

PROOF VERSION ONLY

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Melbourne – Friday 4 April 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

**Necessary corrections to be notified to
executive officer of committee**

WITNESSES

Dean Rochfort, Acting Chief Executive Officer, Victorian Planning Authority,

Colleen Peterson, Head, State Planning, and

David Sykes, Deputy Director, Planning and Population Insights, Department of Transport and Planning.

The CHAIR: Thank you for joining us today at the public hearing for the Inquiry into the Supply of Homes in Regional Victoria.

On behalf of the committee I acknowledge the traditional owners of the land on which we are meeting, the Wurundjeri people, and we pay our respects to their culture, their elders past and present and elders from community who may be here today. I also extend a welcome to the public and the media who are watching today – it will be interesting to see who is tuning in. A very warm welcome to everyone watching online.

Today the Environment and Planning Committee will be speaking with government departments, construction peak bodies, planning institutes, researchers and social housing providers. We will be examining the challenges and opportunities to strengthen regional housing supply from all perspectives. Next month we will be back out in regional Victoria talking to people and organisations with lived experience of these issues. I encourage anyone who is interested in meeting with us to reach out using the contact details on our website at www.parliament.vic.gov.au/epc-la.

I will just run through some important formalities before we begin our hearing. 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 you give. However, it is important to remember that parliamentary privilege does not apply to any 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 to check. 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. I will take the opportunity to introduce the committee members. I am Juliana Addison. I am very proud to be Chair of the Environment and Planning Committee, and I am the Member for Wendouree, representing central Ballarat.

Martin CAMERON: Martin Cameron. I am the Deputy Chair, and I represent the seat of Morwell, which is the Latrobe Valley.

Wayne FARNHAM: Wayne Farnham, seat of Narracan – essentially West Gippsland.

David HODGETT: Good morning. David Hodgett. I am the Member for Croydon.

Jordan CRUGNALE: My name is Jordan Crugnale, the Member for Bass, taking in Pearcedale and Clyde all the way to Phillip Island and Inverloch.

Martha HAYLETT: I am Martha Haylett, the Member for Ripon – so the outskirts of Ballarat and then up to Ararat, St Arnaud, Maryborough, Creswick, Clunes and lots of places.

The CHAIR: I would just like to note that Daniela De Martino, the Member for Monbulk, will be joining us this afternoon, and she represents the Dandenongs. It will be wonderful to have her also here this afternoon. Before we begin, would you mind stating your full names, starting with you, please, Colleen?

Colleen PETERSON: Colleen Peterson, I am the Head of State Planning in DTP.

David SYKES: David Sykes, Deputy Director of Planning and Population Insights from DTP.

Dean ROCHFORD: Dean Rochfort, the Acting CEO of the Victorian Planning Authority, also within the Department of Transport and Planning.

The CHAIR: Excellent, thank you. Now, would you like to start with a presentation?

Colleen PETERSON: Yes, absolutely. Thank you very much for your time today. We would like to just start by also acknowledging the traditional lands and the owners of the country on which we are meeting today, the Wurundjeri Woi Wurrung people, but also the Bunurong peoples of the Kulin nation. We pay our respects to elders past and present and extend that respect to any Aboriginal or Torres Strait Islander people here today or perhaps tuning in.

Thank you very much for the invitation to present to the committee today. We understand that the committee has expressed an interest in hearing from the Department of Transport and Planning on a range of issues. We understand them to be how the department is involved in regional housing supply; understanding the context of the regions; the demand forecast; some of the roadblocks and challenges that are being experienced; the Victorian housing statement and how that might intersect with increasing and unlocking housing supply in the regions; key pieces of planning legislation that guide the delivery of housing supply in regional Victoria; what policies, programs and initiatives we are undertaking, including *Plan for Victoria*; and of course the role of multidwelling residential development.

We will also, in addition to the evidence today, provide a written submission to cover off particularly any additional questions that we get asked today that between the three of us we do not have answers for. We will make sure that we get back to you with that written submission.

Visual presentation.

Colleen PETERSON: DTP was set up in 2023 to really acknowledge the importance of both planning and transport and the functions and the role in bringing them together in creating more prosperous, more connected, thriving communities. This recent organisational change has also, just in the last few months, brought the Victorian Planning Authority into the DTP structure. This change or reorganisation brings together the four major components of Victoria's planning system, being the strategic, the transport, the statutory and also the spatial functions. By combining these together we aim to cut delays and duplication associated with bringing faster and better structured planning that facilitates the supply of housing. In particular the VPA prepares the strategic blueprint which enables us, particularly in greenfield areas, to determine where housing should go and what infrastructure and amenities are necessary in order to support those new communities. We build and support activities for thriving places and connected regional communities through creating capacity, building better environments and unlocking government land. DTP works with councils and other partners to identify and secure landholdings in regional Victoria to deliver housing funded through state and federal mechanisms. That includes the Victorian government's Regional Worker Accommodation Fund and the Commonwealth housing support program.

