

# **T R A N S C R I P T**

## **LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE**

### **Inquiry into the Supply of Homes in Regional Victoria**

Colac – Monday 24 February 2025

#### **MEMBERS**

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett



**WITNESSES**

John Knuckey, Chair,

Ken McDonald, Committee Member, and

Michelle Stocks, Secretary, Winanglo.

**The CHAIR:** Thank you very much, and welcome back to the public hearing. I will just run through some important formalities before we begin.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence that you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with the committee today and also for hosting us on Wednesday. Would you please introduce yourselves with the organisation you represent and make any opening remarks.

**Michelle STOCKS:** I am Michelle Stocks. I am the Secretary of Winanglo Incorporated, from Winchelsea.

**Ken McDONALD:** Ken McDonald, just a Committee Member of Winanglo, amongst other things.

**John KNUCKEY:** I am John Knuckey, Chair of Winanglo.

**The CHAIR:** Thank you so much for being here. My name is Juliana Addison, and I am the Member for Wendouree, representing the beautiful community of Central Ballarat.

**Martin CAMERON:** I am Martin Cameron, the Member for Morwell, down in the Latrobe Valley.

**Daniela DE MARTINO:** I am Daniela De Martino. I am the Member for Monbulk, in the Dandenong Ranges.

**Wayne FARNHAM:** I am Wayne Farnham, the state Member for Narracan, and that is the West Gippsland area of Victoria.

**The CHAIR:** I think I have a home-ground advantage as someone who loves Winchelsea, Anglesea and Lorne. It is fantastic to have you here – some opening remarks.

**Visual presentation.**

**Ken McDONALD:** This project grew out of the community bank in Winchelsea, Corangamite Financial Services, which is the local company, with around about 600 shareholders that are local people that own shares in the community bank. I assume that you have got a reasonable understanding of how Bendigo community banks work. It has been a very successful company, operating now for over 20 years. It does something like \$500 million of business, and it has put \$4.4 million back into community projects in the communities that it operates in. The directors, who are all volunteers, identified this project as something we would like to like to establish. As were going into this project, there was always a perception that perhaps the community bank might be going to make money out of it, so that was a really good reason to set up a charity to do it. It was never the intent to make money out of it, so this incorporated charity was set up to manage this particular project. Michelle is going to have a bit of a talk about Winanglo.

**Michelle STOCKS:** The board of Corangamite Financial Services set up an independent incorporated charity Winanglo Incorporated for the sole purpose of facilitating community projects in and around the Winchelsea, Anglesea and Lorne areas. The Winanglo Incorporated committee is made up of a combination of volunteers from our community and from the CFS board. CFS contributed an initial \$500,000 towards the costs

associated with the establishment, the feasibility, the engagement and the costs of the architect, along with a cultural heritage plan. Also of note, CFS is one of 30 community banks registered as a certified social enterprise, where at least 50 per cent of the profits are reinvested into the community. Our project has been initiated, driven and managed by our community. The key to this type of development is the provision of the land for the project to move forward affordably. The community bank network is eagerly watching the project. It was mentioned at last year's state conference, and we have fielded multiple inquiries since then from other banks looking to possibly instigate in their regions.

The next slide is our committee. Our committee is made up of members from our local Lions Club, local health service representatives, the Growing Winchelsea local advocacy group and CFS directors.

**The CHAIR:** Can I say, I think all four of us are Lions Club members.

**Michelle STOCKS:** Oh, terrific. And our vision and objectives – like many rural townships, Winchelsea is losing our active retirees when it comes time to downsize the family home or retire off farms. Without suitable quality, affordable, low-maintenance, relaxed, village-style living options, our long-term residents are having to move away, so they are going to Colac, Geelong and Torquay, and they are leaving behind family, friends, their social lives and their connections that they have had for a long period of time. The Winchelsea community saw the need to keep our seniors local, and along with the strong support of CFS developed this new initiative to build a suitable village to suit the needs of our active retirees and free up housing stock for others, as we are a growing area.

