

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 – Wednesday 30 April 2025

MEMBERS

David Ettershank – Chair

David Davis – Deputy Chair

Ryan Batchelor

Gerogie Crozier

Michael Galea

Sarah Mansfield

Bev McArthur

Aiv Puglielli

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WITNESSES

Jonathan O'Brien, Lead Organiser, and

Ethan Gilbert, Co-Lead Organiser, YIMBY Melbourne; and

Daniel McKenna, Chief Executive Officer, and

Robert Pradolin, Executive Director and Co-Founder, Housing All Australians.

The CHAIR: Good morning, and welcome back to the Select Committee on Victoria Planning Provisions Amendments VC257, VC267 and VC274. Before we get the witnesses to introduce themselves I will just provide some advice.

All evidence that is taken today is protected by parliamentary privilege as provided by the *Constitution Act 1975* and 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 repeat the same things those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded and 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.

Could I welcome you today and thank you for attending on what I know is very short notice. For the Hansard record, can you please state your names and the organisations that you are appearing on behalf of.

Daniel McKENNA: I am Dan McKenna, CEO of Housing All Australians.

Robert PRADOLIN: My name is Rob Pradolin, and I am Executive Director of Housing All Australians.

Jonathan O'BRIEN: Jonathan O'Brien, Lead Organiser, YIMBY Melbourne.

Ethan GILBERT: Ethan Gilbert, Co-Lead Organiser of YIMBY Melbourne.

The CHAIR: Terrific. Welcome. It is lovely to have you with us here today. We might just start out, if you could do maybe 10 minutes maximum, with some opening comments. Who would like to kick off first?

Robert PRADOLIN: I will kick off.

The CHAIR: Thank you, Robert.

Robert PRADOLIN: Thank you for the opportunity to come and present to the committee. My name is Robert Pradolin, Executive Director of Housing All Australians. Housing All Australians, for the committee's benefit, is a private sector initiative looking at housing and homelessness through an economic lens, because the private sector's voice has been missing in this whole discussion about Australia's housing context. We support the amendments for one very simple reason, which we can come back to: it is about time.

Bev McARTHUR: About what, sorry?

Robert PRADOLIN: Time, and I will come back to that. But let me give you a bit of a context of where we are coming from, because we are now a national organisation, and when I speak publicly about this issue, which I have learned about over my career as a property developer – I am a capitalist, but just because I am a capitalist it does not mean I do not care about the vulnerability of our people and the homelessness, which is all part of a housing continuum problem.

If we go back to the Morrison government, when they did a review of NHFIC, which is now called Housing Australia, they quantified the actual long-term cost of this as \$290 billion over the next 20 years just in social and affordable housing. That is building 44,500 homes every year for 20 years starting from 2021. HAFF is

trying to do 11,000 per year for a five-year period; where are the other 33,000 going to come from? And a significant portion of those are in Victoria. It is simply about supply; it is not rocket science.

I have dealt with some of the people across the table. I know how the system works. I understand politics. We are agnostic politically, but we understand there is a process and there are a whole range of community views about this, and everyone's view is valid. The issue that is in front of the committee is you have got to listen to all the people that are preparing, because you need to inform yourself about what you did not know. The same thing happened to me when I first learned that – and I say this publicly – when I was selling apartments, housing and land when I was general manager of Australand, which became Frasers Property Australia. I assumed, like most Australians, that our governments were looking after our vulnerable people, and I discovered that they were not, and I am in the industry. This has been developing over the last 30 to 40 years, and it is going to take 30 to 40 years to fix it if we are at all serious about it.

Everyone has got the right intention. In fact the lady that spoke before, Jane, said this is an issue – we need to do this – but there is a problem with the process. Well, the issue is if we had to start today – let us say we all agreed to provide new housing supply. It is going to take five years to get an additional house on the market because of the process. And what has happened? We have allowed homelessness, which is the canary in the coalmine to a much broader issue in the whole housing continuum, which ends up with essential workers not finding accommodation where society needs them to service. So it is a continuum issue, and unless we can do that, it is scale. Our grandkids are already stuffed because of the house prices. We are polarising society, and I will tell you now, we are heading at some point for civil unrest, just like it is happening in Europe.

Housing All Australians was formed on the fact that, to be honest, I have spoken to many governments, many ministers with the same planning portfolio or same housing portfolio but different people, and every time you have to re-educate. To be fair to you, I have spent my whole life in property, and you have been asked by Parliament to come back with recommendations to guide the next future. In doing that there are compromises to be made within society. That is part of your job: to inform Parliament, based on all the evidence we have heard and what we have learned through this process: this is what we think is in the best interest of all Victorians, not just anyone, including us, and that is the task – to learn and ask questions. So we are here to be that vessel to ask the questions of.

