to by the Minister, but to me that aspect would not be sufficient because it needs to be referred by the Minister. I would be trying to avoid that aspect of the necessary referral. But in answer to your question, I do not know enough about that.

The Hon. MICHAEL VEITCH: Do you think there is a role or there should be a mechanism such as part 3A or State significant developments within the planning framework of New South Wales?

Dr FORMBY: Yes, I think there should be but I think it should be hedged about with far greater limitations than it is at present. It is just too easy for the Minister to call it in and then you go into this process where there is no appeal. If you do have part 3A with critical infrastructure, I think there still should be some way in which somebody like my group, or me, can get the issue reviewed by somebody like the Land and Environment Court, but hopefully less expensively. So if there is going to be a part 3A and a critical infrastructure provision—they are a bit different but they are both to my mind very pro-development aspects—I would have them subject to a review by an inquiry before the final decision is made. To me it just jumps over the whole hurdle of environmental and social impacts.

The Hon. MICHAEL VEITCH: You might not be able to answer this, but are you aware of the degree of community consultation that took place in the development of the development control plan [DCP] that the Upper Lachlan shire has for wind farms before it was adopted?

Dr FORMBY: I do not think there was a lot because our current local environmental plan is up for public comment at the moment for three months and there has hardly been any public comment on it, which is disappointing, and I imagine that pretty much the same thing happened in that case as well.

The Hon. RICK COLLESS: Does the public know that it is out there?

The Hon. MICHAEL VEITCH: I was just going to ask that? What sort of advertising process has been undertaken?

Dr FORMBY: It is pretty limited but it is in the local paper and you can go and read copies of it standing up in the local council offices or sitting down in the library. You can get it on disc as well and put it in your computer and read it there. My group should be commenting on that plan and we just have not had time—and the person who probably would be doing it would be me or one or two others. We had been doing this and the wind farm inquiry, and there just has not been time because we are all making a living as well. We just have

not had time to comment on it, so I have been asking for the three months to be extended and their response is that three months is a reasonable time, which it would be if it were not for everything else.

The Hon. MICHAEL VEITCH: It is an interesting comment you make, because the Committee has heard on a number of occasions how long it takes to have developments assessed or to have local environmental plans approved, but one of the critical issues is that people do not know that it is community consultation and community awareness. It is an interesting comment you make about the additional time needed. Do you think the consultation time available for communities is a real issue?

Dr FORMBY: I think it is, and also, as you said, making people aware of what the key issues are in the plan. As you know, a plan is a very long and technical document and if you are a member of the public reading one of those, I reckon you would not have a hell of a lot of idea what it was all about. I think it is not just a matter of saying that the plan is there for people to look at. I would actually produce a document, which summarised what the council thought the key issues in the plan were, so that people would think, "Okay, we need to look at these."

The Hon. MICHAEL VEITCH: Like an executive summary?

Dr FORMBY: Yes.

Reverend the Hon. FRED NILE: And highlight the changes?

Dr FORMBY: Yes, that is right. One of the issues with that plan is that it is very big on the landscape value of the Upper Lachlan shire and how this is a major asset for the shire, but at the same time this is not seen as a contradiction with putting 300 wind turbines in the shire. That is the aspect I would have commented on if I had had time, so there are issues in there that the public needs to look at, but it has just become too technical a document.

The Hon. MICHAEL VEITCH: I want to move to your area of expertise really around environmental impact assessments and your opening comments about the rigour and almost the credibility of some of the assessments that have taken place. They, too, can be quite expensive to prepare?

Dr FORMBY: Yes.

The Hon. MICHAEL VEITCH: And they, too, can be quite technical documents, which require time for people to read and make their own judgements on. You have made a couple of suggestions on how to improve that, but, again, what sorts of things can the Committee recommend that would actually engage communities in that particular process that could increase or improve the rigour and credibility of the environmental assessment process?

Dr FORMBY: There are a few ways of answering that. I did some work in what social impact assessment should be, and most people regard that as part of the environmental impact assessment process. If you properly do a social environmental impact assessment, it is a really complicated process. You need to consult with the public a lot; you need to interview them a lot to find out what all the problems of the proposed development are going to be. The thrust of, say, the Gullen Range environmental assessment was to tell people what they are going to do. It was not to approach them and say, "You are living 500 yards from the nearest turbine. What do you reckon?" It was telling them. What they did was put up a few of their staff and have a meeting and the public could roll up, but they were not very good at answering questions that you put to them.

They did not really have detailed information about what was going to happen. For example, if you ask them, "Okay, how big are your turbines going to be?" "Oh, we don't know yet. It could be anything between 1.5 and 3 megawatts but that final decision hasn't been made". It was partly due to the developers not having finalised their ideas, which they still have not, in that case, on the size of the turbines. We passed the environmental assessment and we still do not know how big the turbines in Gullen Range wind farm are going to be. They need to have a clearer idea of what they are going to do but they need to ask people rather than telling them, I would say is the main problem with that process.

The Hon. MICHAEL VEITCH: Following on from that, that would then suggest that there is potential for the proponent to amend, for instance, the height of a tower after the approval?

Dr FORMBY: Yes. The final height of the tower is subject—there are whole lot of different turbine technologies available and they have not decided which one they are going to use yet, so it is still subject to departmental approval what their final decision is and subject to noise limitations and so on, but it is still not clear.

The Hon. MICHAEL VEITCH: Taking on board your issues, as I said earlier around the rigour and credibility of environmental impacts and environment assessments and where it is at now as opposed to where you would have hoped it would have been on its commencement, is there the capacity now for proponents to developments to consultant shop to get someone to prepare an environmental assessment that suits their development?

Dr FORMBY: I am pretty sure that there is. It was noteworthy that a lot of the consultants for the Gullen Range wind farm came from Bega. There is nothing wrong with Bega, and I lived down near there, but it makes you wonder. I did not get the impression, reading the environmental assessment, that their level of skill was very high. I would just give you one example. Their assessment of the landscape where the Gullen Range wind farm is was that it was of low value. I cannot see how any sane person could possibly arrive at that judgement because you are on top of the Great Dividing Range.

Okay, it is a man-modified landscape, but it is a very nice landscape; it has got a lot of very old buildings. It is being modified in a reasonable way by people putting in tree plantings and so on. It is good agricultural and rural living area. There was no basis for that judgement; it was just written down "low value landscape". To me, that says that the consultant has not done a proper analysis.

The Hon. MICHAEL VEITCH: In order to substantiate the statement?

Dr FORMBY: Yes.

The Hon. MICHAEL VEITCH: You mention a number of times the cumulative impact?

Dr FORMBY: Yes.

The Hon. MICHAEL VEITCH: When you talk about cumulative impact, are you talking about within a geographical footprint or are you talking about some other impact?

Dr FORMBY: I am thinking of it within a geographic footprint of really the Upper Lachlan shire and extending out from there. You cannot exactly define the area but, to me, I think it is going to have a very negative impact on the Upper Lachlan shire because of the reasons I gave earlier, that it has become a rural residential area. There are 250 houses within five kilometres of the Gullen Range wind farm. That is quite a lot of houses. That is rural residential. Another example of bad environmental impact assessment is that the director general keeps referring to it as an agricultural area. Well, it is not. Agriculture is secondary out there now. Most of the people who live there work somewhere else.