We work across all levels of government, and you will see here some of the peak bodies, industry landowners and other agencies that really help support the enabling of homes in the regions. Obviously we do not build homes, but we create the structures in place so that the market can bring those homes to bear. Development Victoria are a key partner, and I understand that they will be presenting to the committee later today, so I will not speak to their functions; we will let them do that. Of course through the Wurrek-al 'talking with purpose' First Peoples engagement framework we engage with traditional owners and registered Aboriginal parties to ensure that they are part of the conversation.

In terms of the demographic outlook, as of March of this year regional Victoria is home to 1.72 million Victorians. We have seen regional Victoria grow substantially, with 112,000 residents each year at a rate of 6.9 per cent. That is well and truly up and above what we saw pre COVID. The projection over the next five years is to see this number grow beyond an extra 132,000 residents in regional Victoria each year, and that rate will increase to 7.7 per cent growth, so really there is incredible growth in our regions.

We also see an additional 11,000 to 13,000 dwellings each year, and we need to make sure that the number of dwellings keeps pace with that demand. Quite significantly, 90 per cent of all dwellings in regional Victoria are detached separate dwellings, and that is a real issue both for housing supply but also affordability. Household types in regional Victoria are almost equally split amongst the groupings of families with children, couples and lone-person households, so you will see there that there is quite an even mix throughout the regions. In terms of population growth, you will see on the map here, particularly in the black and the dark grey areas, that

population growth and construction occurs and is focused primarily in the main regional cities. You will see Geelong has the highest level of growth, but unsurprisingly areas like Ballarat, Mitchell and Greater Bendigo are also focuses for growth. We are very mindful of the fact that construction delay and backlogs mean that many homes approved during this period took longer to complete than the usual 12 months, and obviously delay in construction also means increases in costs.

At DTP we monitor greenfield land supply through our urban development program. You will see here that there is a range of supply but also capacity within each of those regions. For the Latrobe, that is the area where we see the greatest amount of supply at 26 to 42 years. Bendigo comes in next with around 16 to 17 years of land supply. But for both Ballarat and Geelong the level of supply is quite constrained and sits at around seven to eight years. Ideally speaking, we as a government would like to see 15 years of zoned land supply within all of our key population areas. It provides an appropriate balance of land and ensures the market can bring it to bear in the most affordable way that is possible.

Some of the challenges that regional Victoria is experiencing: as I said, we have strong population growth in major regional cities and particularly in places close to metropolitan Melbourne. Obviously, having access to a regional rail line is very attractive, and we see very strong growth along those linear corridors. We see of course smaller, lower population growth in our smaller regional and rural towns, and we find that those areas generally have adequate residential land supply just because there is reduced demand. But of course in those key regional areas we are seeing particularly lack of affordable and adequate key worker housing to support regional development and industry, and I am sure that is something that you are hearing regularly from your constituents. Some of the challenges around that include the construction supply chain and skills shortages. There are of course the broader economic conditions that are affecting housing supply: interest rates, cost of finance, materials and construction costs and skill shortages. Of course there are then broader issues around infrastructure and services, so things such as drainage and transport, and of course flooding is something that affects a number of our rural areas. I do not think we should underestimate the impact of bushfire management as well; that is a particular issue in Bendigo, where there is considerable constraint around developable land.

In terms of the planning framework, there are two key drivers in recent years, the first being the housing statement, which was released in September 2023. There are three pillars under that housing statement about making good decisions faster, providing cheaper housing closer to where you live and a long-term housing plan. The idea is that those three pillars work together to support industry to deliver Victoria's housing needs. *Plan for Victoria* was released on 28 February this year, so it is quite a recent document. This document will replace *Plan Melbourne* and statewide regional growth plans as the primary vision for growth in Victoria.

A key component of *Plan for Victoria* is the establishment of a people's panel – the people's panel who prepared the vision for Victoria, and that vision is that:

By 2050, Victoria will be a vibrant, accessible and connected community, valued for its diverse cultures, sustainable environmental practices and respect for the First Peoples of Victoria.

Building a state that provides choices and opportunities for current and future generations of Victorians in quality housing, transport, employment, environment and connectivity will require input from the community, government, local businesses and industry alike.

We will create a society that caters to the unique needs of all Victorians, nurturing individual health through physical and cultural recreation.

As you may be aware, there was really quite extensive community engagement in the preparation of *Plan for Victoria*. There was engagement with over 110,000 people; I am sure you can appreciate the enormity of that level of engagement. 15,000 pieces of feedback were collected as a result of that engagement, with 600 submissions from community, local councils and industry stakeholders. The people's panel was 49 people that were selected at random across a whole range of sectors of the community, and they reviewed that feedback and were tasked with developing that overarching vision for Victoria. And of course there has been dedicated traditional owner engagement as part of the preparation of the plan.

What makes *Plan for Victoria* quite different is that it is an action plan. It sets out 22 key actions to deliver the plan's vision for Victoria. I will come to this in a bit more detail in a moment, but it does set housing targets for each Victorian municipality, which will identify how many homes and where those homes should be built. So it enables each local government in regional Victoria, for example, to know its targets. We will provide guidance on how to deliver that housing, with a particular emphasis on that housing being provided near transport and

jobs and essential services, and that is obviously a key to providing vibrant livable communities over the next 30 years. I should say that the department is in the final stages of beta testing a digital platform that we will supply to every local government in Victoria that will enable them to effectively test the capacity of their planning schemes, that will let them know where their current capacity sits in relation to their housing target and that will help inform those local governments to decide what sorts of changes they need to make to their planning schemes to enable them to meet their housing targets. We see that as an important part of partnering with local government to empower them to make informed decisions.

