

T R A N S C R I P T

SELECT COMMITTEE ON VICTORIA PLANNING PROVISIONS AMENDMENTS VC257, VC267 AND VC274

Inquiry into Victoria Planning Provisions Amendments VC257, VC267 and VC274

Melbourne – Tuesday 29 April 2025

MEMBERS

David Ettershank – Chair

David Davis – Deputy Chair

Ryan Batchelor

Gerogie Crozier

Michael Galea

Sarah Mansfield

Bev McArthur

Aiv Puglielli

Sheena Watt

WITNESSES

Andrea Towson, Partner, Gadens,

Michael Meyer, Director, Urbis, and

Cath Evans, Executive Director, Property Council of Australia (Victorian Division);

Keith Ryan, Executive Director, Victoria, Housing Industry Association; and

Linda Allison, Chief Executive Officer,

Oscar Stanley, Board Member, and

Ashley Williams, Board Member, Urban Development Institute of Australia (Victoria).

The CHAIR: Welcome back to the Select Committee on Victoria Planning Provisions Amendments VC257, VC267 and VC274.

I would like to welcome our witnesses, and we will get those introduced shortly. Before we do that, however, can I just advise you that all evidence taken today is protected by parliamentary privilege as provided by the *Constitution Act 1975* and the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and say the same thing, these comments may not be protected by privilege. Any deliberately false or misleading statements to the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website. For the Hansard record, can you please state your name and any organisation you are appearing on behalf of? And we will start at this end of the table if I may.

Oscar STANLEY: Oscar Stanley from ABN Group.

Ashley WILLIAMS: Ashley Williams from Evolve Development.

Linda ALLISON: Linda Allison, Urban Development Institute of Australia (Victoria).

Keith RYAN: Keith Ryan from the Housing Industry Association.

Cath EVANS: Cath Evans, Property Council of Australia (Victorian Division).

Michael MEYER: Michael Meyer, Urbis.

Andrea TOWSON: Andrea Towson, Gadens.

The CHAIR: Can I just say at the outset on behalf of the committee, thank you for appearing today. Also, we are very conscious that this was on very tight timeframes, so we really do appreciate you making the time to join us today. I believe you are going to open up with a statement, so we will do that, and then we will throw it open for questions after that. Thank you very much. I believe the statement has been distributed as well to all of the committee members.

Linda ALLISON: That is right. Thank you, Chair. On behalf of everyone, I would like to acknowledge the traditional custodians on the land that we are meeting on and pay our respects to elders past and present. It is fairly unusual that the three industry organisations to issue a joint statement, but I think it is a testament to the strength of the importance of the issue that we are covering today, and also we do have a lot of common ground in terms of our respective positions on the proposed planning amendments. So I will just read out the statement, and really after that I am in your hands, Chair, in terms of the questions and discussion after that.

The Urban Development Institute of Australia, the Property Council of Australia and the Housing Industry Association welcome the opportunity to provide a joint statement to the Legislative Council Select Committee on Victoria Planning Provisions Amendments VC257, VC267 and VC274. The UDIA, property council and HIA on balance support the planning amendments. These amendments are an essential step towards creating a more predictable, efficient and transparent planning system that can meet the housing needs of Victoria's growing population. It is important that these amendments are embedded over the longer term to ensure policy certainty in planning that encourages the level of investment required to meet the state's housing needs, especially given the broader challenges impacting the development and construction sectors.

We emphasise the urgent need to increase housing supply and improve affordability across Victoria. The amendments will facilitate the development of diverse housing options, including higher density housing in well-serviced locations, which is crucial for addressing the current housing shortfall and ensuring that more Victorians have access to affordable homes. The introduction of streamlined approval processes such as the deemed-to-comply standards and the fast-track permit pathways will significantly reduce delays and provide greater certainty for developers. These measures will help expedite the delivery of new housing projects, reduce holding costs and encourage investment in the property sector.

We support the focus on developing activity centres and promoting transit-oriented development through the built form overlay in activity centres and the housing choice and transport zone in residential areas around activity centres. These tools will enable higher density development in strategic locations, leveraging existing infrastructure and services to create vibrant, well-connected communities.

We support the introduction of the new townhouse and low-rise apartment code under amendment VC267. This code is a significant enhancement for future housing delivery as it promotes quality, protects livability and makes more efficient use of underutilised land. By reducing red tape for medium-density typologies such as townhouses and low-rise apartments in well-located areas the code supports increasing housing choices and improving affordability.

We acknowledge the importance of community engagement and public consultation in the planning process. Clear communication of the benefits of planning reforms and involving local stakeholders will be crucial for gaining community support and ensuring the successful implementation of the amendments.

In conclusion, the UDIA, property council and HIA urge the committee to enable the successful implementation of planning amendments VC257, VC267 and VC274. These reforms are vital for addressing the housing crisis, improving the planning system and creating a more prosperous and livable Victoria.

The CHAIR: Lovely. Thank you so much. We will start doing some questions now, and I will open the batting. You said at the beginning of the statement here on balance you support the amendments. Could you identify for us things that perhaps you do not support or you have concerns about arising from the amendments?

Linda ALLISON: I think we would like to say that it is not a question of whether we support or do not support elements of it. I think that there will be considerations for implementation and for monitoring. In terms of issues that we might look to, for example, in VC267 in the townhouse context – and this is in our submission – there is maintaining council compliance with the code intent, making sure that the code is promoted and the spirit of the reform is actually adhered to and not attempted to be circumvented. One workaround for that, for example, would be some time codes attached to that. That is one of the areas going forward. We did touch on community engagement, and certainly for these changes we see community engagement as an important element for government to implement effectively. I should allow my colleagues to also have the opportunity to comment.

Keith RYAN: Thank you. Yes, on balance – look, these reforms are part of a journey, to be frank. We are going to be seeing more reforms of the planning system over time, and what is before this committee and what will continue to be put up as proposals, be it in the form of planning amendments or other regulatory instruments, will evolve. Yes, there are things that we could argue could be improved, and there could be greater clarity. We will also need to see these instruments tested. An important perspective from HIA's view is: government will make planning instruments; Parliament will make laws. Ultimately, though, industry, consumers and the public make decisions about how to actually apply those and make things happen. There

will be testing of the instruments, and over time there will need to be refinements as we learn from experience. No legislative instrument is perfect; some are less perfect than others. There is one tomorrow I will be looking at which is very different and much less perfect, but on balance this is a step forward. It gives hope to the industry and to the community that there is scope for improving the variety of housing stock. It is not about building high-rise towers everywhere; it is about giving more options, more flexibility and more opportunities for homes to be built.

The CHAIR: Thank you.