CHAIR: Thank you very much for contributing to the inquiry this morning. We may have other questions for you. We would appreciate if the answers to those questions could be sent to the secretariat within 21 days.

Dr FORMBY: Sure. Thank you for your time.

CHAIR: Thank you for yours.

(The witness withdrew)

(Luncheon adjournment)

ALISON PETERS, Director, Council of Social Service of NSW, 66 Albion Street, Surry Hills, and

WARREN GARDINER, Senior Policy Officer, Council of Social Service of NSW, 66 Albion Street, Surry Hills, affirmed and examined:

CHAIR: Thank you for coming to this inquiry this afternoon. Before we begin I should inform you that if you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee please indicate that fact and the Committee will consider your request. If you take any questions on notice today the Committee would appreciate it if the response to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions are forwarded to you. Before the Committee commences with questions, would either one of you or both of you like to make a brief opening statement?

Ms PETERS: I would like to make a very brief opening statement. NCOSS as the peak policy body for the non-government community services sector does have an interest in the New South Wales planning framework but it is restricted in some ways to a number of key policy questions that impact on disadvantaged communities and groups. As a result, we are not necessarily in a position to answer questions across the broad terms of reference of this inquiry because we have no firm view or no particular expertise in those areas. They have been highlighted in our submission.

I would also indicate that since that time the submission was made the affordable rental housing SEPP has been gazetted and it has some significant bearing on some of the issues that we are interested in. One of our member organisations who we work very closely with on housing and planning matters—Shelter, who I understand did not make a submission to this inquiry—have, however, produced a commentary on the SEPP and we have a copy available for the secretariat should you be interested in looking at that. That document is available publicly on Shelter's website so it is there for your information.

I would also indicate that Mr Gardiner, a senior policy officer at NCOSS, is not only the author of the submission but is the policy officer responsible for planning matters and, therefore, for some of the technical details. Given his range of expertise, he will respond to the Committee's questions.

CHAIR: Your submission notes that at present it is largely left to individual councils to decide whether they require a proportion of multiunit housing projects to be adaptable to better meet the needs of older people and people with a disability. You note that in 2006, 49 out of 152 councils made provisions for adaptable housing in either an LEP or DCP. Are you able to expand on the range of provisions in terms of percentage requirements and on whether there was any regional or geographical influence on which councils have these provisions?

Mr GARDINER: Yes. The research study that we referred to in our submission was prepared by Chris Elenor for Shelter NSW, who surveyed local councils across the State to see if they had any reference in their planning instruments in relation to adaptable accessible housing, whatever terminology you choose to use. I have brought along a copy of that. That does include going down to the level of some of the questions you have asked. It names all the councils that indicated they had some provision. It does note that there are some variations, but the overall conclusion of those roughly one-third of the councils in the State who had some provision was that it was generally about multiunit housing and it was generally about some proportions, but there are some variations along those which are specified in the paper itself.

CHAIR: Will you leave that with us?

Mr GARDINER: Yes, we will certainly leave that with you. We are relying on that information. The crucial thing we have said in our submission probably in the context of this inquiry is a bit of the tension that has been fairly apparent over the last few years about the role of the State Government in terms of planning matters versus council and some other consent authorities, and I guess you will hear from other players who would want the State to play a less directive role than they have in some areas. We have raised this particular area about adaptable accessible housing as an area where arguably there should have been or there is certainly an opportunity to be in the future a more directive role by the State Government in actually providing leadership on this front.

We note that in Victoria there has been a process about this matter over several years, which involved our counterpart VCOSS, and some period back, I think earlier this year, the Victorian government have announced some requirements that they are putting in place for local government in Victoria to address this issue. Obviously you are not conducting an inquiry into accessible housing so we have not really gone to details in our submission. I guess what we have thought would be appropriate would be that there were some sort of task force or working party established that would involve the Department of Planning; the Local Government and Shires Association; the professional bodies like the architects and planning institute and so on; our sector; some disability and aged care organisations who have strong interests in this area; and the industry, obviously—the HIA, the Property Council, the Urban Task Force, and people like that who would have valid interests in that matter and the expertise—and obviously in the universities there are sources of expertise there.

It would be good to look at how things could be done in a sensible way that was not going to bankrupt the industry or things like that but actually to make some progress on something that a lot of people for quite a while have been advocating needs to happen. In terms of this inquiry being about a debate about a planning framework, I guess we would say there is a moral question involved about leaving this as entirely optional, as it is at the moment, to local councils; so you have one council that might have a quite proactive approach and quite prescriptive requirements and the adjoining council may have no requirements at all in regard to multiunit housing developments incorporating any forms of adaptable or accessible housing. Our view would be that over the medium term that is not a good arrangement, that lots of people made statements about adjusting to the ageing of the population and things like that, so there are growing issues about that.

Obviously, other government agencies like DADAHC and so on make reference to people ageing and so on, so we need to think about what are the housing design implications that arise from some of those agendas. I think it is fair to say there are people in our sector who are quite frustrated how difficult it has been to get someone to sort of champion that issue and have some sort of process such as via a working party or a task force where efforts could be made to see if there is common ground between the various interests that would have a valid view about how that matter should progress.

CHAIR: It is definitely a big issue when you are talking about disabilities or aged care, probably more so in aged care. The amount of housing that is available for them is probably limited. What is being done to try and do a catch-up or, indeed, plan for further of these facilities?

Mr GARDINER: Some bodies are certainly doing things. We would happily acknowledge, for example, that Housing NSW, as the developer of public and community housing, have their own design standard through Resitech, and they have a very major investment happening at the moment in making more of their dwellings more suited to the actual clientele that they have, and that is a big challenge for them and it cannot possibly be completed in a one- or two-year period. But there are certainly bodies like that, that when they build new dwellings now they are incorporating some of the issues here. But the point we are saying in a sense is that they are doing that voluntarily; the planning system does not necessarily require them to do that. So the issue is down the track to be clear about what the planning system does require of people.

Obviously, if you start talking about detached cottages and things like that, it is a very difficult agenda to talk about the planning system requiring everyone's house to be accessed by a flat entrance and things like that. But in terms of multiunit dwellings the options to address that are fairly clear. There are options around that are in the market at the moment but there is currently no consistency about how some of those things are expressed. As I say, we have noted that the Department of Planning has played a leadership role and has been quite directive about some other areas and having greater consistency. For example, we are moving to a situation where the legal terminology in every local environmental plan in the State has to be identical.

We would have thought going through that sort of thing would be an opportunity to look at some of these other matters, because even in this report that Shelter did—we are obviously positive towards those councils who do have policies—even there some of them have those policies in development control plans, some of them have them in local environmental plans. They are in different legal instruments and they are expressed in different ways. No-one, I believe, until Shelter, with our encouragement, did this study, has researched that matter to that sort of degree to actually say what sort of conclusions can you reach. That was a relatively brief project conducted by one person over a few months, but no-one in the Department of Planning has ever said to us, "This is wrong. We have got that information about that". As far as we know this is the only effort really made to have a good look at that and to document it and show this considerable difference in how councils are going about addressing that matter.

CHAIR: How could we do things better? How could we approach things better with regard to people with disabilities and, in particular, the aged?