I have had the unique opportunity to work in the private sector to understand where we are heading – and it is just so clear, the freight train. I started discussing this over 10 years ago. It is so obvious if you are in the industry, but you have got to bring people on the journey, because it is not an easy thing to solve. The ecosystem is so broad. We are talking about planning. There are many more obstacles, including some of the stuff we heard yesterday about tax. It is a whole range of things, but unless we start to put the framework for future generations, we are never going to solve it.

And should this current government change at the next election, you are starting from scratch. In some ways, whatever comes out of this committee meeting sets the framework for whatever the next government may be, because we have to continue doing housing supply. So in some ways, from an opposition's self-interest, something that comes out of this should set the framework for doing something when you get into power; otherwise we are starting again. I have discussed the same issue when the Labor Party was in opposition, and the same arguments were presented then. It has taken 11 years for them to realise we are in a housing crisis. My concern as a concerned Australian and Victorian, whichever government comes into power next, is how long we have to wait again. And this is getting worse incrementally because we are allowing things to become normalised, and that is a danger for future society.

So we are here to offer as a sounding board, being a property developer – a compassionate capitalist, we call ourselves now – that understands the public policy we are all trying to achieve. And everybody has well-meaning intentions. How do we come up with a conclusion from a committee to inform Parliament about what the best way forward is on a bipartisan basis as best you can? Because I get that there is politics. So we are here to answer questions subsequent to this. Dan will answer any detailed questions, but that is all I have got to say as an intro, so thank you.

The CHAIR: Thank you very much. Jonathan, please.

Jonathan O'BRIEN: Thank you, committee members, for having us here. The housing crisis is a housing shortage. For decades we have failed to build enough homes across Victoria and especially in the most productive and sought-after places in our cities and settlements. The sum total of this has been to make us all poorer. Wealth increases, sure, as a function of house prices, but to what end? High house prices simply allow incumbent home owners to sell their expensive houses and buy another expensive house. These high prices lock younger people out of the market. They consume our nation's earnings, displace our productivity and drive families further and further out of our cities, displacing agricultural and biodiverse land on our city's fringes for the sake of an endless horizon of suburban sprawl. Only now are we reversing course. Only now are we reckoning with our past mistakes.

If there is one thing to take away from our submission to this inquiry and our presentation today, it is that these reforms are not radical. The planning institute yesterday stated for all to hear that they would prefer conservatism, and certainly these reforms are not conservative, but they are also not radical. As detailed in our submission, deemed-to-comply controls and third-party appeal exemptions are in operation across Victoria already. They operate more broadly in South Australia, Queensland and the ACT. In Western Australia third-party appeals do not even exist as part of the planning system, and yet no cataclysm, as far as we know, has come to the folks out west.

By national standards Victoria has an outsized number of opportunities for third-party appeal. We detail this in our submission, and we detail the impacts of this in our submission. What Victoria does not have is an outsized number of homes for people to rent, buy and live in. Consider the National Construction Code, a far more important tool for ensuring the health, safety and wellbeing of all Australians than any jurisdictional planning code could hope to be. The construction code is deemed to comply. It does not rely on third-party appeals by a small minority of noisemakers for its operation. A building's plans are submitted. If those plans are safe, then the building can be built. After inspection it can be lived in. The same is true for planning across many places across Australia and the world: if the homes comply, then they can be built, then they can be lived in.

This is not radical. What is radical is that for decades we have made it more and more difficult to build homes in this state, not just for the private sector but for the public sector too. Homes Victoria, Development Victoria, community housing providers – all of these people fight the planning system every single day. The overarching story of planning in this state is government getting in its own way, and the results of this radicalism are all around us. The results are people homeless on the streets, rental inspections with lines wrapped around the block and median home prices sitting at 9.8 times the median income – the seventh most expensive in the world.

Members of the committee, it is simple: making it easier to build homes is an act of good and effective government. There is an old-school conception of government that it should exist merely as a rulemaker – that you, our elected representatives, should be no more ambitious than a referee tasked with sitting on the sidelines and calling fouls. Occasionally you might get to add a few new rules and you might get to call a few new fouls, but over time those rules and fouls will add up and the game will slow to a halt. Well, the housing game has well and truly slowed, and now here we are in this inquiry.