Cath EVANS: Broadly I agree with the comments of my colleagues. The areas that are light on at the moment, which we will be seeking further information about as these plans are further developed, are around detail about non-housing growth required within each activity centre, longer-term social and community infrastructure requirements, including catering for increased vehicle and pedestrian traffic and local employment opportunities through commercial and retail development. The 10 pilot plans at this stage are sort of light on around those issues, and we would welcome further insights as these plans are developed.

The CHAIR: Thank you. There are obviously multiple references there to this question of the journey and the potential for improvement and the need to monitor the rollout. The Auditor-General has expressed interest in this question twice now, in 2008 and 2017, and recommended the adoption of a monitoring consultation continuous improvement process. Do you have a position on those two recommendations from the Auditor-General? Or does that sound like a good idea to have that sort of an improvement framework?

Keith RYAN: I think, if I may start, in principle it sounds fine, but it seems a bit strange to be talking about it when I am here in a parliamentary committee where you have a political process being used to review an instrument and to review legislation. It may be of some value. I am not fully familiar with the details of the recommendations, so I cannot say too much, but I do not think we should be underrating the importance of the political process as well. It may just add an extra layer of discussion and consultation above what is already there. I think maybe at first glance it sounds reasonable, but it might just add a lot more delaying, a lot more confusion. I do not want to be disrespectful to the planning industry, but at times it seems it is more about having more chances to say no than to say yes, and I just fear that would add to that mix.

Linda ALLISON: If I may add too, I think in the discussions around these particular amendments and broader housing policy, the question is: what is the ultimate problem that we are solving for here? The ultimate problem is that we have a housing crisis. When we talk about, on balance, if we support these, we say yes, on balance, we do, because while we may not have planning amendment perfection here, our priority is actually to deliver more homes across Victoria so that people can live in the types of homes they want to live in in the places that they want to live. At the moment there is a huge disconnect between what people can afford, the types of areas that they want to live in and what industry is actually able to deliver. At the moment we say we are in the middle of the crisis – I am yet to meet anybody who disagrees with that – and that we need to be putting in measures to make it as easy to deliver homes for Victorians rather than creating more red tape or obstacles in the way to that process.

The CHAIR: Did you have a comment on the Auditor-General's report?

Cath EVANS: The industry need, first and foremost, certainty about how they can deliver more homes. What we have at the moment is a complex, inefficient planning system which does not provide that certain pathway for people to make investment decisions in this state. These recommendations clearly provide certainty on a pathway for developers to invest and know that they will have an outcome within a certain period of time. Those elements are critical – efficiency and certainty – and we believe that these amendments deliver on both fronts.

Oscar STANLEY: From an industry perspective, as a builder, that is absolutely at the core of our ability to take what we do affordably in the greenfield areas of Melbourne and bring it into the more established middle-ring suburbs. To Cath's point, if there was a constant evolution of the uniform design and that certainty, it becomes less and less feasible for us to play affordably, so we definitely support that.

The CHAIR: Thank you. Mr Davis.

David DAVIS: Chair, I just want to begin with Mr Meyer at Urbis. Is it a fact that Mr Sheppard has joined Urbis recently?

Michael MEYER: Yes, that is correct.

David DAVIS: And he did some work on the EFO-related matters on this?

Michael MEYER: I understand he did. He was responsible for some work in relation to the activity centres.

David DAVIS: We have got two of you here from Urbis who are part of a consultancy that has been involved. Am I wrong on that?

Michael MEYER: Mr Sheppard did have a role in preparing the activity centre –

David DAVIS: Do you think he should have declared a conflict of interest when he gave evidence earlier?

Michael MEYER: I did not observe Mr Sheppard's evidence, so I cannot speak to that.

David DAVIS: Should he have, given he was involved in writing some of these amendments?

Michael MEYER: I do not believe so, because I believe he was –

David DAVIS: You think he was able to come and give evidence and not tell us about his involvement?

Michael MEYER: Again, I am not aware of what Mr Sheppard said this morning.

David DAVIS: All right. We will leave that there. Thank you. I have just looked at this from the three organisations, and there is one three-letter word that does not appear on this: tax. Was there a decision by the three organisations to go soft on the government on tax? Are you rolling over nicely for the government on tax? I am deadly serious.

Cath EVANS: Our previous statements, our individual statements –

David DAVIS: I have seen those.

Cath EVANS: make very clear comments around the challenges in the sector at the moment in delivering housing due to the myriad of taxes and charges which burden the industry.

David DAVIS: Is it on this sheet?

Cath EVANS: That is very clear in our detailed statements.

David DAVIS: It is not on this sheet, though.

Linda ALLISON: It is not on the sheet because we were specifically addressing the three planning amendment changes. Obviously our –

A member: It is in relation to the inquiry, isn't it?

Linda ALLISON: Yes, that is right.

David DAVIS: Yes. Good. Thank you.

The CHAIR: Please continue.

David DAVIS: Just to continue on a couple of these points, what I would also be interested to know is: has there been any consultation with the Premier's office – by any of the three organisations – prior to this hearing? Have any of you spoken to the Premier's office?

Linda ALLISON: Not the Premier's office on this matter, no.

David DAVIS: Ms Evans?

Cath EVANS: In relation to this particular inquiry?

David DAVIS: This particular matter, the inquiry. Please be very truthful; you are under oath. The answer is yes, I think.

Cath EVANS: No, I am trying to reflect on the phone calls that I have received and whether they have been from the Premier's office or not.

Keith RYAN: Sorry, can I just maybe – I did, when the inquiry was first announced, get a phone call from the Premier's office telling me it was happening, and that was fine. It was good to get the heads-up that that was happening. I then had a chat to one of your colleagues, Richard, and I expressed our concern that we felt this was not a great inquiry, but we understood why you had chosen to go ahead. But that was the end of my discussion with the Premier's office and, for that matter, the Liberal Party.

David DAVIS: So, Ms Evans, just on reflection you have had –

Cath EVANS: My recollection is of being notified by the Premier's office. I have not had a discussion –

David DAVIS: Who did you talk to? You can come back to us with the details.

Cath EVANS: I would have to check my notes.

David DAVIS: Thank you.

Cath EVANS: I do have notes of my conversations, and I would have to check them.

Linda ALLISON: For clarification, my interaction has been the same as Keith's. I was notified of the intention for the select committee to be established, but since then I have –

David DAVIS: What did they ask you to do?

Linda ALLISON: They wanted to make us aware of the potential outcome.

David DAVIS: What did they ask you to do?

Georgie CROZIER: Potential outcome?

Linda ALLISON: They asked us to consider whether that was an outcome that we would support and if –

Georgie CROZIER: What is the outcome? What is the potential outcome?