Mr GARDINER: It is true to say that within our sector, and within a number of the interest groups we talked about, people will have different views when they get down to the nitty gritty of this exercise. We did not come here this afternoon to try to put forward a firm position about it. It seems to us that it would be good to get people together on some sort of task force to see whether there was common ground and consensus. It would be good if we could work with local government, with industry and with those who have particular expertise in this area. Obviously there are some sorts of standout issues relating to access. You need a level entrance. If people are in wheelchairs, using walking frames and things like that, you need corridors and pathways. Obviously there are lots of issues to do with bathrooms and so on, which are important in some of these matters.

Even in the terminology there are differences relating to "adaptable", "accessible", or whatever. Where there is potential for the greatest agreement or common ground for multiunit housing, some degree of adaptability is built into the original design. That does not mean it will be a gold standard that will accommodate every person's needs, but it will make it easier. If you have the basics in the starting point of the design, further adaptation that might be needed to accommodate a person's requirements is not so difficult or expensive. If you do not have access corridors that a person in a wheelchair can negotiate in the first place, you will not be able easily to fix up someone's apartment if that basic requirement is not in the design.

I think that is what they tried to do in Victoria. I will not attempt to summarise that project because they agreed to incorporate some things and not others from the Australian standard. At least they tried to reveal what might occur if they made a start down a particular path. What would be the best areas for industry to incorporate in the multiunit housing design?

The Hon. RICK COLLESS: What do you mean by the terms "housing affordability" and "affordable housing"?

Mr GARDINER: That is quite an issue. We interpret the Committee's terms of reference relating to those issues as having two distinct meanings. The first relates to how the planning system operates. Does it affect the affordability of housing? Are we talking about housing for home purchasers, renters, or whatever? It involves building standards and lots of things like that and it involves delays. Is it easy to get through certain designs or not? Undoubtedly all those things contribute to the cost of housing. There are a lot of issues with which we are all familiar relating to developer charges and other requirements.

We have entered into some debates relating to developer charges. We recognise that if you want to impose levies and so on that would increase the risk of escalating the cost of housing. That is something from which we have never shied away. I refer to developer contributions for community facilities, in particular, large-scale redevelopments, new estates and things like that. Prior to the current system being introduced a lot of housing estates were built and redevelopment occurred without the necessary infrastructure, which is why the developer contribution system was introduced.

Our sector is not so much interested in the methodology that you use to obtain those facilities; our interest is in ensuring that people moving into those areas have access to neighbourhood centres, to childcare facilities and to things that they need. We would be perfectly happy if Federal or State governments paid for those community facilities out of their taxes, borrowings or other means. However, we observe the experience of several decades ago when that did not happen, which is why the current arrangements were put in place.

I refer to the other meaning that you asked about—affordable housing as a product. There are forms of housing around that are targeted exclusively at low- to moderate-income earners. In Sydney we have the example of City West Housing, which operates in the Ultimo-Pymont and Green Square areas of Sydney. It was agreed that in Pymont a redevelopment was occurring in what was traditionally a working-class wharves public housing type area. People were going to be displaced by the redevelopment. Obviously that happened because it was an attractive waterfront site.

When that was happening the then Commonwealth Government came to an arrangement with the New South Wales Government that the Commonwealth would assist New South Wales with some parts of that development as long as there was provision for some affordable housing in that development as around 7 per cent of the end population were determined to be low to moderate income people. If you visited Pymont now

you would probably think that most people there were pretty well off. However, there is provision for some people. It is not the proportion of the population that was there historically.

The Hon. RICK COLLESS: Is that managed by the Department of Housing?

Mr GARDINER: City West Housing is an unusual body. Officially, it is a State-owned corporation. The Treasurer of New South Wales and the Minister for Housing are the ultimate shareholders. They have two shares and they outvote everyone else if it comes to the crunch. There are also preferential shareholders, which include some of our member organisations. We are not members. On a day-to-day basis I would say that City West Housing operates like a non-government organisation, but it is answerable to Ministers; the Auditor-General audits its accounts; and its budget appears in the budget papers as a trading enterprise. On a day-to-day basis it is a non-government provider of affordable rental housing and in some senses it competes with Housing NSW. Its housing is open to moderate income earners and not just to low income earners, so there is some sort of social mix.

The Hon. RICK COLLESS: How does it select its tenants?

Mr GARDINER: That information is available on its website. One issue that is relevant to this inquiry is that the income bands for its tenants are set out in State environmental planning policy [SEPP] 70, which relates to affordable housing schemes—the existing schemes that were in place some years ago when there was some question about the legality of local government housing levies and so on. Three income bands were set in SEPP 70 and tenants have to be in that. I am paraphrasing—the Committee secretariat could look this up on its website—that in relation to Pyrmont and Ultimo you would not want to create a situation where half the population of Sydney said, "I would not mind living in Pyrmont in an affordable housing project as there are water views."

There are some allocation requirements, including asking whether people have historical connections with the area and issues such as that. I have read that material but I am not the best person to summarise it. It is not entirely open-ended. A lot of the people that are housed would be those who have demonstrated traditional connections to that area. They might have grown up in Pyrmont when it was used for the wharves or whatever.

The Hon. RICK COLLESS: Going back to your comments regarding housing affordability, I think you said it reflected how the planning system operates. In New South Wales, because of the levies that are placed on land for housing, it appears as though that makes housing land much more expensive in Sydney than it would in Melbourne or Brisbane. Is that reflected in the price of affordable housing in Brisbane and Melbourne, and how does that compare to the cost of housing in Sydney?

Mr GARDINER: Those are difficult questions to answer definitively. I said in my earlier comments that we have never run away from developer levies and so on. When you impose charges on developers it has some impact on the cost of housing. How do you determine what drives the cost of housing in different parts of Sydney, and then between Sydney and Melbourne and other locations in Australia? I am on the mailing list of a number of researchers and advocacy bodies and they all have distinct views about that. Those things have an impact; that is for sure.

From NCOSS's point of view we have no vested interest in having charges any higher than they need to be. It is a matter of how you balance up some of those things. We have reasonable relations with a number of key industry bodies. We have worked with the Property Council, with the Housing Industry of Australia and with other bodies on various issues at different times. Different things influence them. We have talked about some of those things. People within the industry have views about whether or not there is a shortage of land, whether it takes too long to get approvals, or whatever.

Sadly, I observe that even when measures are put in place it is very rare that the price goes down. We have had this challenge all along. Until recently industry was critical about delays, how difficult it was to get approvals, and so on. You would have to say that it is now becoming a lot easier for industry.

The Hon. RICK COLLESS: Would you say that the private sector has an important role to play in the provision of housing?

Mr GARDINER: Absolutely. Sometimes our sector looks at international comparisons and so on. Australia has a standout position relating to home ownership, which is quite important. Obviously people are

interested in home ownership not merely to provide them with shelter. Traditionally, prior to superannuation, it became a big issue and it was one of the ways in which people accumulated wealth. We have a large private rental market, which is another issue. We are almost unique in the world in that a lot of our private rental market is owned by mum and dad investors, with negatively geared properties and so on. Most of the finance for people's housing comes from banks, superannuation funds and things like that.

In all those areas you have to take into account the ability of the private sector to operate profitably and so on. Our concern arises after analysing housing affordability and that has led us to advocating for affordable housing. I refer, for example, to the research that the Australian Housing and Urban Research Institute has done. I do not have the reference with me but it is easily available as it is quite a famous study. It conducted a study between two censuses of all the major parts of Australia. In Sydney it was very pronounced; you have a lot of housing development. Anyone who has been in Sydney or around the central business district over the past 10 or 15 years would not be able to say that there has not been a lot of investment in residential housing.