**Ken McDONALD:** Yes. Out of the 10 that we are building with 10 older individuals or couples, that frees up 10 pretty affordable houses, because they tend to be the older ones on the big blocks – but 10 affordable family houses in the town at the same time.

We will move on to the next slide, which is development principles. The block is well located, which we will be coming to later, in the central area of the town. We were very keen to build something that was able to use existing infrastructure in the town, a sustainable and interesting design which was energy-efficient, water-conservative, the right sort of building materials – so not a building that was going to date and look like it was old two years after it was finished, like a lot of these smaller brick-unit developments often are. It is hopefully a lasting community asset and it will be hard to pick its age at any time. We have got an average 9-star energy rating on these buildings, so in essence they are designed to passive house specifications. Of course there always has to be a focus on cost or a trade-off between the design and cost, but these are 100 square metres each, these units, two-bedroom, whereas a developer would probably have liked to build one that was perhaps 60 square metres and get three or four more on a block. It was more about the quality of the build and the quality of the country lifestyle that goes with it.

I probably jumped half a slide, which comes up next – the corner location. Unfortunately that picture cuts off the main shopping centre, which is on the left-hand side, but it is a pretty easy walk or an easy mobility scooter drive into the main shopping centre part of Winchelsea. Ten small houses, as I initially mentioned, on the site will operate under the *Retirement Villages Act*, which basically means you need to be 55 or over. They are intended as independent living units, so we are not trying to be a de facto nursing home. We want people that are going in there – they buy a lifetime occupancy right and they may need additional care or home services over time to allow people to age in place, I guess, as people would like to be able to do. They will have a monthly resident fee, which under that legislation is capped at a maximum of 25 per cent of the pension, regardless of whether they are on the pension or not, and that will cover their water, power rates, insurance and the maintenance of the site. I think when people start working it out they probably find that, compared to owning their own house, it is actually quite attractive in the end, especially if it is a bigger house and a bigger block.

It has been quite a long process, because it has basically all been run by volunteers. The initial part was the block of land which had belonged to the church beside the site originally, and it was sold to the old Winchelsea council, which was before the council amalgamations, with the committee at the time requesting that it be used for something like this. I think a lot of that had been forgotten by the time there had been a shire amalgamation and it had gone somewhere else, so there was a lot of talking to each individual councillor to get them to understand the concept of the project that we were involved with, and then the council unanimously in the end agreed to sell us the site for the nominal fee of \$1. We then engaged an architect, who did it voluntarily – the

initial one, for a start – to put together these 10 units. The Winchelsea community bank contributed another million dollars to make this look like a viable project from the point of view of borrowing the remainder of the funds. So we owned the site, we had put in one and a half million and we are borrowing the rest from the Bendigo Bank. I will go into that a bit more later on. That is one of the –

**John KNUCKEY:** They will not have time, Ken, to hear all that.

**Ken McDONALD:** I will try and cut that story short. In the process between when we first looked at this site and we actually acquired it the area covered by the cultural heritage management plan had been extended, and so the block came under that process. Whilst it says that we commenced in September, I think that is when we started actually doing more site digging, but the planning for that started early in 2022. We began building in March 2023. Much to the horror of the bank I think we had spent the first million dollars before we had the loan signed off – and had the title, actually, for that matter – and we are expecting them to be completed by this coming May. They are getting pretty close now.

We will go to another slide. The finance part I will come to in two different stages, because it crops up again later on. Corangamite Financial Services, or the local community bank, contributed that first \$500,000 for the establishment of Winanglo – the various design works. We did do a lot of canvassing of our local parliamentary members and a few government departments, looking to see whether we could get any assistance with that early set-up funding, for which we received a combination of being completely ignored or long gobbledegook answers as to why we did not fit into anything that was potentially available. I think that having that community bank assistance to get things underway was pretty critical. There are a few things that have been critical – that, and sourcing land. It is apparently low-cost rent land, but as I will go into later on, the cultural heritage process in effect meant we probably paid half-price at least for the land. So we explored the funding opportunities. We did secure the balance of the funding from the Bendigo Bank of \$3.4 million. We are selling the usage rights for \$590,000 each, which is about the standard cost for a similar type of quality unit in Winchelsea – not that there have ever been more than one or two of them built, I think. I think it is important, too, to realise that people buying a lifetime usage right are not required to pay stamp duty on the way in – so effectively that puts it in the right spot. They also still participate in any capital gain in the site when they go out, when it is revalued and sold to the next one, and the resident participates in that.