Victoria's Housing Statement covers the entire state, but there are some specific activities that apply to regional Victoria, and the first is to streamline the planning process for medium to higher density developments that are worth at least \$15 million in regional Victoria. We have a development facilitation program that enables larger developments in regional Victoria to be dealt with by the state to ensure that they are dealt with expeditiously. We look to unlock and rezone surplus government land, which should deliver around 9000 homes around 45 sites in both metropolitan and regional Victoria, and we are looking to deliver 10 per cent affordable housing across those sites. The VPA, and Dean will speak to this shortly, have seven precinct structure plans across regional Victoria – Wonthaggi, Ballarat, Ballarat North, Shepparton south-east, Corio–Norlane, Bannockburn south-east and east of Aberline – and they will look to unlock more greenfield housing in those regional areas.

Of course through the Big Housing Build we are investing \$1.25 billion in regional housing and further expanding the development facilitation program to boost housing supply in regional Victoria. Of course *Plan for Victoria* also has statewide application, but specific elements include the three major cities of Ballarat, Bendigo and Geelong, recognising that they will accommodate the majority of housing in those particular areas. And as I said, we have also set housing targets. DTP also has a suite of programs and initiatives that support regional housing supply, and that includes the accelerated pathways through the development facilitation program, facilitating planning and approval processes through state infrastructure projects, infrastructure assessment and putting in place streamlined processes for social and affordable housing through the Big Housing Build.

We have also made recent changes to clause 55 with the creation of the Townhouse and Low-rise Code. This supports faster decisions and a deemed-to-comply pathway for townhouse and apartment style development up to three storeys in height. We really hope to see that regional developers will be able to take advantage of those provisions to provide more diverse forms of housing in regional towns, where the building of even just two and three units on a block rather than a single home will create more affordable, more diverse housing. In 2023 we made changes to make it easier to build a small second home. They are called the small second home provisions. You can put a 60-square-metre home in your rear yard without the need for a planning permit. It is ideal for adult children, dependent parents – those sorts of situations.

Through the Regional Planning Hub we also provide assistance to rural and regional councils by assisting them with their workloads, recognising that it can be challenging, particularly for some of the more remote councils, to have the technical expertise to assess applications before it, boosting the capacity and capability within councils to deal with significant strategic matters, dealing with regional planning projects and of course helping councils with their planning schemes to simplify processes and approvals. That regional hub works tirelessly with various rural councils in those areas.

Additionally, the *Economic Growth Statement* in December 2024 also provided opportunities to promote regional development. One of the four key actions is to reach every community: a strong Victoria underpinned by a strong regional Victoria. Those initiatives include delivering a 10-year plan to unlock industrial land, and this includes unlocking lands at regional greenfield areas, including the Avalon Airport, Bendigo and in Parwan. We are also enabling existing or faster planning approvals for projects in the renewable area zones by incorporating them into the state planning framework. We are expecting work from DEECA will enable the identification of these renewable energy zones later in the year, as well as some other strategic work will of course support renewable energy as part of the overall government priority for achieving those net-zero visions.

The next slide then really deals with planning and housing targets for regional Victoria. You will see here that we have broken it down into various regions and the sorts of regional targets that are assessed across regional Victoria, with a total of 469,070 households over that 25-year period. I still am gobsmacked to think that 2050 is now only 25 years away. Those housing targets really do play a crucial role in housing choice and affordability and ensure and aim to ensure that every planning scheme identifies enough, and I want to stress

here, realistic opportunities for new development to deliver a targeted number of homes. A key factor of the digital platform that we will be rolling out shortly is to ensure that there is an assessment of what we see are likely possibilities for redevelopment rather than just theoretical possibilities for development. Across the nine regions you will see there are nearly 470,000 dwellings targeted to be delivered. We should just say that this does exclude 56,000 homes for Mitchell shire which are incorporated into the metropolitan targets. I will just hand over to Dean.

Dean ROCHFORD: Thank you, Colleen. I am happy to talk a little bit more around the role of the VPA and what is currently on our program. As was previously stated, the VPA has a key role in planning for future homes and jobs in regional Victoria through our regional precinct structure plan or PSP program. In Victoria's regions four housing statement projects will have the potential when fully developed to accommodate an estimated 17,500 future homes and 1900 jobs. One other project currently on the VPA's business plan, Merrimu, will also deliver land for future homes and jobs to alleviate housing supplies in that peri-urban context around Bacchus Marsh, as you will see there, delivering around 6800 homes and 1800 jobs. These five regional PSPs are commitments within the VPA annual business plan for 2024–25. The VPA also runs programs to support regional councils, such as the regional development contributions plan DCP toolkit project, which was funded under Streamlining for Growth, and that project is an example of where we are leaning in to support councils in often complex planning decisions around infrastructure provision, which did cover elements such as upskilling of staff, undertaking risk assessments and review of infrastructure costings.