There has been a lot of housing growth in Sydney. Unfortunately, most of it has been at the top end of the market. Everyone is happy to build more and more apartments for people who can pay hundreds of thousands of dollars for them. The Australian Housing and Urban Research Institute analysis shows that the supply of low rental accommodation for low-income households in Sydney has declined in relative and in absolute terms. That is partly because of conversions and things like that, and displacement effects. That is one of the underlying themes that NCOSS always raises.

Sydney people's views about living in the inner city and the city have changed incredibly. The displacement effect of that is fairly obvious: If you now talk to people in the private sector, in hospitality, in casinos, people like that, they all say that it is a problem for Sydney, not just for equity or fairness issues that is of interest to our sector. People find it hard to get hospitality workers and so on who can afford to live there, because places with traditionally absolutely low incomes were in Newtown and Marrickville and places like that.

The Hon. MICHAEL VEITCH: You mentioned AHURI, what is that?

Mr GARDINER: Yes, that is the Australian Housing and Urban Research Institute, a Federal and State funded institute. It has done the study on availability of low-rent housing, growth in housing between the two censuses. Interestingly, they found it was quite pronounced in Sydney that a lot of what was traditionally low-cost, and in a lot of cases low-quality, housing is now housing better-off people who are happy to make a trade-off of a not-so-good dwelling that is well located to their lifestyle and access to work. So, we have actually seen pushing of low-income households further out in Sydney.

Reverend the Hon. FRED NILE: Mr Gardiner, earlier you mentioned 7 per cent of adaptable housing in a multi-project unit as an example. Would you work on, or recommend, that figure?

Mr GARDINER: I was talking about affordable housing of 7 per cent. Usually people have talked about multi-unit housing of about 10 or 15 per cent, but I am not saying that NCOSS has necessarily a strong view about that. I guess we would like to start the journey more than anything, we agree we will ultimately end up in a consensus about what a requirement would be, multi-unit housing. In my personal opinion, I would probably advocate different percentages given the nature of the development. A villa development is very different from a 15-story apartment, which would more easily incorporate a reasonable proportion.

Reverend the Hon. FRED NILE: I am talking about a multi-unit project.

Mr GARDINER: Yes, the term "multi-unit" can mean different things to some people. Some might add that, yes, multi-unit housing should have some provision, but it is when you say "high-density apartments" that it is far easier in that context to say 10 per cent or whatever, because you are always going to have to supply a lift and other things to make the entrance level for wheelchair access. Those challenges are there. It becomes a matter of certain numbers of hallways, doorways, bathrooms and so on that are designed to accommodate the needs of those groups.

Reverend the Hon. FRED NILE: Have you made a list of what you would like to see included? You mentioned a number of things.

Mr GARDINER: There is an Australian standard that sets out the requirements for adaptable housing. It is a bit confusing itself, because it has categories A, B and C. That is where it becomes quite technical. I said I would resist trying to summarise what Victoria did because it essentially took some parts out of the Australian standard and made it compulsory, but not all. Different people are using different terminology. I am not a designer, so it is outside our expertise. It is a big issue that is raised by our sector with us, and something that we have tried to engage with governments about, but that is how we see the process. It is best to get on and draw on the expertise. Obviously there are trade-offs about cost and so on, so it is a matter of which things can be incorporated first or easily, or which ones are far more challenging.

Reverend the Hon. FRED NILE: You recommended a task force or a working party and you ran through some of the groups that should be on it, such as stakeholders. Is there any particular area in which you would expect some opposition to your suggestions?

Mr GARDINER: Naturally you would have a lot of reaction on what exactly would be the cost, and what exactly you had in mind. Those are some things you would have to work through. We have had similar experience in New South Wales with BASIX, and things like that, in terms of water and energy efficiency. Partly, I would say that NCOSS is not in a financial or other position to start commissioning studies about which does that, or whatever. With the BASIX process that if you get the Department of Planning as the lead agency and having some responsibility, then in the case of BASIX they did that themselves; they commissioned a number of consultancies and said that if something is required what is the truth? What does it really add to the cost? You could have a debate based on the facts, and we would be happy for that. That is one of the reasons why we would like Planning to take that initiative and lead.

We could then say that people on the other side of the debate, if you put it like that, have these concerns, let us address those concerns, work through them and have some sort of empirical studies conducted. What would be the cost of some of those things? We at NCOSS are not in a position to commission that sort of work, but that is what we would see as a benefit from that process—to try to have an informed debate and, as far as possible, to foster some degree of consensus between the players. Certainly, for example, in terms of local government, we would not see that as something we would want to impose upon local government, but work with local government so they are happy with the outcome. That would be quite an important part of the process, not just have the Local Government and Shires Association, but a few hands-on council people who could assist.

Reverend the Hon. FRED NILE: Obviously low-income people would not be able to pay any surcharge to have a unit with all those facilities. People on medium or higher incomes would probably be happy to have that accommodation built the way they want it in a high-density block and pay a surcharge either in rental or the purchase price.

Ms PETERS: That is almost one of the situations where, as Mr Gardiner said, we need to work through some issues. In some definitions of the term "adaptable and accessible" it is about having enough in place that it does not cost a lot to retrofit to suit particular needs. For people with disabilities and the ageing, needs change progressively over time. If there is enough uniformity in the standards, that means that support that is already there for them through various ageing and disability programs may well be able to accommodate those adaptations for those who could not afford the gold-plated standard, if you like. It is the view of NCOSS that some of those questions need to be looked at so that we can set a standard that will meet the needs of people with needs and those without, in a way that is fair and equitable for all.

The Hon. MICHAEL VEITCH: My first question relates to the first term of reference in its broad sense. One critical aspect in a planning framework is the capacity for community consultation in developing that framework. My second question is about community consultation if there is to be an amendment or change to that framework. The Committee has heard comments about varying degrees of success with the community consultation process. Earlier the Chair mentioned the aged and the disabled, who are also part of communities that are often forgotten in the consultation process. Do you have any suggestions for the Committee to consider on how that community consultation and community engagement process can better or more adequately engage those particular communities?

Mr GARDINER: That is a very good question and a very difficult question to answer. In my job, my direct contact is limited to a number of areas. We could have a discussion that was informed in those areas and in the rest we are receptive to feedback from other stakeholders and we monitor what they say. However, we are not in a position to say that we have been looking over the shoulders of councils, or whatever, on how effective

they have been on some matters. The things that are of more direct interest to us and on which we have seen a bit more at first-hand, are about large-scale redevelopments by Housing NSW, and they have obviously struggled with places in Minto and so on, and about how to engage with a very large population.

We were talking about 1,000 dwellings owned by Housing NSW where a whole suburb has been redeveloped. They have done some things there that we were consulted about and kept monitoring with them. They did some highly innovative things about how to engage with a traditionally fairly disempowered group; public housing tenants are not the people who mostly bug their councils about a lot of planning matters. In Bonnyrigg the majority of people in public housing clearly do not speak English as their first language in their home; they come from a variety of South-East Asian and other backgrounds.