One of the hazards to the finance part is that, under the *Retirement Villages Act 1986*, you are not able to pre-sell these houses. We can get signed expressions of interest, which do entail a bit of a commitment to sign an agreement down the track. The last clause in that says that if you cannot sell your existing home, the deal is off. We were pretty comfortable with that because I guess we know all the people involved that are coming into it and that age group – I probably qualify in that age group; a couple of us here do – are not that used to buying off the plan and do not quite know what they are getting, and we did not want people to feel too tied into it. Of course the banks do not like the look of that, but that is where it is at. We have expressions of interest from the first five or six to move into it, and I think once people can see what they are getting we are pretty confident we will be able to fill it up. I think the next slide has just got a bit of a run-through of the timeline, and there is not much point me reading that out. That is there for you, the acquisition of it. We talked about it a fair bit during 2020 and COVID, and talking to the shire during COVID was not an easy project – four years, which for volunteers starts to look like quite a long period of time over the journey.

I think the next slide is really important in the concept of it. The community bank put in a million and a half – we will call the land value half a million, so a \$2 million contribution to it. Usage rights sold, in round number terms, for \$6 million, with a build cost of \$4 million. So there is a surplus of \$2 million at the end of it. Have I been too quick?

**The CHAIR:** No, no.

**Ken McDONALD:** The really important part about it is that this donated capital to this project can then go on. It will be in Winanglo afterwards and can be then used to kickstart other community infrastructure projects. It is under the rules and articles of association of Winanglo that it has to be used for community projects, whether it is doing more housing, or it could be part of sporting infrastructure or something else in the towns that we operate in. It is a really repeatable model from that aspect of it as well.

The next one is the challenges. I have sort of touched on that finance one already. It probably was the biggest challenge. We spoke to the upper levels of the Bendigo Bank before we started, because obviously we come from a partnership with Bendigo, and they indicated a lot of support and enthusiasm for the project. So I guess in our slightly naive but 'get on with it' type manner we thought, 'Yep, that will be easy enough to tick that off.' But when the time comes – great support at the top, but as soon as it leaves there, where the processing of it happens at the bottom – 'Oh, what do we do? We've got an incorporated charity that is newly established with no income and a bunch of country hicks running something that they' – were perceived to – 'have no knowledge or expertise in and a title which is quite restrictive,' in that we have a 173 agreement on it. The main key to that says that if the site is ever sold, it has to go to another charity. It cannot be commercialised down the track because it is community money and the shire's contribution in land goes into it. So from a bank's perspective: not very attractive. We would not have got the money from any other bank – I am appearing to be critical of the Bendigo Bank here and there in this, but I do need to point out that we would never have got it from any other bank either. It was only with that relationship we got there.

**John KNUCKEY:** We did try. We were getting very frustrated, and there was a lot of pressure, because we were led to believe from the bosses that the finance would be okay. Because we had the community and it was well advertised what we were doing, when we had started, we could not hold back, so the financing of it, like Ken says, was –

**Ken McDONALD:** So you end up with great support at the top; eventually, if you prod the top enough they will have a bit of a prod at the next one down, but they do not want to appear to be holding their hand or looking over their shoulder all the time, and then when it gets past one below it altogether – 'What do we do? Where do we go? How do we do this? We haven't come across it.' So it goes around and around and around.

As I was to mention later – I will jump a spot there – we had the opportunity to repeat this again in Birregurra, where there is a Lions Club that owns the land. The Colac Otway shire have some of the land in their name. It was in a caretaker role, but it was left to the community. They are pretty keen for us to develop another one of these there, but the main condition will be that we have got to have some non-bank funding system to do it. We could not go through that exercise again, not as a bunch of volunteers.