David DAVIS: What did they ask you to do?

Linda ALLISON: Sorry, let me be clear: they notified me of the intention to establish a committee and what that process may entail, which I was not previously familiar with, and asked if the potential delay of the introduction of these amendments would be something that the industry would be in favour of or not.

David DAVIS: Were any drafts of the activity centre proposals shared with any of the three organisations?

Linda ALLISON: Do you mean in the lead-up to –

David DAVIS: Yes, lead-up to the gazettal.

Linda ALLISON: I believe there were – I would need to take advice on that, but industry was consulted.

David DAVIS: Mr Ryan?

Keith RYAN: There was some consultation. To be frank, I was understaffed with planning people at the time, so it is possible we were advised of a process, but we did not participate to any great extent. I do not believe we were actively involved.

David DAVIS: Ms Evans?

Cath EVANS: My recollection, and again, I would have to check my documentation, is that we were asked to provide formal feedback to the draft activity centre plans, which we did, and we have shared that documentation with this committee.

David DAVIS: All of the documentation you provided to the government?

Cath EVANS: We have, as it relates to these matters, yes. The proposal we did on activity centres, we have provided. We also provided a written submission in relation to the townhouse code. We have not annexed that to our submission today, but we are happy to.

David DAVIS: Can you provide to us all the material that you sent to government on these matters? That would be helpful.

Cath EVANS: Absolutely, happy to.

David DAVIS: It is important because I think many in the community were not consulted, and industry appears to have been more heavily consulted than the local communities. I ask you further, the three of you: did any large corporate members who would benefit from government incentives on build-to-rent have any input into the organisation's position on activity centres?

Keith RYAN: No.

David DAVIS: Ms Evans?

Cath EVANS: The division council of the property council, which is akin to the board of the property council, does have several members. The local board is called the division council. It does have several members who have build-to-rent assets. Our usual process is to provide our division council with a copy of submissions that we are providing to government for any formal processes.

David DAVIS: Did they help with framing the submissions?

Cath EVANS: For their consideration?

David DAVIS: For framing the submissions, did they help with that?

Cath EVANS: Those documents, as per our usual process, are provided to them for their feedback and commentary.

David DAVIS: So they are provided. We might have a copy of those too, please.

Cath EVANS: The submission on activity centres has already been provided to you.

The CHAIR: We will have time to come back to that after a few more questions. Mr Batchelor.

Ryan BATCHELOR: Thank you, Chair. Thank you so much, all, for coming in today. We have heard evidence earlier today, and I think also in some of the contributions you have made, about the impact that uncertainty has on the industry – on the housing industry and on the development industry – and the challenges that delays have in terms of cost and escalation. One of the things we are grappling with as a committee is that the Legislative Council has before it a motion to revoke two of the three planning scheme amendments that are the subject of today, 257 and 267, which have the potential to be considered by the Parliament at its next sitting after this report is tabled. We had evidence given to us in our last hearing that such a revocation would probably be one of the single largest revocations of planning scheme amendments ever in Victoria. Given the importance that certainty has and the detriment that uncertainty has in terms of the housing industry and the development and building of new housing, what impact do you think that a wholesale revocation of planning schemes in this state would have on the prospect of getting more homes built for more Victorians?

Oscar STANLEY: I think we would just continue to call it the missing middle, from a builder's perspective. It will continue to not contribute to the crisis. We are inundated with demand for people looking to build houses in these suburbs. We explain the process they need to go through. We call them developers, but they are mum-and-dad investors, they are retirees and they are people whose nan has passed away and they want to build two

townhouses on the family block. As soon as you talk about VCAT, interest costs and the potential that the design we are designing has to be changed four times – these people are not developers and they are not comfortable with development risk, so they do not end up building. I think that there is the opportunity here. If we can go, ‘Mr and Mrs Smith, it is going to cost this much and we’ll have you onsite in six months; let’s go and pick some colour schemes,’ then they would proceed. We talk about developers, but actually when you look at it, they are Melburnians just looking to build houses for different reasons. For us, we do about 100 per annum in middle-ring suburbs. We could see that escalating over time due to the demand we already see, but unfortunately they do not proceed because of the complexity of the system.

Keith RYAN: Look, that is the feedback we get regularly from members who are looking at looking getting involved particularly in the smaller multi-unit space, and that is why we are so concerned about the prospect, particularly with the townhouse code but also with the other amendments, of having them revoked. This is a great opportunity for an industry that is currently on its knees. Our members are really struggling to get sales. Consumer confidence is low. There are a number of reasons for that. One of them is the uncertainty –

David DAVIS: Tax.

Keith RYAN: Tax is very much a matter, yes. In fact I have got this for you later. Tax is a critical problem, let us not shy from that, but so is planning and so are other parts of the building system. There is another Bill going before Parliament in a couple of weeks in the Council which in my view is pretty catastrophic for the impact on home builders’ business certainty. We are going to fight about that one, but we are also here supporting these amendments because we see these amendments as helping and providing some confidence and some hope, not just to builders but also to consumers, that there can be a way forward to get more affordable homes and get greater options. Townhouses are much more preferable to many members of our community than other forms of housing that could be imposed upon them. They should be given the chance to have that home built for them, so we would see any attempt to revoke particularly the townhouse code but also the other amendments as being a negative and providing yet another sign that Victoria is not really open for business when it comes to getting homes built.

Ryan BATCHELOR: One of the other options, as well as the wholesale revocation option, which is the one that is currently before the Parliament, is the potential for that to be amended to do some more targeted revocations to parts of the planning scheme amendments. From your perspective as people who look at trying to understand the rules before you make decisions, what are the consequences of picking the eyes out of some parts of the system?

Keith RYAN: It is that simple. As has already been pointed out, when you are running a business you do not have the luxury of waiting for a process to drag through. You have to make calls about where you invest your capital and where you spend your time and effort. Consumers have the same choice: do they even begin to dream that they might be able to get their block of land subdivided, maybe get a second home or maybe get a townhouse built? Those options are being turned off because of the great uncertainty. If these amendments become part of – and I will use this term deliberately – a political football, then it is not really great for the community. It might be nice for some, but quite frankly our members and the community deserve some certainty and not being forced to wait.

Ryan BATCHELOR: The consequences of that uncertainty, you think, would be delays in further house construction, but do you think there would also be cost escalations through greater risk and delay?