Another function within the housing, building and land delivery group within DTP is building reform, and the Victorian state budget in 2024–25 provided funding under the building reform program to promote the modern methods of construction, or MMC. MMC, including prefabricated, offsite and modular construction, differs from traditional forms of onsite construction. The increased availability of MMC may deliver a range of benefits to both the industry and residents of Victoria, including rapid development of new homes, greater quality control through factory-controlled settings and enhanced design flexibility and a reduction in emissions during the construction process. These are benefits that we have seen in other markets around the world where MMC plays a greater role than it does within our state currently. DTP has commenced work on scoping reforms to promote enhanced access to MMC in Victoria. These reforms will ensure that the Victorian building regulatory framework does not present a barrier to the use of MMC and that consumers are appropriately protected when MMC techniques are utilised. These are emerging construction techniques that will require close collaboration between the Commonwealth, jurisdictions, industry and research organisations to deliver effective regulation in this space, and Victoria is working very closely with the Australian Building Codes Board, the Commonwealth and other jurisdictions to ensure that the national building and planning standards do not present a barrier to the uptake of MMC within our market. We will also deliver integrated regulatory pathways on the design of new voluntary certification schemes.

That concludes our presentation. I am more than happy now to take any questions that members may have.

The CHAIR: Thank you very much. We really appreciate the amount of work that goes into these presentations, and we also look forward to your written submissions. I might kick it off before going to David Hodgett at the end. When I was looking at your regional target of 469,700 before 2050, I am just wondering how that goes with our population growth. Is that keeping up to date? We talked about an increase of 7.7 per cent over the next five years, but over the next 25 years, what is the methodology behind this figure of 469,700? Is that an aspirational figure or more responding to demand?

Colleen PETERSON: That is a figure based on what the best minds see the population of Victoria will be in 2051, and so it is effectively: how many houses do we need at a particular date in order to meet the needs of the population in Victoria at that time? And it does seek to push more housing into the regions – only slightly more than what we are currently seeing – on the basis that we are expecting there to be more demand in the regions. So it is responding to that demand for regional lifestyle.

The CHAIR: So do we think that this is going to be enough? I am just thinking about my grandchildren in 2025, where they are going to be living.

Jordan CRUGNALE: 2025? That is this year.

The CHAIR: Sorry – 2050. Johanna is not doing any of that.

Jordan CRUGNALE: They are still in high school.

The CHAIR: But in 25 years. So these figures – I am just really trying to get to the bottom: is this where you expect demand to be, or in terms of young people potentially entering the housing market being required to live in places like the Mallee and the south coast and different parts because they will be locked out of other markets?

Colleen PETERSON: No, this is where we expect housing to be. I think it is fair to say, though, that because of the 25-year timeframe, it is likely that there could be variation in the figures. Immigration may go up, immigration may go down, birthrates may change. There may be other factors that will influence where people choose to settle – how many children we have. *Plan for Victoria* – we are calling it a living document, so we could see evolution in time over those numbers. We will obviously need to adapt the targets if we are seeing substantive changes in demand in particular areas.

The CHAIR: Terrific. David, did you want to –

David HODGETT: Colleen, I have got more of a practical example, and I would be interested in your thoughts on it. The Victorian housing strategy, you spoke about that, and I am aware of the small second dwellings, which I think is good, and I think the government's initiative to allow granny flats without planning permits is a good thing. But I have got an example at Kilsyth where there is a homeless lady. The department of housing has said they have not got a house for her at the moment, but they have got small mobile, portable ones. There is a covenant in my area that allows only for brick veneer houses, which at the time – going back 10, 20 years, whatever it was, 30 years – would have made sense, to just have brick veneer houses there. If that covenant is removed, there are people willing to put those mobile things in their backyard. That to me seems a real practical way of getting one more person into a home, and I do not know how many examples of this are out there. I am just wondering if the department is looking at helping to fast-track or facilitate the removal of those covenants, because she obviously has not got the wherewithal –

Colleen PETERSON: Of course.

David HODGETT: and practicality to go and not fight that but have it removed in court. It is probably a straightforward process for her. I see that as a real way the department can actually have constructive intervention in providing some more housing very quickly. I guess my question is: are you aware of those sorts of problems, and do you have a strategy to deal with them to try to fast-track some housing?

Colleen PETERSON: Yes. So the challenge of covenants is very much front and centre with the government. There is a challenge in the state intervening in what really are private property entitlements. The *Planning and Environment Act* review does have consideration of the removal of covenants on its radar. Where that falls, I would not want to presuppose the outcomes. But yes, the role of covenants and the ability of covenants where they restrict materiality and hence, as you say, the small second dwelling or even restrict the number of dwellings on properties – some of these covenants have been in place for 100 years. They do lock away some of Melbourne's most infrastructure-rich suburbs from medium-density housing, but there is a balancing that needs to be undertaken with what are personal property rights that have been entrenched for many years versus the needs of a growing Victoria, and that will work its way through in that *Planning and Environment Act* review.

David HODGETT: Could I ask another question?

The CHAIR: Sure.