The banking system does not really work for us. The pre-sell concept in these country towns is not great. They are very demanding on that one. And to a degree the banks are caught with the APRA regulations about what they can lend on and what they cannot. But the business of quantity surveyors and things – they get a valuer, who would come along to value the site. We were already pre-selling them at \$590,000 each. The supposed expert valuer comes along – and they do not use one of the standard ones, because it is a bigger development; they think it needs to be an expert – and puts a value of somewhere around \$500,000 per unit on them, even though they have got evidence of selling them at \$590,000. Then they value the site as a whole for the banks at only \$4 million instead of \$6 million. The bank picks the lowest and says, 'Nothing else matters – \$4 million.' So your lending valuation ratio is right out. Then they want a quantity surveyor, who comes along. We have already built price contingencies into the process. The quantity surveyor comes along and says, 'Oh, we want a whole lot more.' They wanted an extra 10 per cent at the last moment. The community bank did put in another \$350,000 on top of what I have already mentioned, but that is repayable. Then the next thing the bank says is, 'You have to spend every dollar of yours, including the contingency, before we will give you one dollar.'

Then there was one more chapter. We had spent that first million before the banks then signed. 'Oh, why did you reimburse the builder for some deposits?' That is to the tune of \$200,000 for windows and a bit of cabinetry. You cannot even get in the queue to have your windows built, which is a six-month queue, if you do not pay a deposit, so we had paid \$200,000 in deposit, to which the bank are then saying, 'We're not going to reimburse you for that because they're not fitted to the site.' That is why builders go broke. They have to be financiers as well as builders in the process. So John and I had a pretty embarrassing sit at the table: 'Where at this last minute are we going to find \$200,000 to keep this thing on the road?' We were fortunate in having a local business that was prepared to lend us that security-free for a month, but that is the only thing you can do in a small country town.

**The CHAIR:** Good friends to have.

**Ken McDONALD:** Yes. That is why bank financing is totally inappropriate for this situation. It is a really significant challenge.

On the cultural heritage issue, I will make it pretty clear for a start – because the two of us sitting here needed to sign an agreement saying we would not criticise the process when we went into it – that what I am saying under parliamentary privilege is just the facts relating to the site, and any opinions that I make are generic and apply to any other one of these. I start off with an opinion, and that is it would appear to us that while this process operates under government legislation the various different parties that conduct these sites appear to have a lot of latitude in the way they interpret and put together the rules around the process of doing this management plan. I think, back to the facts, when this one started, you have to firstly engage a consultant to manage the relationship and put together the plan. That was done. They have the initial meeting. We went into this with a lot of goodwill saying, ‘Yes, it’s the right thing to do, we need to do it. We are quite prepared to spend our \$30,000 seeing this happen.’

**John KNUCKEY:** I think that is important. Our initial quote for the project was 30 grand. We thought that was good, because we put that against the cost of the land.

**Ken McDONALD:** So then they proceeded to draw up the plan as to how they were going to study that and do the survey. ‘If we find more than five items per dig of the 15 different spots they dug at on the site, then we will have to do the full excavation and sifting of every bit of dirt you find.’ The last hole they dug they found six. Then they say they need to screen every bit of dirt that is dug up on the site. Nobody will give a firm quote for any of it, but it looked like \$500,000. We had reached the point where perhaps we had better forget about it, walk away from this. Then during a late night-wake up we said, ‘Why can’t we fill the site with 300 or 400 millimetres of fill and not dig up things that are underneath it? Are you guys happy with that?’ ‘Oh, yes, that’s all right, if they’re not dug up.’ Which we did. We still had to dig in, do the dig, where the sewer goes in, the water supply and the power supply, together with putting together 120 pages of modestly useful information. The things that were found were little pieces of granite about half the size of my little fingernail, and each one of those has to be analysed at the cost of \$175 each. The total cost for that whole project was \$250,000. So when I said that the land was given to us, I think the land actually cost us somewhere around half price at \$250,000.