In that instance substantial investment of resources was required to do that. We saw a lot of effort to give people assistance and training to build-up their capacity and to tell them that the master plan was to come on exhibition some time down the track, and tell them that we had contracted people from the University of New South Wales, town planners and so on, who could run workshops for them about the terminologies used, the master plan, and how they go about objecting, and how to look at models of other housing, and things like that.

In the end, with that large population we could not possibly call everyone together to run a meeting like that. We would have had to have a Cambodian meeting, a Vietnamese meeting, et cetera. From that we saw some good examples. However, I do not think that we are in a position to come up with some sort of agenda on how everyone could try to consult. I guess we concede that our sector is in contact with people who were, in many cases, less likely to engage with them.

The Hon. MICHAEL VEITCH: The reason I asked that question was because in your submission you said that 49 out of 153 councils made provision for adaptable housing, in either their local environment plan or their development control plan. Part of that process, as it currently stands under legislation, is that they must have community consultation. How rigorous was the process in the development of those statements by the respective local government bodies?

Ms PETERS: Mr Gardiner was correct: It is a little hard to necessarily understand how and why you get those consultation processes. It is fair to say also those with means tend to participate, regardless of whatever ability they have or do not have, to ensure that their views are put. The position of NCOSS is based firmly on making sure that those who do not have the means, either income or education, or other cultural barriers or other barriers, are able to at least have their say so that their housing needs are met as well through this particular process.

Mr GARDINER: The study by Chris Elenor did not ask the councils what led to that, but I think you could be fairly confident that in the vast majority of cases those councils adopt provisions because their local access committees and disability groups and so on raised the matter with the council on several occasions and the council eventually said, "The next time we do our DCP or whatever we will try to do something." The study does not document that, but I think we would be fairly confident that that would be the reason.

The Hon. MICHAEL VEITCH: Ms Peters, you just mentioned costs. This morning we heard evidence that the cost of being involved in the planning process can be quite expensive. If your next-door neighbour decides they are going to knock down their house and build something else, it can be quite expensive to be involved in the process and oppose the development or to try to have the development ameliorated in some way. Alternatively, if you decide to take the matter to the Land and Environment Court, you are looking at hundreds of thousands of dollars. Given the demographics that NCOSS tends to be engaged in, that would almost be negated from the process. Would that be a fair statement?

Ms PETERS: It is not only a fair statement but I think it would also be the case that in many cases the people whose interests we are most concerned with are not engaged with the planning process because they are not about building it; they are the people who live in it after it is built. I think that is also a key point. The planning process has its flaws undoubtedly, and it has its good points undoubtedly, but it largely deals quite well with individuals who are directly affected, usually by buying or redeveloping sites. Many of the groups we would be most interested in come along afterwards and they accept whatever is there—with some exceptions, and Mr Gardiner talked about the Housing New South Wales process with some of their estates.

What NCOSS has advocated for is that there needs to be a balance between looking after individuals' rights but also the fact that these places are collective places that people live in and you have to take that balance of the public versus the personal approach. We do not pretend that that is easy. In fact, our submission goes to the fact that in some of these cases you need to have some good guidance and some clear frameworks in place that certainly bring all the constituents and stakeholders together to set out some proposals from which you can then proceed in particular circumstances.

The Hon. MATTHEW MASON-COX: I presume you are familiar with the Affordable Rental Housing SEPP that was released by the Government in July this year?

Mr GARDINER: Yes.

The Hon. MATTHEW MASON-COX: As you know, it sets out guidelines for the retention of existing affordable rental housing. I wondered whether you had a view about whether the Government needs to do more to secure additional affordable housing, and if so what you think the Government should be doing about that.

Mr GARDINER: That is a good question. Clearly we do believe that there should be more done to acquire or generate more affordable housing. It is not as if there are not things happening. Obviously, under the State and Federal governments' National Rental Affordability Scheme there are subsidies available for our member organisations, or indeed for the private sector, to develop additional affordable housing that is to be rented at 80 per cent of market rents for households who meet certain income requirements. We welcome that scheme. We are still analysing the SEPP that was launched on 31 July—and we attended the launch—and there is a statement in the booklet that accompanies the SEPP in which the Government says it is the general view of the New South Wales Government that it does not support further levies in terms of affordable housing in the current economic context.

We understand and accept that that is the general view of the New South Wales Government, and presumably is the general view of the alternative government in New South Wales. So I guess our advocacy would then be on what might be some possible exceptions to the general view. We would still put forward the view that where, for example, you have Government-owned sites being redeveloped, the focus should not just be on getting however much money you can get, but if you have a large amount of land owned by the Commonwealth or the New South Wales Government that was going to be redeveloped for housing, we would say that consideration should be given to incorporating some affordable housing in the outcome.

The Hon. MATTHEW MASON-COX: As part of the development application process?

Mr GARDINER: As part of the master plan, the concept plan, and it can be via a voluntary planning agreement. For example, you could look at the brewery sites. For example, with regard to the United Brewery site at Broadway the Minister required them to make a contribution of more than \$25 million to affordable housing as part of the whole package of agreements for that site. There are some models that could happen. That particular site did not happen to be publicly owned. But, as I say, we could look at some others that were public sector-owned sites. We know that the Commonwealth has a number of sites in Sydney that it is not necessarily wanting to hold onto for ever, so there would be issues about that.

The other issue is a broader philosophical argument about some of these issues. A lot of the growth in Sydney now is going to occur in redevelopment areas, not on the fringe. If you are having large corridors being redeveloped, accompanied by very substantial public sector infrastructure investment to make their redevelopment possible, our view would be that that is possible. There is another exception, even if you have a general view about not having the planning system contribute. If, for example, you have new railway lines—I will not specify any particular ones because everyone has their own railway lines they want—obviously you have new railway lines, new railway stations, and new housing centred around those railway stations.

We would say that if, for example, the Commonwealth or New South Wales taxpayers are going to contribute billions of dollars into some of those developments that are going to make new housing and other economic development possible, it is not unreasonable for us to say in that context that if we could leverage a few hundred extra dwellings for low-income households in conjunction with some of that development, you can bet we will be there putting that argument to people.

CORRECTED

CHAIR: We will have to finish there as we have run out of time. Thank you both for attending this afternoon, for taking part in the inquiry, and for your contribution towards it.

(The witnesses withdrew)

GRAHAM ERLE WOLFE, Regional Executive Director, Housing Industry Association Limited, sworn and examined:

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. If you do take any questions on notice, the Committee would appreciate it if the responses to those questions could be sent to the Committee secretariat within 21 days of the date on which the questions are forwarded to you. Before we commence with questions, would you like to make a brief opening statement?

Mr WOLFE: Yes. The Housing Industry Association [HIA] welcomes the opportunity to inform this inquiry from the perspective of residential building and construction in New South Wales. The Housing Industry Association represents over 16,000 members across New South Wales and 45,000 members nationally. Importantly, each membership represents a business and the many thousands of people actively engaged in those businesses. HIA members include building and development companies—large, medium and small—who construct around 90 per cent of the nation's new building stock. They are involved in all facets of the residential building industry, including land development, detached housing, multi-unit construction, high-rise residential apartments, the various trade areas, architects, building professionals, manufacturers and suppliers of building materials, and others. Our extensive membership base in New South Wales is represented by a number of specialised committees and a regional executive committee that collectively comprises builders, developers, tradespeople, manufacturers and suppliers, to name a few.