There is an antidote to this slowdown. It can be found in the more contemporary conceptualisation of government – that is, the state as an enabler, a government that does not settle for merely making rules and calling fouls but gets off the chair, waxes the court, coordinates the teams and removes the bottlenecks to the action. To wrap up the metaphor, a better government makes a better game, and this starts with the understanding of everyone on the committee and everyone in government and on either side that we need more homes. It then continues to ask: how can you coordinate the population – the individuals, the firms, the institutions – to work together to get these homes built as fast as possible for as many Victorians as possible? The evidence you heard from industry and experts yesterday, from the property council to AHURI, told you that this policy will make the work of building homes easier. That is your role as good government. We at YIMBY Melbourne believe in a government that does things, that cares about the substance of the outcomes it enables rather than the rules it writes down, that cares about the number of actual, real homes delivered for actual, real Victorians so much more than a set of outdated rules created by the last generation of legacy planners. These reforms correct so many of our past errors. This is not deregulation; it is re-regulation. In many ways a number of these reforms create more rigid and binding rules than those previously on the books, which were fuzzy and discretionary strictures about heights and character that turned planners into a judiciary of vibes, encouraging speculation and horsetrading at every stage of the home building process.

Support for these reforms, ladies and gentlemen, is broad. Ninety-four per cent of a representative sample of Australians who were consulted and polled in February of this year indicated that they supported more density around train stations, that they supported more density across our cities. That is a representative sample across demographics, education, states, cities, regions and political parties. There is a much higher standard of consultation than typically takes place within the planning field, which mostly consists of a small huddle of self-selecting individuals, who tend to be older, wealthier and whiter than the general Victorian and Australian population. Study after study shows that these are not representative processes; they are biased. They are biased against poorer people, against younger families, against renters and against the most important stakeholders in any housing project, who are the people who want to live somewhere but cannot because there simply are not enough homes.

Members of the committee, these are the people for whom these reforms will matter most. These are the Victorians whose futures are most at stake. One role of good government is to fight for those who need fighting for. That is also the role of YIMBY Melbourne. That is why we are here today. Thank you, and I look forward to your questions.

The CHAIR: Excellent. Thank you so much. That is a terrific opening to the session. We will move into questions now. I might kick off. Could I direct this to Rob or to Daniel: in terms of the planning scheme amendments that are before us, there are different views as to how high or how fast these changes should go forward, but this committee is tasked with looking at three specific planning amendments. I take on board absolutely what you say about the need for housing, particularly in the form of social housing and affordable housing – and by affordable housing I do not mean the building is marginally cheaper to build; I am talking about specifically dedicated.

Robert PRADOLIN: Below market rents, yes.

The CHAIR: Could I ask you: these amendments – what do they do to actually encourage or require the construction of additional affordable and social housing?

Robert PRADOLIN: I might start it off, and then I might throw to Dan. As we said earlier, there are a lot of things involved with housing. It is not just housing, it is not just taxes; there are a whole range of things, and it goes back to the time issue that I discussed. If interest rates drop tomorrow, demand for housing spikes, but industry can only react through a process that takes time. If we can shorten that time process to allow industry to respond quicker, we stop house prices escalating. It is all about that demand–supply equation. If you have got a hundred houses and you have got a thousand people wanting to bid for them, you know the prices have got to go up. But if you have got a thousand houses with a hundred people, the prices are not going to go up. It is really as simple as that. So my view: making things quicker so the market can respond quicker will stop pressure on prices going upward to a different extent if it takes a lot longer. That is my response to that part.

The CHAIR: Okay. Can I take you back, though, to my question, which is not about simply good old-fashioned Friedmanite economic supply and demand, reducing the marginal cost. My question is specifically about dedicated affordable and social housing for the most disadvantaged. I am wondering: in terms of the planning scheme amendments, are you seeing anything in there that will specifically encourage additional dedicated affordable and social housing?

Robert PRADOLIN: Affordable social housing needs a subsidy, so where is it going to come from?

The CHAIR: So you think we have to rely on a market mechanism and just purely a supply and demand equation?