Keith RYAN: Well, if I may, there are delays in even starting to think about it because construction is really only part of the story. It is getting the approvals, getting the ability to get the project started and then starting to construct. You do not even get past that first base at the moment with a lot of projects. So what is being proposed here, if you do revoke or even partially revoke and then drag it through a long, drawn-out process, realistically – and I can tell you from our members’ experience – most members, as soon as they know it is going through a political process, switch off because they just know there is no point thinking about it and they might as well wait until it is all over. Any sort of decision to partly revoke is essentially a decision to put it on hold and make everyone wait.

Ryan BATCHELOR: Thanks, Chair.

The CHAIR: Ms Mansfield.

Sarah MANSFIELD: Thank you, Chair. Thank you for your submissions and for appearing today. You may be aware that this inquiry so far has heard some criticism about different parts of some of these amendments and concerns raised, particularly around VC267. Putting aside how it might be achieved, what are your thoughts on amending or adjusting that based on some of those concerns that have arisen, particularly around the exemptions to clause 65 and parts of 60 and a number of the issues around ESD requirements and how they are going to affect some councils who have previously had higher ESD requirements for tree canopy and vegetation. You may have heard some of those criticisms. What are your views on potentially adjusting some of those things within VC267?

Michael MEYER: Sorry, I just want to clarify the matter. It was ESD –

Sarah MANSFIELD: ESD, vegetation, tree canopy, and also there is quite an extensive list of exemptions – clause 65.

Michael MEYER: So from the decision guidelines that would typically apply – I will talk to that last matter first. The decision guidelines were one of the creators of great uncertainty during the application process, because as part of those decision guidelines, any other relevant matter was able to be considered. As part of the planning application process in a townhouse application that did create a great degree of uncertainty for any applicant, because matters that were not even specifically within the planning scheme were able to form part of the consideration of an application. So the use of the decision guidelines did create a degree of uncertainty and allowed for the application of localised provisions that had not gone through the tests of a planning scheme amendment to be applied to a planning application. An examples of that is localised flooding, which was applicable during the building phase. So those matters would still be considered appropriately during the building permit phase but were unknown to the public and often did not have the correct planning scheme instruments implemented, which created a great degree of uncertainty and frustration in the system for many applicants.

Just to turn to the ESD query that you raised, it is my view from the matters that have been included in the Townhouse and Low-rise Code that it has sought to standardise and make those matters objective. Given that it provides a number of very clear outcomes that need to be achieved in order to comply with that provision, that does not mean applicants cannot proceed beyond that level. However, it provides a very clear level of compliance to meet what will be the benchmark. It also relies very heavily on the NCC with a 7-star minimum energy rating for a building which does incorporate a number of the things that the previous ESD standards would have required in a townhouse-style application, that being matters to do with obviously the energy efficiency of the dwelling.

Other ESD matters that may not be picked up commonly, given they do not fall under the heading of sustainability: many of the livability standards which been brought across from the *Better Apartments Design Standards* do enhance the overall sustainability of a dwelling. So these provisions in the Townhouse and Low-rise Code bring in things that have never been evident as part of a townhouse development before. There are now considerations for relevant cross-ventilation to be required. There is greater consideration for room depth to ensure daylight is able to penetrate into the main living areas and the main habitable rooms of a dwelling.

The ESD provisions have sought to be implemented in an understandable and objective matter in these provisions, because, as you noted, some councils had different standards that they required which were implemented through local policies, but that did create a great degree of uncertainty across the state, depending on which council a proposal was made within. So providing that standard and that standardisation does give the ability for there to be some certainty in what is expected.

Sarah MANSFIELD: Were you aware, for example, of that list of exceptions, like the clause 65 and the clause 6 and clause 60 exemptions, prior to their gazettal? Was that something that you had provided feedback on? You said you are supportive of that because it provides greater certainty, but where you aware of those before they were gazetted?

Linda ALLISON: I would have to take that on notice.

Cath EVANS: Me too.

Sarah MANSFIELD: Okay. You said you had provided feedback to the government about some of these changes, so were there things you sought to have included in something like this townhouse code?

Cath EVANS: I would have to check the series of events. My recollection is that we received the draft planning scheme amendments, as did the rest of the community, and provided feedback.

Sarah MANSFIELD: Part of the reason for my asking that question is my understanding is that councils and many in the planning sector had not seen those parts of these planning scheme amendments until after their gazettal, so I was just curious as to whether you had any oversight of them.

Cath EVANS: I do not know what the overall distribution was, so that is not something I am aware of, sitting here now.

Sarah MANSFIELD: That is okay.

Bev McARTHUR: You were privy to more than most.

Sarah MANSFIELD: I just want to turn to affordability. That is something we have had a few discussions about. In the property council's submission there is a reference to the need for other measures to actually deliver affordable housing. They do not say exactly what some of those might be, but I am curious to understand whether these planning changes in themselves will deliver more affordable housing and what more you think needs to be done, particularly for those really low and very low income households.

Cath EVANS: I can make some comments about that, but I would also like our representative here from the development community, who has firsthand experience of bringing product to market, to make some comments around that. But certainly we have been very vocal in the public domain about the challenges with housing delivery at the moment in the current economic climate. Every single commentator, both nationally and at a state level, has talked about the increasing cost of capital and the rapid escalation in construction costs which have occurred over the past couple of years, which has been unprecedented, combined with an increased tax burden particularly in Victoria over the past decade for property taxes, which have continued to escalate and have put downward pressure on the ability to deliver housing stock. So what we have seen is input costs escalating, and input costs include cost of capital, cost of construction, materials, labour and the tax burden – taxes and charges – which are across the sector.

I have got some detailed work here for the committee which sets out the increases in taxes over the past decade both by way of new taxes for the industry and successive increases in existing taxes. This burden has made the delivery of affordable housing extremely challenging – and in many instances non-existent – because profitability cannot be delivered from investing in these products when you look at the cost combined with other input costs. That is what we are seeing at the moment. The ABS data for the December quarter was our worst since 2023. We built 1346 less homes in the December quarter, and we are very worried of course about this trend.

So whilst we see the amendments to the planning scheme as being very important for the long-term delivery of housing supply, we do not see them as being effective in the near term without further policy areas being attacked to try and improve the viability of construction. I might defer to my colleague here.

Ashley WILLIAMS: Thanks, Cath. I will just I guess reinforce what Cath has said, which is that these amendments by themselves do not really shift the dial on affordability. Affordability is only going to improve if there is a significant increase in the supply of products, whether that be sites or apartments or townhouses, coming through the system with appropriate planning approvals and then in the context of the economic conditions at that time the feasibilities then allow for those projects to go ahead. As Cath said, in the current economic conditions these changes by themselves will not make a difference. It is a suite of changes that are required, and it goes to taxation, it goes to consumer confidence, it goes to selection of sites and it goes in some detail to the conditions that apply to these amendments. A lot of those issues have not really been understood because the industry is waiting to see what the outcome of this process is.