David HODGETT: I would also be interested in how you are dealing with local government, the LGAs, in terms of the government setting some targets – again, I support some of those and think some of them are practical – and what support you might be giving to LGAs that have not got the capacity or are not geared up or are a bit slow out of the blocks to try and facilitate some of that housing in sensible areas where it could be deemed appropriate to have it.

Colleen PETERSON: We have been having very constructive conversations with local government. I think it is fair to say the feedback so far on the housing targets has been overwhelmingly positive; I have not heard of any negative feedback from local government. That is in part because the targets that have been set have been

carefully considered and are nuanced. I think the heavy work will come once we have done the analysis, when we release the tool in the next four to six weeks, and that is where we will have to have very specific conversations with each of the local governments to determine – some local governments may need to do very little, if any, changes. The City of Melbourne, for example, is probably a local government area that, because of its fairly liberal zoning, in part because of its capital city zone, Fishermans Bend and Arden, may not need to do a lot of work, but there will be other local government areas that will. And then it will be about supporting them in regional Victoria, particularly through our regional hub team, to support them in how to best unlock their planning system to then enable the private market to come and build the housing. That will be, I think, a very bespoke answer for each council; it will not be a one-size-fits-all approach.

David HODGETT: Yes. Will there be assistance provided? Because, as you say, some LGAs are probably ahead of that work at the moment and there are others that –

Colleen PETERSON: That is right. That is the whole point of the regional hubs.

David HODGETT: might not have the capacity and really need, I do not know, a hit squad to come and help them out.

Colleen PETERSON: Part of the purpose of the regional hubs is to provide that strategic support, and that strategic support will probably swing into housing over the next year or so to support the ability to meet the targets.

David HODGETT: Thank you.

The CHAIR: Mr Farnham.

Wayne FARNHAM: I have probably got about 25 minutes worth of questions so I might put on the record now that I would like to get Colleen, David and Dean back maybe at some point in time, because I do have a lot of questions and a lot of concerns. You talked about how there is a \$1.25 billion investment into regional Victoria, into homes. When the Commonwealth Games was cancelled there was meant to be about \$2 billion re-invested into regional Victoria, and part of that \$2 billion was housing as well. Can you tell me what portion of that \$2 billion is going to be on top of the \$1.25 billion?

Colleen PETERSON: I think we will need to get back to you on that, so we will do that as part of our written response.

Wayne FARNHAM: Okay. I will keep going now; that is part of that one. When you talk about unlocking land in regional Victoria, I am having a lot of issues in – Baw Baw shire is my patch. We are one of the fastest-growing areas in Australia; it is well documented. The problem I am having at the moment is VicTrack and VicTrack not being willing to work with developers, not being willing to let go of redundant land. What is the department doing in relation to that particular issue? When you talk about high rise in regional Victoria and especially around those rail precincts, which I actually agree with – I think that is smart development; whether it is three, four, five storeys high, I think it is smart development – what I am seeing now is part of the problem is VicTrack. So how are you going to deal with that particular issue?

Colleen PETERSON: We will again take that under advisement. My experience, though, is that we regularly see land being bought by VicTrack coming to internal committees recommending it being released and zoned and being released to the market. If there are specific examples, I would love to maybe have an offline discussion with you as to how we can help facilitate those conversations.

Wayne FARNHAM: Sure. I have actually got three specific examples in Baw Baw shire – the economic value back into Baw Baw is like \$90 million a year. It is an issue that is not just going to probably happen in Baw Baw, it is probably going to happen across the state, so I would be more than happy to catch up offline.

Colleen PETERSON: Sounds like we need a coffee.

Wayne FARNHAM: It does – a very long coffee. I am not going to hog all the time. I will move on.

The CHAIR: We will loop back. Martin.

Martin CAMERON: While we are talking about our own regions and asking questions –

The CHAIR: Like good local members.

Martin CAMERON: Yes, that is exactly right.

The CHAIR: Very good local members.

Martin CAMERON: one of the issues down in Latrobe we have is with coal overlays, which is a massive issue. Some of these coal overlays are 50, 60 years old, and obviously when they were put in place there was the expectation that coal-fired power stations would be there forever and a day. Is there any way of looking at these coal overlays to open up development and fast-track it? Because at the moment it is just a roadblock where it is just a dead-set no. I know we have got to work in with a few departments, but it is just stifling some both commercial and housing developments in my area.

Dean ROCHFORD: It is good timing; I was actually in Latrobe city two weeks ago and met with Latrobe City Council. I was able to go and see the Loy Yang mine site; I had never seen it before. So I think I can confirm that, yes, those reserve overlays are being actively looked at at the moment. So there is an understanding of the importance of unlocking land that has, as you say, previously needed to be generationally protected, so that work is underway.

Martin CAMERON: Thank you.

The CHAIR: The Member for Bass.

Jordan CRUGNALE: Thank you. It seems that we are all talking about our respective patches. I do take in the City of Casey, Cardinia and also the Bass Coast. One of my questions is around the Wonthaggi North East PSP, and I saw up on the housing statement, I think it was slide 12 or 13, that that was not in there. Is there a reason, because that is sort of semi-greenfield and will double the size of –

Dean ROCHFORD: No, it probably was not up there as that project has been completed. Wonthaggi North East has, as I know you are well aware, delivered around the capacity for 5000 new homes and 1600 new jobs. It was not included in our figures because we had finalised.