We had a recent example in Winchelsea, which is badly in need of more childcare facilities, where a developer was looking at building one until they found this cultural heritage requirement. They just packed their bags and ran as fast as they could go. I think, in terms of impediments, it is good to have the system there. We respect the need to do some of it, but I think the lack of rules and consistency and advice on how it is done needs a pretty good look.

We just made a comment about the local council. We got great support from the senior executives in putting this together, getting the land, but found dealing with the process, getting the planning permit, even getting the title transferred, so time-consuming and frustrating when you cannot talk to individuals. In effect this is a partnership with the Surf Coast shire and the community. It is a public–private community building, but there is no understanding, once you leave the senior executive level, of the need for a bit of speed and a bit of assistance. Somebody would go on holidays for two weeks, so everything stops. Nobody tells you. This just took so long and causes so much frustration, especially on the voluntary front.

The next slide is just saying the same thing. Where we have got that opportunity in Birregurra, it will be a little bit easier without any cultural heritage overlays and knowing the system a bit more. But that last point is the key thing: if we cannot find a way of finding non-bank finance, then we are not going to even look at it. I do not know whether you had any more comments, John or Michelle, but I think I have about given the overview of it.

**John KNUCKEY:** We were really shocked, if I can add to Ken’s remarks on the cultural heritage program, because this is a totally community-driven project, driven with passion by local people, and we could not even, as they say, do a deal. It was very disappointing, and there has got to be a better way, surely. We agree with why they want to do it, but the method and the cost, surely. We are only a little venture. It must be a massive issue. The whole project is driven, like they said earlier, by the need for people living in community to move in, because we see them all move to the bigger centres, and they are disappointed about that. The way we have done it has been a great way of doing a project like this. Certainly community banks across Australia are saying to us, ‘How do we do this?’, because this is an issue everywhere. Really what we say to them now is you would have to be nuts to have a go. It is wrong. Every political person we spoke to – well, we did not get to speak to any. That is the fact. We tried hard to get in the front door, just into the office, to speak with our local politicians. We could not get a phone call.

**Ken McDONALD:** It is a difficult concept to explain. The money is coming back. As soon as you approach – and I guess you guys cop it all the time – looking for some money, you are expected to make a financial contribution. We would have liked a bit in the planning stage, but the bulk of that \$3 million or something, we did not want it as a donation. We just need a user-friendly lending system, because it is all coming back. I now suspect there might be a couple of philanthropic outfits in Geelong that we could approach. I do not know whether we would have a win, but that is where we will go if we continue down the trail at Birregurra. Given the purpose of this, to try and get some government ideas, well, one, there is a bit of an issue around cultural heritage process. But the big issue for us is a facility or a side-government outfit that is already involved in housing to be able to do some financing without too many expensive, rigorous rules. Our borrowing will be costing us something north of 11 per cent, with all the add-ons. These quantity surveyors that come for every payment from Melbourne at \$1350 each time – they have got no idea anyway. The first time the bloke came down he looked around for a while and said, ‘When are you starting on the second storey?’ They are only single-storey units. He had not even looked at the plans. It has gone on like that at \$1350 every fortnight right through it. But for the bank it is their backstop, their safeguard; they will not make a single move until this character that knows nothing ticks the box. It is the system. But it is not economical, and it is very frustrating to work with, absolutely.

**John KNUCKEY:** I am not too sure, like this forum about housing, which I read about every day as a member of the public – I cannot believe that there is not a government body that will facilitate some finance through some group like the old Royal Bank used to do, because there could be easily a lot of communities. And let us face it, in places like Winchelsea it is only small – we are not Bendigo or Ballarat – but that is where all the issues are. Well, I think they are. From what you hear, it is as bad in Bendigo and Ballarat. But to get it up and running, there has got to be a lot of government facilitation in that. But is not about that. It is not about putting your hand up and stopping the project every time because there is some little dilemma which is so simple to fix. You can see we are a bit disappointed in the process. We are thrilled with what we have done; do not get that wrong.