Keith RYAN: If I could add one point to that, I think it is important to stress that the planning reforms do not by themselves obviously fix the problem, but at least if we do get other fixes coming through – tax reform, better regulation of the building industry, greater certainty about the availability of domestic building insurance

– they are a springboard to hopefully getting new homes started in the future. So whilst in isolation they do not fix the problem, if the problem is being fixed they become an opportunity for more homes to get built. That is why they are still important. They may not be the magic solution in isolation, but they are part of a package which will hopefully lead to improved conditions for the home building industry and more affordable housing and better consumer outcomes.

Linda ALLISON: Certainly there have been multiple reviews that point to the cost of red tape in the planning system, the most recent being the Productivity Commission's report on the impact of productivity in the construction sector. They named planning red tape as one of the hindrances there.

The CHAIR: Thanks. Ms Crozier.

Georgie CROZIER: Thank you very much, Chair. Thank you all for being before the committee this afternoon. In September 2023 in a media release from the then Premier, 'Affordability partnership to build 800,000 Victorian homes', it says:

... the Labor Government today signed the *Affordability Partnership* alongside the Property Council of Australia, Master Builders Victoria, the Urban Development Institute of Australia, the Housing Industry Association and Super Housing Partnerships.

Were you all there alongside the Premier when that was signed or just some of you?

Linda ALLISON: Yes. I was there.

Keith RYAN: We were all there.

Georgie CROZIER: So given that statement of building 800,000 homes, given your input from your submissions and that you talk about the property taxes, Ms Evans, that have been increasing and adding to the burden of being able to build homes in Victoria, when did you start this conversation with government about that statement? That is my first question. And when did you raise what you have just raised with the committee about the taxation, knowing that 800,000 homes is a huge demand? You said that these taxes have been a problem for a decade; we are over 18 months on and you are still talking about it. So I have got a number of questions here. I am just wondering if you can provide to the committee some insight into those discussions with government that you had about your concerns.

Cath EVANS: The property council's communication about the tax burden for the industry has been in the public domain for a considerable period of time, so I could not tell you precisely the date on which those discussions started to occur, but you could easily search media releases from the property council and see a longstanding discussion about the tax burden on the industry.

Georgie CROZIER: So why did you sign off and agree to building 800,000 homes when you knew it could never be achieved, then?

Cath EVANS: Being part of a conversation to assist Victorians in realising their dreams of home ownership is critically important. This is not a conversation we can have in isolation without engaging –

Georgie CROZIER: But that figure was misleading by the government, wasn't it?

Cath EVANS: With respect, the number was set by the government –

Georgie CROZIER: But didn't you push back on that?

Cath EVANS: It was not set by the sector.

Georgie CROZIER: But you all signed off on it. You all stood there with the Premier. You all signed off on it, saying, 'Yes, we can build these 800,000 homes,' knowing that there were taxation concerns – a whole lot of burdens. Why did you agree, standing there with government, when you knew it could never be delivered?

Cath EVANS: These targets, and I cannot speak on behalf of my colleagues here, are clearly important to meet the needs of our growing community. The industry has the expertise and capability to deliver. The

program of work around being part of this partnership is to reveal and discuss the extent of the challenges that are in the sector, with the intention of mobilising government to help meet those targets.

Georgie CROZIER: So given the reality of what we are faced with, given that it is over 18 months since you stood with government and signed off these targets, what do you think is the true figure of homes that can be built? What is a revised target that you think is realistic now, given that you have highlighted all these concerns and barriers?

Keith RYAN: I do not think you can really set a target.

Georgie CROZIER: You are still with the government; you signed off on it.

Keith RYAN: Sorry, may I finish? Look, a target was there as an acknowledgement of the need to increase housing supply. There was a clear view from most industry associations, I believe, and certainly from HIA, that before then, the Victorian government was not necessarily accepting that housing supply was a big problem. By setting a target, they were doing so; they were acknowledging that they needed to increase supply. Yes, of course we knew it was ambitious. We know that traditionally Victoria has so far managed to get to 71,000 homes in one year, and that was a good outcome. And possibly, if we grow –

Georgie CROZIER: Did the government mislead the Victorian public by setting such an ambitious target – an unrealistic target?

Keith RYAN: Well, I am not aware of what the government's mindset was when they said that.

Georgie CROZIER: You were in discussions with them. You were talking about the concerns, yet you stood with them and signed off, so you must have had concerns around that target. They did mislead Victorians, didn't they?

Keith RYAN: No. I am not going to say they misled. I do not know what their intent was. But certainly from our perspective the target was part of a broader package to say, 'We need to accept that we need to increase the housing supply.'

Georgie CROZIER: But that could never be met.

Keith RYAN: Well, if you want to be defeatist –

Georgie CROZIER: No, I am not defeatist, I am a realist. You and the government have misled the ambitious target, I would contest, given you stood with government and said 800,000 homes can be built – they cannot.

Keith RYAN: At this stage, unfortunately, with the way things have gone, it is looking like 800,000 in a 10-year set will not be reached.

David DAVIS: You will be lucky to get to 60.

Keith RYAN: Do you mean per year?

Ryan BATCHELOR: We had 60,000 last year.

Keith RYAN: Well, look, we may get better.

Cath EVANS: Clearly our position is that, unless something changes, we are going to continue to drag, in terms of delivery. So these amendments that are being put forward, which are the purpose of this inquiry, are to look at initiatives and policy changes that will help mobilise supply.

Georgie CROZIER: But that statement was 18 months ago, not yesterday.

Cath EVANS: There is a process, as everybody in this room knows, for delivering legislative change. Everybody understands that. It is not something you do literally overnight. This has been a program of work to bring forward changes to the planning scheme to enable the sector to deliver to these targets.

Georgie CROZIER: Well, do not blame the inquiry. It was 18 months ago.

The CHAIR: Okay. We are going to move on, thank you. Ms Watt.

Sheena WATT: Thank you. I have a question particular to VC267 and the townhouse code. I am not defeatist about our ambition to build more homes for more Victorians, but doing some reflection on the code before us, I am interested to know if you have any industry perspectives on the change of the old ResCode standards to what we have got now. What will we see in terms of time savings with developments? Does anyone have any reflections on that or any research that has been done?

Oscar STANLEY: I can absolutely speak to that, yes. This is obviously across a wide variety of municipalities: our dual-occupancy permits on average take over 12 months, and this would obviously be a lot quicker. Our products already comply under the proposed changes, so we have got product that would be ready to put into market that is compliant with what is proposed. So it would be at least six months saving in time. There is obviously a cost associated with that, but I think – and we have spoken about it – the certainty around the outcome is actually as important, if not more, to get Victorians building and investing in housing again.