Jordan CRUGNALE: Because we were already there. Okay, that is great. My other question goes to the first or second slide and is around how we are assisting and supporting councils – because obviously I have got the Bass Coast shire and some of us are in that Gippsland area – to sort of update and streamline their planning schemes. I know you have got regional hubs. How do they sort of interface with the local councils and also that digital platform that you spoke of? If you can just expand on what that looks like and how they can support councils.

Colleen PETERSON: We have three regions that align with the transport regions in Victoria. Each region will be in regular communication with the councils within their region. As you can appreciate, some councils need more assistance than others. For example, in the Barwon region, Geelong City Council do not need a lot of support – they are obviously bigger than many metropolitan councils. But municipalities further to the west, Moyne, for example – and I do not mean to pick them out in particular – are smaller councils with a lower rate base, less able to get in technical expertise. So we lean in and out to local governments depending on their needs and certainly how their strategic work aligns then with state initiatives. With housing obviously being a high priority, there is a lot of alignment in that space.

The CHAIR: Martha.

Martha HAYLETT: Thank you. My question is just a little bit broader. Our committee has heard quite a lot from rural and regional councils about how they have struggled to negotiate with developers on a lot of housing issues. I am just wondering if you can share a little bit more about whether you assist councils to negotiate with developers, and if so, how do you do that?

Colleen PETERSON: Again, that would be a touchpoint with the regional hubs and with their regional planners. We have planners dedicated to each of those councils, so although within a region you may have 15 or 20 councils, we will have planners that will be specialising in particular local government areas. That is

really just an open dialogue. The regional hubs, their door is always open, so if the council is having an issue with negotiating a particular outcome with a developer, I would like to think that our staff are always open to provide that guidance and assistance.

Martha HAYLETT: I have got just one other question about planners. One of the biggest issues I hear – I have got nine councils I cover – is trying to find planners, and they always get poached from each other. It is just a massive issue, there is such a shortage. I wonder how much DTP and others work with universities and the federal government to actually encourage more planners to come through the system. I know that La Trobe Bendigo have just stopped their planning degree, which has had a really big impact on the broader western Victoria area with planners. Is there work that your department does with universities and others to help facilitate more planning degrees and get them out into the regions?

Colleen PETERSON: Certainly the planning minister did write to this university encouraging them to keep the course; obviously the university made its own decision about the abolition of that. I think it is fair to say that the planning industry more generally does mourn the loss of that course and the role that it had in supplying particularly regional councils. I understand that there has been a significant uptake in the university of Armidale course in New South Wales, so a lot of our regional planners are now studying there. The government is trying to support the supply of planners in regional councils through the cadetship program. We have offered to every local government in Victoria a supported program where effectively the government, in combination with funding from the federal government, will pay for the university fees for cadets. We have I think 14 cadets that have signed up to that program. A key component of that is mentoring – it is one thing to have young planners learning and working in regional councils, but they need to be supported so that they get the ongoing technical support and expertise. So that is a space that we are actively working in to support the supply of regional planners. Certainly when I was at Latrobe City Council two weeks ago I got to meet their cadet, which was a real privilege.

Martha HAYLETT: Thank you.

Dean ROCHFORD: I would probably just add to that, we at the VPA certainly engage with the education providers as well. At a tertiary level we often present and are guest lecturers there. We have a very active student and graduate program as well. But to your earlier point around the lack of planners in the regions, I cannot underscore enough that regional councils are our key partners when we are planning precincts. We do offer a range of professional support through our own staff. We work in tight partnership with councils and their planning teams, particularly in relation to engagement with industry but also other agencies. It is very much a partnership model.

The CHAIR: I am just wondering about the federal government and the role of the federal government in supporting housing. We hear a lot of announcements coming out of Canberra; how are they playing out in regional Victoria? I am particularly interested in the federal housing support fund. I actually raised it with the housing minister yesterday, and she did say that was a matter for DTF as opposed to DTP. But I wonder, what is your department's involvement or interface with the federal housing support fund?

Colleen PETERSON: Again, I think that is something we will need to take under advisement and get back to you through our written submission.

The CHAIR: Terrific. That would be great to know. And just my follow-up question, drawing on Wayne's question about VicTrack, you mentioned about unlocking land. I was wondering if we would be able to get a metropolitan–regional breakdown in terms of what land has been unlocked and what percentage of it is in regional Victoria, because I think that would be very worthwhile for this.

Colleen PETERSON: We will add that to the list, definitely.

The CHAIR: Great. Thank you. Who else would like to ask a question?

Wayne FARNHAM: I will go again. You have set the housing targets with the LGAs in regional Victoria – I think up on your slide presentation Baw Baw shire was 25,700 homes in that region. One of my biggest concerns is – and it is already happening now in this particular council, which has high growth – 25 per cent of Victorians live in regional Victoria, but when it comes to infrastructure funding, it is not there. Part of the problem we have is that with the PSPs that were set back in 2014 and the DCPs back then the contributions are

not enough to keep up with council infrastructure. That preamble being said, do you have a plan to recommend to government an uptake of infrastructure in these regional areas? Is there going to be a review of the PSPs and is there going to be a review of the fee structure? Because at the moment councils are actually getting left behind. They do not have the funds or the resources to implement the infrastructure required.