**The CHAIR:** You are to be commended for what you have achieved.

**John KNUCKEY:** We cannot believe what we have done, and it has been done spending the money. We were locked in in a big way, then we decided ‘Let’s go. We’ve just got to get it done.’ Somewhere along the line you would think that there has got to be some way that someone can grab it and say, ‘Here we go.’

**The CHAIR:** And John, that is the purpose of this inquiry.

**John KNUCKEY:** I hope so.

**The CHAIR:** That is why the four of us are here today, to listen to people who have come across barriers to providing housing in the region and for us to try and work out what recommendations we can make to make that process easier. So by hearing about all of your challenges, that gives us the opportunity to say, ‘How do we dismantle the barriers to other groups?’ because this looks really impressive. Could we do this across other areas of regional Victoria?

**John KNUCKEY:** I reckon we could. Easy.

**Ken McDONALD:** I think we are going to see 20 or 30 other community banks in small towns around the country. I know already Rupanyup and Minyip have been doing a bit anyway under a few different schemes, but I think there are others that are looking at this model saying, ‘It looks like it really works.’ But I do not think they are going to be too happy when they go back to Bendigo doing the borrowing.

**John KNUCKEY:** I could give you an example of a stoppage – what I would call it. There were heaps of them, though, both through the Surf Coast council, which was disappointing, and the finance. But one of the ones was we had in budgeting, with legal advice, that being a not-for-profit we could claim the GST back. So in our budget figures we allowed for all that. As it was getting to the finish of the financing and we were thinking we were over the line, we got another email saying, ‘Sorry, you’re not eligible for the GST.’

**Ken McDONALD:** That was from the bank.

**John KNUCKEY:** Yes, from the bank, saying we were not eligible for the GST money back. 'Why? We were told we were. We're talking 600 grand here. Why is that?' And when we looked into it, it was because we had not mentioned to the bank a community barbecue area in the plans, because we were not real sure where we were going to put the community barbecue.

**Ken McDONALD:** And whether the Lions Club were going to build it or we were.

**John KNUCKEY:** Yes. So we were leaving that to last, even though we were going to build it, not knowing that that was such an important part. Then we find out from government bodies or legal that if you have a community part in that village, that is when you can claim the GST back. Well, we said, 'Give us some examples of these.' You know, there are swimming pools, golf courses, all this big stuff.

**Daniela DE MARTINO:** Anything that is a common asset to be shared. Right?

**John KNUCKEY:** Yes. But one on the end of the list was a barbecue.

**Ken McDONALD:** So that was one advantage of having an accountant on the committee.

**John KNUCKEY:** We were always hit for those simple but very –

**Daniela DE MARTINO:** Indeed.

**Martin CAMERON:** Can you tell me with the cultural heritage study, how did it go from \$30,000 to \$250,000?

**Ken McDONALD:** Well, \$30,000 was to put together a plan, a quote from a consultant to do it, on the assumption that nothing significant was found on the site – so digging the 15 holes, screening all the dirt in them. That is where that last hole that had one more chip of granite in it meant suddenly that now we were going to excavate the whole site.

**Martin CAMERON:** But then you filled the site in –

**Ken McDONALD:** We filled the site, but there was still enough dirt in the sewer main, the water main – a few different spots.

It is incredible how little happens in a day. You have got to have two from the local Indigenous organisation, an archaeologist. You have got to hire the sifting equipment. You have to book a long way ahead, because they are booked out. If it is windy or rainy, they will not work but you still have to pay them, because you have got to cancel them either three or four days ahead, because those are the rules. And then, because they find a whole heap of these little pieces of granite, which apparently are not indigenous to the site or local to the area, 175 – kerching, kerching, kerching – every time you find one on the site. The consultant fees just keep climbing as well, because they are booking them, they are writing the plans, they are negotiating, and that is where it just keeps on going.

**The CHAIR:** Can we just ask a few questions, if that is all right? In terms of the supply of housing to suit older residents, what were the other options before this?