Sheena WATT: I am interested, because we are hearing a lot about councils throughout the inquiry, do you have any perspectives on what the impact of allowing council discretion when assisting applications for housing projects actually delivers with respect to confidence and supply?

Oscar STANLEY: Absolutely. I mean, if I ask this committee, as an example, what your view is on neighbourhood character, everyone would have a different view, and that just provides uncertainty, obviously. I am not a planner, so I am probably crossing over Michael's space here, but I know with the applications that we deal with it is the grey areas and the inconsistent application of the planning scheme across different municipalities that cause the problems. So once again, there is the certainty around having a product that you can put to market and know you can deliver – and we talk about prefabrication of housing. You know, this standardisation actually allows us to talk about that. At the moment we have got one floor plan that we manipulate 15 different times for 15 different municipalities. How can we possibly manufacture?

Sheena WATT: What sort of additional costs really, then, are borne by developers and ultimately reflected in the housing prices of having different councils have their own approach to assessing small-scale housing projects?

Oscar STANLEY: I could easily provide some feasibilities. I think the bigger issue that we are dealing with with this change is: do they proceed or not?

Sheena WATT: With that baseline question?

Oscar STANLEY: Yes. So I think there is absolutely a cost involved, and I am happy to provide some examples of that, but you are talking tens of thousands of dollars by the time you take into account holding costs, changes to the design through council, and obviously, if you go to VCAT, once again there are the time and legal costs associated with that.

Linda ALLISON: And I think, to your earlier point, Oscar, that generally speaking in Melbourne the people who are developing townhouses and dual occs are not large development companies.

Sheena WATT: Like you mentioned earlier.

Linda ALLISON: Yes. They are small businesses or mum-and-dad investors.

Sheena WATT: Just with respect to that, I wanted to go to third-party appeals. What I am hearing anecdotally at least is that appeals are more common in areas of higher socio-economic circumstances. Do you believe that third-party appeals are being used in a way to minimise the number and types of people moving into an area?

Oscar STANLEY: I might refer to the planner on that one.

Sheena WATT: I am happy to hear from whoever those on the panel think appropriate.

Ashley WILLIAMS: I could perhaps give you my experience over more than 20 years of seeking planning permit approvals. There is no doubt that VCAT and third-party appeals are used as a tactic to delay or to frustrate the outcome of a planning permit application, and some of those delays are upwards of 18 to 24 months. Clearly that has an impact on the cost and the feasibility.

Sheena WATT: In particular areas is there more –

Ashley WILLIAMS: Traditionally most of those applications have been in inner-ring suburbs because that is where the market demand has been for those types of dwellings previously. I do not know that the correlation necessarily is as you suggested, but historically it has certainly been more in activity centres of some sort of economic –

Sheena WATT: At an LGA level we have seen that growth in some LGAs has far, far outstripped others. When I think about our previous witness, we had in the hundreds of per cent in, say, Melton and Wyndham and then 28 per cent or something in Bayside, so there are clearly some challenges.

Ashley WILLIAMS: I do not know the stats, but if you went to Werribee and saw how many VCAT applications there were compared to Stonnington, I think it would be quite a different balance.

Sheena WATT: I appreciate that. I was going to ask: do you see some suburbs and some areas of Victoria facing less challenges to having development approved?

Ashley WILLIAMS: Our experience has been that the greenfields and the outer-ring suburbs are generally more supportive and open to growth and development, so there seems to be through the current system less resistance. That is certainly not the case in the inner- and the middle-ring suburbs.

Oscar STANLEY: I just would not mind linking the growth area zoning and the ability to use the Small Lot Housing Code. From a builder's perspective that is exactly why we can build houses so affordably out there, because of the repeatability of what we do and the reliance upon certainty.

Sheena WATT: And having to factor in potential challenges and project costs.

Oscar STANLEY: Essentially this is bringing that code into the majority of Melbourne. The missing middle has not been contributing, and this would definitely help.

Sheena WATT: I appreciate that. That is all my time, Chair. Thank you very much.

The CHAIR: Thank you, Ms Watt. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, team, for appearing. Ms Evans, did you have any conversations with Minister Kilkeny prior to this inquiry?

Cath EVANS: No, not with the minister.

Bev McARTHUR: With Natalie Reiter from the department?

Cath EVANS: I did on 7 March to wish her well in her new role.

Bev McARTHUR: Stuart Moseley from the Victorian Planning Authority?

Cath EVANS: I have met with him in relation to building reform matters.

Bev McARTHUR: Jeroen Weimar – Commander Weimar – from the Department of Transport and Planning?

Cath EVANS: I have not spoken to him for several months now.

Bev McARTHUR: Which major developers would you have listened to, for instance, Mirvac, Lendlease, Frasers?

Cath EVANS: There are representatives from all of those businesses on the property council's division council.

Bev McARTHUR: What extra attention did they get in your proposal to support these amendments?

Cath EVANS: As I said in my earlier statement on this matter, all submissions that the property council provide to government or other entities are circulated to division council members prior to being made available to others.

Bev McARTHUR: Can you provide the reports that they provided to you to give to government to us?

Cath EVANS: Absolutely.

Bev McARTHUR: Great.

Cath EVANS: They are publicly available. Most of them are on our website – they all are.

Bev McARTHUR: I want to go to infrastructure contributions now, Ms Evans. Building houses is one thing, but having infrastructure to service these communities is absolutely another. So similar to your consultations – somewhat secret – with government on the activity centres, are you aware of any consultations underway regarding reforms to developer infrastructure contributions?

Cath EVANS: I would have to take that question on notice.

Bev McARTHUR: Why? You surely must know one way or the other.

Cath EVANS: I have to evaluate my obligations in relation to answering that question.

Bev McARTHUR: So you will provide us with a detailed answer on your discussions with government over developer infrastructure contributions – your position?

Cath EVANS: As I said, I would have to take that question on notice.

Bev McARTHUR: Will you be giving us the information about what conversations you had in regard to that?

Cath EVANS: I will be giving you information as to whether or not I can share information with you.

Bev McARTHUR: So you can confirm that you had discussions concerning developer infrastructure contributions?

Cath EVANS: I am not confirming nor denying for the purpose of this answer right now.

Bev McARTHUR: Well, we will take that as a –

A member interjected.

Bev McARTHUR: Yes – you are not proposing to withhold information from this committee, are you?

Cath EVANS: I have to evaluate my legal obligation before answering that question.

Georgie CROZIER: This is a parliamentary inquiry.