Robert PRADOLIN: Well, there are a couple of things. One, at the moment is through HAFF. Whether you believe it or not, they are supplying social and affordable housing, and the federal government subsidises it on behalf of all Australians. Part of what we are doing, which is in the papers, which I did not want to discuss to distract from the issue, is there a way we can work collaboratively with local government specifically. Unless we create a subsidy through a density uplift or a carrot, just like Premier Minns is doing in New South Wales, you will always be using government funds. Whether you are Labor or Liberal, it is all about economics, about where the funding is going to come from to actually subsidise. But by working collaboratively, like New South Wales is doing – Premier Minns says, ‘I’ll give you 30 per cent extra uplift, you deliver 10 per cent affordable housing.’ The developer says, ‘I’m neutral. I can do this. It doesn’t cost me anything, because you’ve given me

extra land value with the density.’ Then you can lock private investment in and unlock it by using what we are suggesting, which is a digital register to show transparency. That is the only way you are going to get social and affordable housing; it has to be subsidised in some way, shape or form. But additional supply by theory puts a downward pressure on price. You need to actually combine both as part of any strategy, in my humble view.

The CHAIR: Sorry, did you want to add anything?

Daniel McKENNA: Yes. I totally agree. To your question, I think these reforms ultimately provide certainty and consistency for the development community to know exactly what the pathway is. I think for too long in our experiences it has been you roll the dice a little bit, and you can win sometimes and you can lose other times. I think that is probably where we are coming to this forum and saying, ‘This can only be a good thing.’

The CHAIR: Terrific. Thank you so much. Mr Davis.

David DAVIS: A couple of things. I just want to start with Rob. You are also at Quipex, is it?

Robert PRADOLIN: Yes, correct.

David DAVIS: It is a consultancy firm.

Robert PRADOLIN: No, Quipex is a digital platform. It is a start-up. It is about to start. So it is very different.

David DAVIS: I am just trying to understand what its role is on this.

Robert PRADOLIN: Nothing.

David DAVIS: Right. Okay. Mr O’Brien is a Labor Party member. I think that is correct?

Jonathan O’BRIEN: I am a Labor Party member.

David DAVIS: Yes. So my first question to you is: were you consulted about these planning amendments by government prior to their release?

Jonathan O’BRIEN: Not on these amendments specifically, no. We found out about, for instance, the local catchment zone and so on through leaks from Boroondara council, who in a recalcitrant way leaked those as part of their minutes.

Bev McARTHUR: Recalcitrant? Do you want to –

David DAVIS: They might have wanted to do some sort of consultation with the community, for example.

Bev McARTHUR: Seriously.

The CHAIR: Let us just have one at a time.

Jonathan O’BRIEN: Well, I would suggest that leaking confidential documents – that is how we found out. We found out after Boroondara council knew about these amendments. We did not have any further advance. That is how we found out.

David DAVIS: I want to ask you about GC252, which is a subsequent amendment to these three.

Jonathan O’BRIEN: It is not in the terms of reference. Any question on 252 I will take on notice.

The CHAIR: We will deal with the question of what is in or not.

David DAVIS: It clearly impacts on these amendments and their implementation, so it is clearly relevant to the terms of reference. I just wondered what you know about 252 and whether you have assessed it.

Jonathan O’BRIEN: Ethan is best placed to answer this on behalf of YIMBY Melbourne.

David DAVIS: I am just asking you first. Excuse me, I am just asking Mr O’Brien.

Jonathan O'BRIEN: Yes, 252 – my understanding is it is the gazettal of the first 10 activity centres. That is right.

David DAVIS: And have you examined that in detail?

Jonathan O'BRIEN: We have looked at the first 10 activity centres. There was a year-long consultation process.

David DAVIS: No. Have you looked at 252, is my question.

Jonathan O'BRIEN: I have not looked at the exact wording of 252, but I am aware of the activity centre gazettal.

David DAVIS: No – so you have not. Thank you. Now, I want to come to Mr Pradolin about tax and some of the other points. Your point about a number of these other matters is that obviously planning is only one part of housing, and there are a huge raft of measures that impact. One of those is tax. There are a raft of state government taxes that impact the ability to go forward with developments. So even where there are planning approvals, sometimes developments do not go forwards.

Robert PRADOLIN: Correct.

David DAVIS: As you understand as a former property developer, there are now thousands of permits granted that are not being built.

Robert PRADOLIN: At the moment, correct.

David DAVIS: Correct. So I want to be very clear here that the mere change to the planning system will in no way guarantee the movement of development forward.

Robert PRADOLIN: At this current point in time, that is correct.

David DAVIS: Yes. And I want to ask you about a specific state government tax, the windfall gains tax. Have you looked at that tax and its impact?

Robert PRADOLIN: Yes. In fact I was part of an earlier consultation process on this, because the principle of the windfall gains tax is actually sound; the implementation is terrible.

David DAVIS: Correct.

Bev McARTHUR: In that it is not hypothecated.