Unfortunately, the New South Wales planning system features significantly in a lot of the debate in those committees. Lagging land supply, delays in development approval times, antidevelopment sentiment amongst local government, and the imposition of disproportionate levies, fees and charges are a few of the issues frustrating residential construction across New South Wales. Apart from providing accommodation for people in New South Wales, residential construction makes a significant contribution to the New South Wales economy. HIA research indicates that expenditure in the New South Wales Housing industry over the past 12 months to March 2009 for new housing and renovations was \$15.3 billion, which was 4.4 per cent of the total expenditure in the New South Wales economy—almost \$1 in every \$20 spent in this State. One million dollars of housing expenditure leads to seven jobs within the industry directly, that is builders and tradespeople, six jobs in related sectors of the economy, building material manufacturing and supplying, and \$1.8 million spent elsewhere in the economy.

In the 2003-04 financial year, some five years ago, \$20 billion was spent on housing, around 35 per cent more than last financial year. Global financial conditions, immigration targets, household formations, employment opportunities, and numerous other factors certainly impact on the level of residential building activity. Importantly, however, State planning requirements also take their toll. HIA is confident that the recent planning reforms in New South Wales, many of which have not yet fully commenced, will generate a number of positive outcomes for the housing industry.

HIA currently participates on the Minister's implementation advisory committee and represents the industry on the Minister's complying development expert panel. Over the past 12 months HIA has been actively working with the Department of Planning on statewide complying development codes for new houses and renovations. The introduction of the approval process for code-compliant development in New South Wales has been a long-awaited phenomena by the housing industry. One of the terms of reference for this inquiry focuses on the implications of the planning system on housing affordability. Affordability is the key determinant of housing activity. Planning regulations that constrain the efficient supply and unnecessarily increase the cost of land and housing disadvantage this State and the people of New South Wales. Practical planning reforms can remove the inherent uncertainties of our planning system and help to remove its unnecessary costs.

We have provided a list of about half a dozen ways in which the planning reforms could deliver more affordable outcomes. HIA recently welcomed the Premier's announcement of an infrastructure levy review, believing it signified a commitment to reducing section 94 levies to \$20,000 throughout each local government area of New South Wales. It is disappointing that of the 34 councils that applied for an exemption during the review process, 20 councils, or almost 60 per cent of those that applied, were allowed to continue charging above \$20,000. It is also worth noting that approximately 50 per cent of all New South Wales building approvals occur in these council areas.

The New South Wales planning framework is based on the Environmental Planning and Assessment Act and regulations, but it is interlinked with a multiplicity of other pieces of legislation, including the building professionals legislation, local government legislation, Sydney Water legislation, land contamination legislation, Rural Fire Service legislation, fair trading legislation, protection of the environment and operations legislation, strata legislation and other Acts. Improving the New South Wales planning framework does not simply involve amending the EPA Act but also reviewing and amending associated legislation.

From a residential building industry point of view, it is important to note that based on the most recent local government performance monitoring carried out by the Department of Planning, the average time to determine a development application for a single detached dwelling in metropolitan Sydney was 121 days and 53 days in regional New South Wales. This was the time taken to approve an application to build a house on a block of land that was created for the purpose of building a house—a home for a New South Wales family.

CHAIR: You made your submission to the inquiry in March. What is your industry's view of the various reforms that have been rolled out to date?

Mr WOLFE: One of the most significant reforms for our industry was the release and application of the complying development housing code for blocks of land greater than 450 square metres. That has significant potential. However, at this stage that potential is not being entirely utilised or realised. A number of reviews of the code are being conducted to improve its effectiveness and depth of practice across the State. It was a long-awaited reform that allowed a house to be built on a block of land that was created for that purpose if the house was designed to meet a certain suite of criteria that provided a mechanism to ensure that adjoining owners were not disadvantaged, that the requirements for the buyer of the land to build a house were met and that the community benefited from the creation and building of that house.

CHAIR: At 2.1 you say that the purpose of the repeal of the concurrence and referral provisions SEPP might be defeated by councils exploiting the opportunity to refer development applications to agencies for advice. The use of the word "exploiting" is interesting. In your view and experience, why would councils unnecessarily seek advice from other agencies? I ask this because throughout the inquiry councils have similarly expressed frustrations about the need to seek concurrence.

Mr WOLFE: The number of agencies included in the legislation for concurrence or that a council may or is obliged to seek concurrence from is significant. Our view is that sometimes those agencies have a slightly different view of their portfolio and their legislation than the council has in respect of the development of land. An example might be the Rural Fire Service. We have seen in recent days an applicant seeking to undertake a form of construction that meets the current standards in the Building Code of Australia and, therefore, the legislation. It requires a development application and the council appropriately referred it to the Rural Fire Service.

Unfortunately, the service does not approve this form of construction. It has cited a particular standard with which the applicant has complied, but it has now changed the standard the applicant must comply with. The applicant feels as though the goal posts are moving. That is partly because of the perception—rather than the fact—that the Rural Fire Service has a different objective to achieve than the council. The council is looking at the virtues of allowing a house to be built in a location designed for a house and the Rural Fire Service is looking at other factors, perhaps because of recent fire fatalities.

The Hon. RICK COLLESS: I refer to your comments about housing affordability. You made the point that if section 94 contributions could be capped at \$20,000 it would have a beneficial effect on affordable housing. Of course, in Sydney a lot of those levies are much higher than \$20,000 now. If they were to be capped at \$20,000, how would that balance be made up for the infrastructure that those levies provide?

Mr WOLFE: There are two parts to the question. One is the capping at \$20,000, which would set a maximum ceiling, and the other is not setting a floor below which councils ordinarily would not charge. In fact, the Housing Industry Association would say that \$20,000 would be an absolute maximum and there is no reason for a council to look towards that unless there are good reasons. Each \$1,000 that is added to the price of a block of land, to a house and land package and, therefore, to a mortgage means that a number of people in New South Wales—families—will not be able to afford their own home, investors will not be looking to purchase and rent will continue to spiral.

The Hon. RICK COLLESS: We have seen that scenario already in Sydney.

Mr WOLFE: Yes, we have indeed. We have seen levies in certain council areas well above \$50,000 and approaching \$60,000 per lot and more. Those figures simply cannot be absorbed by industry; that money must be passed on to the consumer. Consumers can be families or investors. If families cannot afford to buy, they look to rent. If an investor does not want to buy because the figures do not add up then rental properties are gravely undersupplied. That is one of the major issues we have seen in New South Wales, particularly in Sydney, for the past four or five years.

The Hon. RICK COLLESS: I assume that you would agree that the private housing investment market should provide a strong base for rental housing in capital cities.

Mr WOLFE: Many of our members would state that in days gone by investors represented between 10 per cent and 25 per cent of their market. In terms of activity, that has been a very strong part of their building work. Obviously those properties that are purchased by investors go into the rental market and help to provide not only affordable properties but also where people want to live. Investors are astute, they know their market and what the market can afford to pay for rental accommodation and where people want to live. If they sense that there will be no return or that they cannot provide that return in the areas that people would prefer to live they will not decide to purchase a property somewhere else.

The Hon. RICK COLLESS: Have many investors have moved out of Sydney to Brisbane and Melbourne?