Colleen PETERSON: I might just speak quickly to infrastructure contributions, and then I will handball to Dean. We are undertaking a statewide review of development contributions in Victoria, trying to find a more simple way in which we can seek contributions, recognising that the cost in a greenfield site in regional Victoria is very different to an infill site in metropolitan Melbourne, which is very different to an infill site in a regional city. So we are trying to come up with a system that is simpler and easy to implement and will have then much broader application. That is obviously quite a challenging piece of work to land, because we do need to establish what is called nexus – a direct connection between the moneys collected and the works that they will be spent on. That work is fairly well established in greenfield areas: effectively a shopping list of infrastructure works is compiled, the cost is created, you divide that by the total number of hectares of land to be developed and you get your contribution rate. So we are working very hard to try and land something that is simpler, less exhaustive for local government, for example, to compile, and that is work that is ongoing.

Dean ROCHFORD: Thanks, Colleen. Yes. It is a great question, and it was the toolkit that I alluded to earlier, the development contributions toolkit that we worked up in conjunction with 16 local councils. It really does aim to support councils to not only implement those development contribution plans but, to your point, review them. As you rightly point out, some of the early development contribution plans either had infrastructure that was underscoped or indeed the indexation method has proven inadequate given the rise in construction and materials costs. So there is a process where a council can undertake a review of those development contribution plans. We have issued some guidance around how that is undertaken. But I would acknowledge that it is complex work and many councils do not have the adequate skills, and that is where regional hubs – ourselves – can support councils going into that process.

Probably in terms of infrastructure it is important to note that in the regions there are key elements that are not enjoyed by regional councils that maybe particularly metropolitan growth area councils do enjoy. One would be the growth areas infrastructure charge, which is applicable in the growth areas – there is not an equivalent process. So as Colleen alluded to, we are assessing how infrastructure charging could be improved for our regional councils. There is also no centralised drainage authority: we have both catchment management authorities and individual drainage authorities, and of course local councils play a key role in that. In metropolitan Melbourne of course Melbourne Water undertakes much of the analysis that ultimately leads into a drainage services scheme. That is not a vehicle that is also available to regional councils. And probably the last one I would mention, while it is not technically infrastructure, there is no equivalent of the metropolitan strategic assessment, which is a broad approach to biodiversity management. So again, you will find that councils, when they are planning their precincts or indeed when we are helping them, are required to do those assessments on an individual, precinct-by-precinct basis, all of which adds to time and cost and a requirement for skills.

Wayne FARNHAM: I suppose that the two councils, especially on this table actually – the Member for Bass and I have both got peri-urban councils – high-growth, very high growth – and they do not fit in regional, they do not fit in metro. I am sure the Member for Bass will back me up that it is these councils now that are really struggling. I know Baw Baw shire, for example, is \$40 million behind just on roundabout infrastructure. It is hard to play that catch-up, and I do not know how they will catch that up without government help, to be quite honest. So I just want to make that point, that these peri-urban councils now are really struggling under the pressure.

Jordan CRUGNALE: We find that, yes, in the Bass Coast as well, where you will have the PSPs, and they are coming on line over time. But that infrastructure – drainage, paths, all that kind of stuff – needs to be paid for at the start. So there is \$40 million or \$50 million that technically Bass Coast council need to try and put in as they wait for the developers to come in over time.

Colleen PETERSON: Is it fair to say that the tendency now to try and stage PSPs is part of the approach you are trying to address some of these infrastructure gaps?

Dean ROCHFORD: Yes, definitely.

Jordan CRUGNALE: Low-interest loans.

Dean ROCHFORD: Yes. We have also looked at how we can access funding mechanisms to do some of that infrastructure planning through the PSP process. As Colleen mentioned, we are now increasingly looking to introduce staging guidance within our precinct structure plans, be that based on traffic volumes, population targets. Either soft or hard targets around development cannot proceed until certain infrastructure is in place to try and ensure that we do not have communities that really have an infrastructure deficit that impacts on their livability.

The CHAIR: Martin.

Martin CAMERON: With all the planning that is going into 2050 with building more infrastructure in our bigger towns, is there anything on the back end to look after our smaller regional towns and communities, which probably the major towns are going to draw all the population from, so they actually survive as well? So that rather than dragging all the population in, they are not left behind and the towns actually do not slowly die as such. Are there works associated with the big build and the planning infrastructure that we need for our communities moving forward that look at that particular part of –

Colleen PETERSON: I think it is fair to say that the Big Housing Build will focus on the hotspots of regional cities that are really struggling with key worker accommodation, for example. I think it would be the role of local government to look then collectively at what impacts that has more broadly on some of its smaller settlements. There are obviously challenges with demographic change – ageing populations, for example – that can create stagnation in smaller rural communities. That is obviously a broader issue across regional Australia, not just Victoria itself. We would certainly be happy to support councils through the regional hub program to think strategically about how they might deal with those townships. It might be, for example, even something as simple as the Townhouse and Low-rise Code, which might help to bring some diversity into those townships, where an ageing mum and dad move into town and live in a dual occupancy style development where the kids live in the front. These are ways in which having more diverse housing can perhaps enable people to stay in some of those smaller townships longer.