**Michelle STOCKS:** Nursing home or hostel.

**The CHAIR:** So it was family home or nursing home? There was no step down?

**Michelle STOCKS:** Yes. There is nothing in between.

**Ken McDONALD:** Or leave town – and the town is not big enough for commercial retirement village operators to be interested in building in.

**John KNUCKEY:** The real reason for us to do it was, like we said, to put in people that were downsizing and moving to retirement village places in Geelong and were disappointed that they had to – simply that. That was why. And a lot of those people that move have been terrific community volunteers and still would be. That is a big thing.

**Michelle STOCKS:** They have got all the knowledge and experience, and they are the ones that mentor the younger ones coming through, and we are losing that.

**Daniela DE MARTINO:** And they form a really important part of the fabric of your community –

**John KNUCKEY:** They do.

**Michelle STOCKS:** Absolutely.

**Daniela DE MARTINO:** Ageing in place is a significant issue for my part of the world as well. So my question actually is, with the 10 that you are building soon to be completed – it is a shame we are not going to be around here to be able to come and see them, because I would be keen to –

**Ken McDONALD:** You are tomorrow – Wednesday.

**The CHAIR:** We are going on Wednesday; you are going home.

**Daniela DE MARTINO:** You are going? I am not, unfortunately. I have to get back to my electorate, but oh well – you lucky things. How long do you think that is going to address the need for? When will Winchelsea need another 10?

**John KNUCKEY:** Another year, when Ken and I will be eligible.

**Ken McDONALD:** Well, we are already eligible.

**Michelle STOCKS:** Winchelsea is a designated growth node, so a couple of years ago we were at 2000, and we are looking to go to, I believe, 18,500. So the need is going to grow –

**Daniela DE MARTINO:** Sorry – 2000 a couple of years ago to 18,500? Wow.

**Michelle STOCKS:** Surf Coast shire might be able to answer that accurately, but yes, we had a community of 2000; we are a designated growth node in Surf Coast shire, and the last numbers that we were given were that we would grow to 18,500.

**Daniela DE MARTINO:** ‘Grow to’ – sorry. I misheard because my ear is a bit blocked, and I thought you meant you had already jumped to that. I thought, ‘Wow, how did that happen?’

**Michelle STOCKS:** No. That need will increase over time.

**Daniela DE MARTINO:** That is good to know.

**Ken McDONALD:** It is very repeatable, but accessing the land at a minimal cost is the key to it.

**Daniela DE MARTINO:** Unlocking that land, yes.

**Martin CAMERON:** And with the people that are shifting in, their homes obviously go up for sale. Are you hoping that it is younger people that move in? Is that the key that you are looking for, to regenerate and –

**Ken McDONALD:** Yes. And we are certainly seeing that happen, that younger families that would like a –

**Martin CAMERON:** A bigger house and more land.

**Ken McDONALD:** A strong demand for that.

**Michelle STOCKS:** Absolutely.

**Ken McDONALD:** And they also tend to be the affordable ones, because the sort of people that are coming in and showing interest in this are asset-rich and their income is maybe not a lot of super – but they are maintaining a bigger house, and often they have got steps and things –

These are designed to be wheelchair-accessible, and there is provision in the wall structure around bathrooms to put in handrails and things. We are not putting them in for a start, because we do not want it to look like aged care, but it is all set up for the age-in-place thing.

**Martin CAMERON:** And as they are being built, have you got others, like you, that are looking and saying, ‘Hang on a minute, we need another one’?

**Ken McDONALD:** We probably have found that, one, it is a bit difficult for people to visualise it off the plan, which is an age-group thing. They are not used to it in the country, and because we built the site up and then as part of avoiding any of this earth disturbance underneath we also built them on waffle slabs, we have gone up again. Up until Friday they started pushing a bit of dirt around the edges of them. There has been a really big step into them and various stages of building and things. There is a reasonable amount of chatter, a bit of looking, but I have not been encouraging people to look, because they get there and think, ‘That’s a big step into there,’ or they do not seem to perceive the end result all that well. I think we are very close to being able to get on with showing people and telling the story.