Mr WOLFE: Many investors' attention has moved out of Sydney, partly because of other investment opportunities and partly because of other opportunities in residential property in States such as Queensland and Victoria. That is particularly true of Victoria, where new house and land packages cost so much less than they do in New South Wales.

The Hon. RICK COLLESS: Is that a result of the planning legislation that applies in New South Wales now, particularly in relation to developer levies and section 94 contributions?

Mr WOLFE: There is quite a bit of difference between the growth areas in Melbourne and the growth areas in Sydney. Both State governments established growth boundaries, and that had an immediate impact on land prices inside and outside those boundaries. Both State governments have made adjustments to the boundaries. In Victoria the view is that there is a greater percentage or quantum of available land for residential construction within those growth boundaries. They have been revisited on at least two occasions. That is less so in Sydney.

As a consequence of land fragmentation in certain areas of the Sydney growth boundaries master plan development is a lot harder and therefore subdivision work is also a lot harder to do in many instances. In addition, over the past 10 years—more particularly the past seven or eight years—infrastructure levies have added enormously to the cost of developing and releasing a block of land. That has not been the case in Melbourne. Whereas a section 94 council levy could be up to \$60,000 in New South Wales, in Victoria it is less than \$10,000.

State levies in New South Wales have been adjusted variously between less than \$10,000 and up to \$33,000 dependent on the date. That is very difficult for developers to keep up with. An announcement was made in Victoria about six or seven years ago that it was looking to introduce a \$33,000 levy per block. That was revised down a couple of times and to my knowledge it still has not been introduced. So there is a significant difference in the cost of delivering land in New South Wales compared with Victoria. As a consequence, the average land price in Victoria is about \$90,000 less than it is in Sydney.

The Hon. RICK COLLESS: That must have the same effect on the end product.

Mr WOLFE: I do not think you need to ask me that question.

The Hon. RICK COLLESS: Exactly right.

Mr WOLFE: You can ask any 20-something or 30-something year old who does not own a home.

The Hon. MATTHEW MASON-COX: You mentioned the levies being capped at \$20,000 and the exemptions for a range of councils that happen to be in high development areas. Can you provide the detail on that to the Committee? It would be interesting to look at, particularly as it relates to the south-west and north-west.

Mr WOLFE: The councils that are more active in asking for an exemption from the \$20,000 ceiling were those that currently charge more in the north west and south west growth areas of the city. In some instances there was a modest scaling down of the amount that they could or would charge. However, in the scheme of things, in many instances the quantum of the charge and the scaling down was not compatible. It was inconsistent with the amount of levies that one would see in other States, particularly in Victoria. Where a levy is \$50,000 and the council is asked to pull it back to about \$40,000, that sounds very good—it is a \$10,000 reduction. Unfortunately, the \$20,000 must still be paid. If a young couple goes to the bank today and asks for \$40,000 more than they would otherwise require it has an impact on whether the bank will provide the mortgage. They stay home a bit longer or stay in the rental market and drive someone else out of that rental property.

The Hon. MATTHEW MASON-COX: A few submissions have been put to the Committee about social housing and the potential for new developments where the State or the Commonwealth governments provide significant infrastructure. Perhaps instead of an infrastructure levy another approach might be to require social housing at a certain level depending on the planning process and the particular development. There might be a component of social housing to ensure that people have the opportunity to secure housing that otherwise they would not.

Mr WOLFE: There are at least two perspectives to that. One has been a longstanding perspective that says that the Government will establish some floor space ratios, site coverage requirements or height restrictions in the planning scheme for a particular block of land. However, if the developer were to provide a social housing contribution, the Government would relax some of those restrictions and allow the developer to get a better yield out of that block of land. That creates a question about whether or not the planning scheme was right in the first place and whether or not the planning scheme was an arbitrary claim by the council or the State Government to which people might be persuaded to provide some social housing. It is worthy of significant debate but I do not think we have the time to go through it. But having been around Sydney council and its ways for about 20-something years, the industry has a view of that and as a consequence of that we have this, if you like, confusion between housing affordability and affordable housing.

On one hand you are saying the development is driving the price up compared with what was really previously there, albeit some accommodation for people on low incomes, for example. We will knock that building down and we will build another building and the accommodation costs will be a little bit more. Those people cannot live there; they get driven out into other areas and there are certain generic names for that process. So instead we will put an additional cost on the development, whether or not it is a financial cost or dollar cost, in providing some housing and units; either which way that will drive up the price. So the housing affordability increases, albeit affordable housing benefits marginally.

I think we have enough history in this State, particularly in this city, to ask if it is working. Are we seeing enough houses, enough apartments and enough residential homes for people that would not otherwise have a home being contributed to by this process of upping the ante, in terms of the yield available to a developer on a block of land? I do not know the answer to that. All I know is that it is driving the price up and it is driving the price up for people that ultimately, when you look at it, cascade down through, back into the rental market and start putting further demands. I think the current economic conditions, the recent implications of rental cost rises and low housing supply across this State has highlighted the fact that simply if we do not build enough everybody loses. You can argue about the fringe areas, but if we do not build enough everybody loses.

We are not building enough. Six years ago we build 47,000 new homes: last year we built 23,000. The number of homes built in this State has reduced alarmingly, yet the rate of increase in our State's population over the last four years has gone up about 56 per cent. It has gone from about 56,000 per year up to about 90,000 per year increase in the State's population. We need to house those people. Yet the number of starts or the supply has fallen.

The Hon. MATTHEW MASON-COX: In essence, you are putting to us that you would not want to see affordable housing contributions increase the lack of affordability of housing more generally? Rather, you would prefer to see, perhaps, that being dealt with separately by government as a social housing issue?

Mr WOLFE: The State government needs to take a leading role on access to affordable housing for people who are disadvantaged.

The Hon. MATTHEW MASON-COX: Affordable housing and housing affordability is confusing, is it not?

Mr WOLFE: It can be, and that is why you need to be very clear about it. So some of the decisions that councils make, some of the decisions that State agencies make, some of the decisions that the State Government makes affects the global supply of housing and affects the cost of delivering that housing. As a consequence the cascading effect is that fewer people can afford to buy their own home and therefore fewer people can afford to rent and therefore fewer people are going to be looking for affordable housing. I think it is looking at the margins to argue how we can put another 50 or 100 houses into the marketplace when another 1,000 people are falling down a cascading system.

Reverend the Hon. FRED NILE: You mentioned that you are on the Implementation Advisory Council. Are you happy with the way that is working in giving you an opportunity for an input into the legislation?

Mr WOLFE: It has certainly provided an opportunity for input. It has been a very dynamic forum for discussion. Participating in a group like that does not mean you are going to get your own way. Participating in it allows you to voice your perspective and articulate that perspective in the light of other people's maybe contrary position, but it does allow for that dynamic conversation and consultation. Dynamic consultation is very important rather than being able to say something and knowing that somebody else is saying something else but you are not quite sure what he or she said. You can at least have that debate backwards and forwards. It has been very useful in that regard.

Reverend the Hon. FRED NILE: You also mentioned that the code development of the new planning legislation was good—I think you actually used the word "good". You felt that was a positive aspect of the legislation?