Martin CAMERON: Thank you.

The CHAIR: Liam, did you have something you would like to contribute?

Jordan CRUGNALE: Liam would like to ask if there are ever going to be any coastal erosion overlays placed on, obviously, the Bass Coast but right across the state. There is a big call from councils, and this is slightly outside of building houses, but we have got bushfire overlays. Are we looking at coastal erosion overlays so that we are not –

Colleen PETERSON: Again, we are very alive to the challenges around climate change and the impact that that will have, particularly on coastal communities. So yes, we are working to look at a range of planning tools. There are erosion overlays in place at the moment, and I cannot see why they could not be implemented. Again, regional hubs are there to help support rural councils and regional councils in implementing those tools.

The CHAIR: I might just jump in here. You mentioned about 15 years supply and that some councils are at seven to eight. What impact does limiting or only having seven to eight years of supply available have on price as an entry point, particularly for first home buyers? Does having additional supply mean that prices for land are more affordable?

Colleen PETERSON: Without being an economist, the general wisdom is that, yes, more supply does generally create more affordable housing. Fifteen years supply of land has been in the Victorian planning provisions for probably 20 years. It is a fundamental principle around providing supply of land. It was really brought in when we brought the urban growth boundary in – I think it was in the early 2000s – so there is a direct connection between the two. So yes, I think it is fair to say in places like Geelong, for example, where we do see about half that 15-year supply available, we now see the price of land is on par with the price of greenfield land in the western growth corridor of Melbourne. I think it is fair to say that there is a correlation between supply and price.

The CHAIR: Is there a role for state government to play in ensuring the 15-year land supply is not enforced but made available?

Colleen PETERSON: The short answer is yes. I think it is, though, not as simple as the state government coming in and taking control. I had a meeting with the City of Greater Geelong on Wednesday on this exact issue. The City of Greater Geelong are somewhat unusual in that they themselves are the planning authority for their greenfield land. While the VPA take responsibility for planning their employment precincts, such as Avalon, the City of Greater Geelong want to have and have ownership over the planning of their PSPs. There is planned land in Geelong that will provide for I think another 110,000 people. There is a vision that will enable that land to come on line, but the PSP process that actually zones it and enables it to be brought to market is lagging behind. That is a conversation we are having with the City of Greater Geelong. We have again offered to them to take advantage of the expertise of the VPA to either work in partnership with them or perhaps take on some PSPs while council delivers other PSPs. I think it is fair to say that the government is reluctant to sweep in and take over that role from the City of Greater Geelong. We do want to respect the City of Greater Geelong's autonomy in planning for its own people, but ultimately we do need to make sure that the supply of land is in play. There is a PSP that I think next week will start a special advisory committee process to unlock land. I think that once we get some consensus about how that particular PSP is unlocked, that should facilitate and speed up the unlocking of other precincts. Is that fair to say, Dean?

Dean ROCHFORD: Yes, definitely. We certainly, as I said earlier, see the regional councils as key partners, but we are often invited in when they feel they do not have the skills or resources to do that. We are usually very receptive to those requests. As Colleen alluded to, it is very different to our role in the greenfields, the actual growth area designated councils, where we are designated as the planning authority.

The CHAIR: If the committee would give me licence for one more: how does this impact on the 70–30 greenfields split in terms of what *Plan for Victoria* is outlining? Are they in conflict?

Colleen PETERSON: I think it is fair to say that the 70–30 split is a very Melbourne-centric target. The targets in regional Victoria do not have that 70–30 configuration except for Greater Bendigo. Greater Bendigo has through its own managed growth strategy had a 70–30 aspiration for some time, so the housing target figures for Bendigo reflect that council-led aspiration for Geelong. In Ballarat from memory the split is more 60–40, and then for other regional areas there is no target between greenfield and infill given. I think it is fair to say that we see that 60–40 as an aspirational target. Typically it has been more 50–50, but we do want to see and empower particularly Geelong and Ballarat to encourage higher rise development within their established areas. Geelong, for example, benefits I think from four or five train stations within its established urban area. I think the City of Greater Geelong themselves acknowledge there is great opportunity for more densification around those nodes. In Ballarat as well there are obviously opportunities in the station and in and around Ballarat in its urban core, and we are starting to see more urban-style development occurring. I know Nightingale have done a five-storey building in Ballarat. That is the commencement of a new narrative for a vibrant, more dense inner Ballarat.

The CHAIR: Was there a last question? Our time is up.

Wayne FARNHAM: Mine would go to –

Colleen PETERSON: I think Wayne and I are going out for coffee.

Wayne FARNHAM: We are going to go out for a very long lunch.

The CHAIR: Thank you very much for your time. It is an area that our committee is incredibly interested in. I have just got to check if I have got anything formal to say. Thank you for making the time to participate in the inquiry. If you would like to provide any additional information or responses to the questions taken on notice, please speak to the secretariat. We really do appreciate you appearing before us and providing such strong answers to our questions. Thank you very much on behalf of the committee.

Witnesses withdrew.