Bev McARTHUR: You are under oath here.

David DAVIS: You can provide evidence here. No evidence here is reviewable in a court of law.

Georgie CROZIER: Parliamentary privilege. You have got privilege.

Bev McARTHUR: You can answer the questions here.

David DAVIS: Just be truthful.

Keith RYAN: I think, to be fair, it is a bit unreasonable to expect her to answer the question without having proper advice as to her rights, and I would take the same stance.

The CHAIR: Moving on.

Bev McARTHUR: You have detailed in your submission, Ms Evans, that high interest rates, caused largely by federal and state government expenditure at a rapid rate, rising construction costs –

The CHAIR: I think there is some verballing there.

Bev McARTHUR: caused largely by –

Cath EVANS: That is not set out in our proposal.

Bev McARTHUR: These are the aspects that you said are contributing to the fact that housing is not being built.

Cath EVANS: It was not linked to government infrastructure expenditure.

Bev McARTHUR: Well, we know how high interest rates emerged, don't we?

Cath EVANS: I did not state that in my proposal. I did not link those two issues together in my proposal.

Bev McARTHUR: We have got high construction costs, which are hugely a result of the CFMEU in this state and the government's Big Build projects, which are absolutely out of control, over budget everywhere – absolutely exponentially adding to the cost of construction, let alone the shortage of supplies – excessive red tape, you have mentioned. There is massive not only red tape but green tape, but there are also cultural heritage assessments, which are really an issue for many developments, aren't they, Ms Evans?

Cath EVANS: There are many impediments to the delivery of housing supply –

Bev McARTHUR: Cultural heritage assessments being one major one?

The CHAIR: Mrs McArthur, I appreciate you have got some advocacy.

Cath EVANS: which relate to a multitude of referral agencies.

The CHAIR: Hang on a second. If you want to ask any question, that is cool.

Bev McARTHUR: I have just asked it.

The CHAIR: I think you need to let the witness answer the question, okay?

Bev McARTHUR: I will ask her.

The CHAIR: Please continue.

Cath EVANS: There are a number of impediments to the delivery of housing supply by a range of entities which are involved in the planning process before a planning application is shovel ready, as is said. Those inefficiencies across the system relate to many entities for which we have set out in various forums and submissions to government to be addressed.

Bev McARTHUR: We know that many developments have been approved by councils. Councils are not holding up developments, but they are not going ahead because of these costs. There is no way they can go to market. Is that not the case, Mr Stanley?

Oscar STANLEY: Costs are absolutely part of the problem, which comes to tax and all sorts of inputs into the process, but time is one of them and certainty is certainly another, so I feel like what is put on the table helps deal with that.

Bev McARTHUR: So there are thousands and thousands of houses that have been approved but are not going ahead because nobody could provide a market for them.

The CHAIR: We might stop it there. I think that was a rhetorical question. Mr Berger, please.

John BERGER: Thank you, Chair. Thank you all for your appearance today. Linda, I wonder if I could direct this to you. It is in relation to the impact of the urban sprawl. Do you see that as one of the broader challenges that we are facing right at the moment?

Linda ALLISON: I think that there is a little bit of debunking of the concept of urban sprawl, if I may. There is a set urban growth boundary around metropolitan Melbourne that is enshrined in legislation, and there is no indication that that is likely to move in the short, medium or long term. We know that there is a very strong proportion of the Victorian community who want to live in a detached home or a semidetached home in the newer communities of metropolitan Melbourne and also in regional Victoria. Our overarching policy around housing supply is that we need supply in the various markets that the industry can deliver, whether it is in the greenfield context, whether it is medium density in our established areas or if it is more intense development in activity centres.

John BERGER: So do you agree with the 70–30 split?

Linda ALLISON: Our policy is we support the 70–30 split, noting that that has been government policy for some time – decades – and it is yet to be actually realised in Melbourne. I think there are a number of reasons for that, but at the end of the day it really comes down to housing choice. We want to facilitate the delivery of housing and the type of housing that people want and in the locations that they want too. For people who want to live in established Melbourne who are currently locked out of being able to do that, we want to see policy measures that address that, but we also see that 30 per cent of overall housing supply is a significant number and we also wish to see policies that support and facilitate that.

John BERGER: What would our cities and towns look like if we do not deal with the urban sprawl?

Linda ALLISON: I am not sure I understand your question about dealing with urban sprawl in particular.

John BERGER: If we keep expanding, what are the cities and towns going to look like if we just keep going out?

Linda ALLISON: The idea that we can go out indefinitely is not possible. As I said, there is an urban growth boundary. There is obviously the need to make sure that our newer communities in Victoria have the infrastructure provision that is necessary. We all know examples of where that has not happened. And I would put to you that trunk infrastructure delivery is the responsibility of state government. The development industry provides considerable contributions to infrastructure, but it is the state's responsibility to deliver trunk infrastructure such as major road duplications, schools and other facilities.

Bev McARTHUR: That is where the windfall gains tax should go, isn't it?

John BERGER: Mrs McArthur, I think that is my question, not yours.

Bev McARTHUR: I am just helping you, Mr Berger.

John BERGER: Well, you are not very helpful at all. Do you think the reforms encourage more homes to be developed in the city areas where there is developed infrastructure?

Linda ALLISON: These reforms in particular that we are talking about? I think to the earlier conversations, they will help. There has been obvious analysis of the need to improve planning red tape. So, yes, we see them as a part of the picture. But to earlier comments, without the right tax environment, particularly for Victoria, it is going to be extremely difficult to see feasibility improving in the short term. I note that the number and the increasing volume and cost of tax in Victoria is an extreme detriment to 'brand Victoria', if you like – Victoria as an investment destination for property – and we certainly would like to see considerable reform in tax.

John BERGER: Doesn't it follow that if there is certainty in planning and things of that nature, there is a lot more confidence in wanting to do more building in Victoria?

Linda ALLISON: It certainly has a big impact on confidence, and I think that that goes again to Oscar's examples around the types of people who are looking to access particularly townhouse and medium-density

development. Confidence is really important. Confidence for investors is important and consumer confidence; they are currently two missing pieces of the housing affordability puzzle.

John BERGER: Then that would encourage more diverse housing?

Linda ALLISON: That is what we would hope to achieve, yes.

John BERGER: Oscar, I see you are nodding there. Have you got an opinion on it?

Oscar STANLEY: Absolutely. I think the types of products that we look to deliver under this code certainly are diverse and very different to what those middle-ring suburbs currently look like. We are taking an old 70s home and turning it into two new homes that are way more sustainable, affordable and livable. I just feel as though if we get the Melbourne economy supporting that and not relying on government to deliver affordable homes, we should be letting the industry take its share of the burden, because at the moment it is very difficult for us to operate in these suburbs under the current complex systems.