Mr WOLFE: There are a few parts of those changes that we have cited that would be worthy of review. We also recognise that there is quite a few aspects of that reform that have not taken effect and others that are reasonably new and need time to bed down. In particular, we are very optimistic about the values and virtues of the compliant development housing code and its application throughout New South Wales. There are some changes that need to be made. There have already been some changes to it that have made a vast improvement to its application, for example, when it was introduced it did not apply to alterations to an existing house if some part of that house did not already comply. That meant I could not do some things to my house if one part of the code was not compliant with the existing house.

The house exists already; it has already existed for 10, 15 or 20 years but because of this non-compliance I cannot use the code to put a small extension out the back of the house, which by itself would have been code compliant. There have been some changes to that so it means it will have far greater application with alterations and additions. There are some major issues with the code, however, in relation to bushfire prone areas so that it does not apply in bushfire prone areas, we all recognise the imputation of a bushfire prone area but there are different degrees of bushfire proneness and we need to take that into account. So the code does not apply across vast expanses of the State because of that one requirement. But that is being looked at the moment.

Reverend the Hon. FRED NILE: From your comments you would not be happy with a scrapping of the planning laws that we have at the moment? You said some of it is still being bedded down and some have not been implemented, so you would not expect a radical reform of the legislation at this stage?

Mr WOLFE: I am conscious of two things. First of all, we have been in the throes of change for many years and the latest reforms are quite significant at a small level in terms of the housing code for domestic construction and a large level development in terms of the joint regional planning panels and the PAC. They need some time to be looked at to see just how much they do improve the current system. So, yes, there needs to be a bedding down of those first and foremost, rather than some more incremental changes without knowing what those incremental changes might do to something that we are teething our way through at the moment.

The other factor I would add is, would we be satisfied that we would have a better system and would we be satisfied that that system would be run fairly closer and parallel with planning systems in other states, given that the planning systems in other states do not necessarily align? If we were to make a change, I think the next change needs to be consistent with what the country is doing because so much of what we do, both in terms of the licensing of builders, for example, the supply of materials, the compliance requirements for products, the shared responsibility to house our growing population around the country, economic development and other forms of investment in Western Australia, North Territory and Queensland versus the economy in New South Wales, there is a shared responsibility to get it right across the states. I think we need to pay more attention to that before we start playing around with a system that needs to be bedded down.

Reverend the Hon. FRED NILE: I remember in meetings with then Minister Sartor he was adamant that the levy would be kept at \$20,000 per block and it is very disappointing that you have mentioned the figure of 60 per cent of councils are in that \$50,000 to \$60,000 bracket. Do you have an explanation as to why those applications for increase are being approved? They should not be approved if it is in conflict or in opposition to government policy?

Mr WOLFE: Our members tell us that typically in greenfield land development in the order of 10 to 12 per cent, maybe 15 per cent—probably closer to 15 per cent—of the land development would be open space and somebody must pay for that open space and the price of raw land skyrocketed after the announcements of growth boundaries around Sydney. That has happened; that is a fact of life. Land is very expensive, raw land is very expensive, so providing open space comes at a cost. We understand now that that degree of open space expected by councils is increasing from 15 per cent up to 20 and more per cent of open space, so a development needs to contribute far greater open space because that is the expectations of the council and they believe that is the expectations of their community. So you have a doubling effect of land increasing in price and councils wanting more of that for open space; somebody has to pay for it.

The Hon. RICK COLLESS: That is greenfield land, though, is it not?

Mr WOLFE: That is greenfield land, yes.

The Hon. RICK COLLESS: In a lot of city developments where we see that open space being left, a few years down the track an infill program person comes in and redevelops that area again, puts units on it and fills in a lot of those open spaces.

Mr WOLFE: That open space is open space?

The Hon. RICK COLLESS: Yes.

Mr WOLFE: It would need to be rezoned and in the majority of cases that open space would be used by the council for community features. There are all sorts of open space. I am not sure whether you are referring to open space that is on a development site or open space that is reclaimed for a roadway, or open space that is provided for general community benefit.

The Hon. RICK COLLESS: I guess what I am getting at is the situation such as the northern suburbs, for example, where a lot of the older, traditional homes in that area are now being purchased by developers in blocks of four, five, six, a dozen or whatever, being knocked down and having high-rise units put on them. That sort of in-fill program is increasing the density of housing.

Mr WOLFE: It is.

The Hon. RICK COLLESS: And as a result of that increased density of housing, the amount of open space you have per bedroom, or whatever you like to measure it by, is greatly reduced.

Mr WOLFE: The State Government stated some time ago, and has retained its policy position, that we will limit the amount of our growth in accommodating our population to in the order of 60 to 70 per cent in-fill development and 35 per cent or more in greenfields. That number changes depending on which document you read and who you are speaking to at the time, but essentially a greater proportion of our future housing will be in in-fill development. The only way to achieve that is to either build taller buildings or build on more land, or a combination of both. That is the dilemma that developers face at the moment; that our industry collectively faces.

If we are going to be controlled in where we can build greenfield housing and, at the same time, be controlled in where and how we can do in-fill development, then our industry is at a loss to know where we are going to provide the housing needs of our future population. As an industry, our industry is dynamic enough to be able to provide, but we cannot read minds, and we do not know where the next decision is going to be, and unfortunately, or fortunately, the reality is that the planning process, industry-wide, investment-wide, putting money into a particular project, whether it is a microclub or a global project, can take anywhere between three, five and longer years.

Reverend the Hon. FRED NILE: You mentioned basically that new housing is now, say, a 50 per cent decrease on what it was a few years ago. Is there any one thing that should be done to increase that housing quantity so that we do not have a long waiting list for public housing?

Mr WOLFE: Without doubt we struggle to reach the price market for a great deal of our population. If we look at those people in their 20s and young 30s, New South Wales has, for the last seven years, had fewer first homebuyers than we would typically be used to, so the long-term average of first homebuyers might be 23 to 24 per cent. It has been travelling around about 17 to 18 per cent, so there have been too many first homebuyers sitting on the sidelines watching; they simply cannot afford it. Whether or not that is a house and land in a greenfield area, an established home in an older suburb or an apartment or a two-bedroom unit; they simply cannot afford to move into there. The cost of saving a deposit and the requirements that they have to meet, both financially in terms of their wages and the bank's requirements to get a loan, means that they simply cannot afford to go into home ownership. As a consequence, they either stay at home or they rent.

So whether we are talking about infrastructure costs on a block of land in a greenfield area or infrastructure and planning costs on a development to build a block of flats in an in-fill area, a brownfield area, the costs are too high. Sydney's costs are too high. We have, I think, the perspective that Sydney, from a wages point of view, has the capacity to absorb that. You tell that to a 20-something-year-old couple. They do not have the wages to absorb that and they can go and get the same property in a similar area in Victoria, Melbourne, for up to \$90,000 cheaper. We are, as a State, losing 23,000 New South Welshmen and women each year, so our net State migration is negative 23,000, and it has been that for a little while and access to home ownership is one of the main reasons.

CHAIR: Mick Veitch, it is all yours now.

The Hon. MICHAEL VEITCH: I notice the time, Mr Chair, so I will place my questions on notice.

CHAIR: That being the case, Mr Wolfe, thank you very much for coming this afternoon and thank you for your contribution. The Committee asks that you reply to the questions on notice within 21 days.

Mr WOLFE: It will be a pleasure.

(The witness withdrew)

(The Committee adjourned at 3.48 p.m.)