**John KNUCKEY:** Under that Act you are not allowed to advertise until they are finished.

**The CHAIR:** In terms of whether it be the Birregurra project or a project up in the Mallee, what would you like the government to do differently to support groups like yours to facilitate projects like this?

**Ken McDONALD:** I guess the land part could come from different levels of government or other voluntary groups, but it would be great to have – I assume there are corporations or government departments or something that are financing some of the Big Build things – the provision of user-friendly loan finance. That is everything. That is so big; that is the capital. You have no idea the agony of doing that bank thing. It is just annoying. We probably put ourselves under a bit by spending the first million and a half without having the loan in place.

**The CHAIR:** Can I just get a sense from you of what you think would be a reasonable cap on a loan arrangement? Would it be \$4 million? Would it be \$5 million?

**Ken McDONALD:** I think it depends on the size that you are building, but it is something in the vicinity of – you probably do not need more than 400. In fact 350 to 400 – well, 400 you can build the whole thing, I suppose. We were very focused on that good design thing and the passive house. It does add quite a bit to the cost, doing the whole wrap-type set up, the thicker walls.

**The CHAIR:** But saves you money in the long run.

**Ken McDONALD:** But I think in the long term, and we wanted something that was there for the long term. Whether it is 350 or 400 per unit – if you are only building five units, it is different to building 10 or 15 or something.

**The CHAIR:** Sure.

**Daniela DE MARTINO:** Do you think the bank would be more likely to loan a future project when they see this one at the end and success?

**John KNUCKEY:** I do not.

**Ken McDONALD:** I do not know that it will change a lot. A lot of it is APRA. There have been three main ringleaders in this: John, me and Gerard Kelly, who is an accountant. When we signed the paper the first time, Gerard says to the bank guy, ‘Now, will this be a bit easier next time?’ and I think I kicked him under the table. He wanted to know what that was for afterwards, and I said, ‘I won’t be here if we’re going back to a bank for the next one.’ It does not matter whether it is easier because the process around it still is not right – the valuation, the excessive contingencies. We are paying a fair interest rate, which you normally expect to be for taking some risk. They are not taking any risk in this. They will argue otherwise, but we have got a lot of equity in it.

**John KNUCKEY:** Really they would not have financed it if we were not a community bank heavily involved.

**Ken McDONALD:** I am not criticising specifically Bendigo. It is a criticism of the banking system.

**John KNUCKEY:** Generally, yes.

**The CHAIR:** Can I just ask – and I am very conscious of the time – one last question. Who has responsibility for maintenance of the building?

**Ken McDONALD:** Initially Winanglo are going to run the building – so collect the rent, organise the maintenance, organise changeovers. We are pretty keen in a way to do the Birregurra one, which would give us 20 units, which we think is probably sort of a sustainable model to employ a part-time person, whether it is half a day a week or a day or something to manage those things. And we have also explored a couple of other not-for-profit providers of aged accommodation in Geelong that would be interested in managing it for us. So in other words, long term it is probably not something as a voluntary committee we are particularly interested in being part of. I think we feel an obligation to do it for a start, but we can see some alternatives. One is employing somebody else, or secondly, giving it to another. There is another good, really well set up not-for-profit in Geelong. They would be quite interested in managing the site as well.

**The CHAIR:** Thank you. That was so informative. Thank you for sharing your lessons with us in terms of what you have been through, because I think that was really, really informative. Thank you for being so generous with your time. If we have any other further questions, is it all right for us to follow up? Particularly after we visit on Wednesday there could be some more. I just want to say what incredible community champions you are and everything that you have achieved – I just think it is marvellous, and we have not even seen them yet.

Thank you so much. We really look forward to reuniting on Wednesday. I am a very visual person, so I cannot wait to actually get a sense.

**Ken McDONALD:** Thanks for the opportunity, Juliana. I hope that there is some benefit in other communities hearing about it, because it is pretty repeatable, and the fact that you are just recirculating capital in the process is pretty appealing, I think.

**The CHAIR:** Thank you so much.

**Witnesses withdrew.**