John BERGER: I think I have got 12 seconds left. I suppose, Michael, in terms of planning, what is your view on diverse housing?

Michael MEYER: These provisions, firstly, provide a clear standard around housing diversity once developments reach a certain size, which is something that provides very clear direction and guidance. There is a pathway, a deemed-to-comply pathway, in these standards that you do not have to take, but if you choose to take it, there are benefits to it. Those benefits are that if you meet those provisions you can provide a greater diversity of housing that otherwise may not have been in the favour of those around the site in particular. So by providing that option to an applicant it does allow flexibility and greater opportunity for housing diversity to be provided.

John BERGER: Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Berger. We have got a bit under 10 minutes. We will do some quick rapid-fire questions, and we will share that around. I might just start off. Ms Allison, you made a comment about non-housing growth and infrastructure in one of your early questions way back when.

Linda ALLISON: I think that might actually been Cath, from the property council – non-housing-type – but please –

The CHAIR: I am going to be a wild and crazy dude and talk about the planning scheme amendments that are the terms of reference. Do the suite of planning amendments that are before us adequately provide particularly, I suppose, for social infrastructure and public open space? It seems like there is a lot of stuff about what we are building and suchlike on a lot-by-lot basis, but perhaps not so much in terms of what happens when we want to do place making and place management.

Linda ALLISON: I might defer to our planning experts if I am able to.

The CHAIR: Yes, absolutely.

Michael MEYER: In the aspects of the activity centres I am making an assumption that you are referring to – public open space, because public open space contributions obviously form part of the subdivision process when it comes in particular to the townhouse provisions – they will apply to existing urban areas where open space is already in place. However, any subdivision of greater than two lots is required to provide a contribution, which will be provided to the relevant local authority to further invest in future public open space or enhancements of existing open space. In other examples of the activity centres – in particular those activity centres that applied existing strategic work that had been done by councils – there is explicit provision for open space within those activity centres that have been identified.

The CHAIR: Thank you. Perhaps just a quick one: Ms Evans, you referred to consultation with government about activity centres. I take it that would have been in the context of the newly proclaimed –

Cath EVANS: The 10 pilots.

The CHAIR: The 10 pilots – so this was some time ago?

Cath EVANS: Yes. When the draft planning scheme amendments were put out we provided a formal response to that, which is part of our submission to you today. We gave you a copy.

The CHAIR: Okay. So that is not the actual local area schedules that we have just been –

Cath EVANS: No.

The CHAIR: Okay. Thank you so much. Ms Crozier.

Georgie CROZIER: Thank you, Chair. Could I follow on from Mr Ettershank's question. In your submission – 'Property council submission on draft activity centre plans' – you say:

A flexible approach to managing residential outcomes is vital for ensuring that development is appropriate and sensitive to the local context. Further detail is needed on how the proposed changes will address place-based constraints and opportunities. For example, will there be mechanisms in place to allow for adjustments in built form controls based on heritage considerations, environmental factors, or community preferences? Additionally, how will infrastructure capacity, such as transport networks and utilities, influence decisions about residential density and built form outcomes in catchment areas? These critical questions must be addressed to ensure that the proposed changes lead to successful and sustainable outcomes.

So, given your answer to Mr Ettershank, can I ask: do you believe those critical questions have been addressed?

Cath EVANS: The property council has not been involved in the community consultation process to develop site-specific –

Georgie CROZIER: But this is to government.

Cath EVANS: That is right.

Georgie CROZIER: Do you believe the government has done that?

Cath EVANS: I cannot answer that question because the property council has not been involved in the community consultation process as it relates to specific areas to take into consideration those factors that we have raised. We have simply put it out there to say these are issues that need to be addressed at a local level with the designated activity centres.

Georgie CROZIER: Thank you. That is exactly why this committee is going ahead – because they have not been addressed.

The CHAIR: Okay. Thank you. Ms Watt.

Sheena WATT: Thank you. I want to go back again to VC267 and apartments, with a particular interest in sustainability and solar uptake. As you know, Victoria has some very ambitious targets when it comes to our renewable energy uptake across the state, and there are some changes that have been included in VC267 with respect to enabling more solar. Can you talk to me about the interest and enthusiasm of developers for solar-ready and solar-enabled developments? Is there significant demand for this? Is this something that consumers are after? I am just wanting to know.

Ashley WILLIAMS: From an apartment point of view?

Sheena WATT: For apartments, and I am talking particularly about medium density.

Ashley WILLIAMS: Environmental performance and environmental initiatives are elements that people consider when they look to purchase an apartment. It is not a massive driver for their decision. More so are price point, location and size of the apartment, but most developers would naturally look to take the opportunity to install environmental initiatives such as solar panels on common area rooftops, and generally those solar panels feed back into the common area circuits, so the hallways and the lobbies and the car parks.

Sheena WATT: Lighting and security.

Ashley WILLIAMS: Lighting and security – so I would say that that is a common feature of new apartment developments. It has been, in my experience, for probably the last 10 years.

Keith RYAN: If I may, it is probably also driven to a large extent by the National Construction Code and the requirements in that for greater energy efficiency. They probably have more influence on what is being built than necessarily consumer demand just for environmental reasons, but that is probably important as well. But ultimately the National Construction Code, which is part of the building regulation system, already has quite tight requirements – arguably too tight in cases – to meet environmental efficiency requirements and energy efficiency, and it probably has more to do with what is being built at the moment in that area.

Oscar STANLEY: I would support that. One hundred per cent of our homes post the changes have solar as standard. It is certainly not driven by customer demand. In the affordable space it is just not a priority, is the reality.

Sheena WATT: In the affordable end of the market?

Oscar STANLEY: Yes. For first home buyers we have offered solar for years as an upgrade selection, and less than 5 per cent choose it, but with the changes to NCC going to 7-star we are putting it on 100 per cent of homes, and that will be what is delivered here.

Sheena WATT: That is what I was hoping to get to. Thank you very much.

The CHAIR: All right. I think that is a wrap. Firstly, thank you very much to all of you for coming along and for your thoughtful presentations and submissions and making time to see us on very short notice. That is genuinely appreciated. You will receive a copy of the transcript from today's proceedings for review shortly before it is published on our website. The committee will now take a break and will return at 3:10. Thank you, everyone.

Bev McARTHUR: Chair, I would also note that there were questions taken on notice. They will need to be provided to us very quickly, because we are deliberating this week.

The CHAIR: Yes. If you could reply within the next 48 hours, that would be greatly appreciated. Thank you very much.

Witnesses withdrew.