Robert PRADOLIN: Well, if you look at the windfall gains tax, when the state government, through a pen, increases the land value quite substantially, it should in my theory –

David DAVIS: Through a planning change.

Robert PRADOLIN: Through a planning change, it should at the farmer level capture some of that uplift, because that is the way you can fund things. But it must stay in the local government area that granted that, because if you are a local government councillor, why the hell would you advance a rezoning to me as a developer when all of a sudden I was going to provide you with school, a road et cetera –

David DAVIS: The money goes into the city and you never see it again.

Robert PRADOLIN: It goes into consolidated revenue.

David DAVIS: Correct.

Robert PRADOLIN: It is just wrong, fundamentally, in my view.

David DAVIS: Stepping away from the city edge matter – I am just asking about the large developments in some of the middle suburbs – the windfall gains tax is likely to slow or stall some of those developments.

Robert PRADOLIN: I believe that is the case, because, again, I just do not think it is actually correctly implemented, in my view.

David DAVIS: Thank you.

The CHAIR: Okay. Thank you. Mr Batchelor.

Ryan BATCHELOR: Thank you very much, Chair. Thank you, witnesses, for coming along today. The committee has got a job to do to provide advice to the Legislative Council on these three planning scheme amendments, two of which are subject to a revocation motion which has been introduced into the Parliament which would revoke in their entirety all of 256 and 267. What do you think the consequences for the goal of trying to build more homes for people to live in would be if these planning scheme amendments were revoked, as proposed by Mr Davis?

Jonathan O'BRIEN: There were obviously a lot of statements from the property sector around trust in doing business in Victoria and trust in Victoria's planning system. It is well understood that the uncertainty of the system is a large barrier. Dan McKenna in his former role has experienced this directly in very recent years, and he can speak to that. But the reality is that to have put forth what is a very positive, progressive planning change and to then revoke it back immediately does not do anything for business confidence in this state. It does not do anything for residents' confidence in the ability for more homes to be built. It does not make any sense that anyone supporting such a revocation would be supporting the development of more homes, which Victorians desperately need. It would be a really negative signal on a statewide level.

Ryan BATCHELOR: Robert, what do you think it would do for developers who are trying to build more homes? What impact do you think it would have on their plans?

Robert PRADOLIN: In my view, as I said earlier – and this is a non-political statement – I was discussing the same thing with the Labor Party when they were in opposition. The same issues were raised that I am hearing today. It has taken 11 years to get to the crisis point. If we take another 11 years to get it, if there is a change of government, our housing crisis will get beyond repair. We brought an American professor over to discuss housing and homelessness and its connection economically. He said, 'You've got 20 years before it becomes Seattle,' because we are allowing things to be normalised. The issue here is there is no system that is perfect. This is not perfect, but the time we are saving will save lives out of this. It is all about supply. It is all about a bipartisan point of view. I heard references yesterday to the 800,000. I am all for ambitious targets, but they need to be bipartisan targets, because if the target –

Georgie CROZIER: They need to be realistic.

Robert PRADOLIN: Well, let me challenge that.

The CHAIR: Excuse me. Sorry. Mr Batchelor has got the –

Robert PRADOLIN: Right. If the target was 100,000 and we achieved it, great. Is that what we need? What is wrong with having a million as a target? The strategy you develop as a state in an ideal world is bipartisan. If the strategy is a million, you have got to do things very differently to if the strategy is 100,000.

Ryan BATCHELOR: Do you think we have got any chance of meeting the need – leaving aside the question of a target or not – if we revoke these amendments?

Robert PRADOLIN: I can answer it already: no, absolutely no. We are already behind the eight ball when it comes to a national level of that 33,000, which no government or opposition has actually even suggested. That was a report done by government actuaries on behalf of the federal government that said 45,500 social and affordable homes should be built every year for 20 years, and we are going nowhere near it. Our grandkids are going to be the poorer. I have written a few opinion pieces recently. I said, 'Stop kidding things. Stop the bullshit.' No-one is going to be able to solve today's crisis for today's people. It is going to take 30 to 40 years, but the concern is if we do not, this social dis cohesion will happen in society.

Ryan BATCHELOR: If these amendments are revoked, do you think we are going to go backwards?

Robert PRADOLIN: I think we are going to go backwards. Yes, I do.

The CHAIR: Thank you, Mr Batchelor. Dr Mansfield.

Sarah MANSFIELD: Thank you, Chair. Thank you for your submissions and for appearing today. I am interested in your views. We have heard lots of different evidence, particularly from representatives of the planning sector, and we will later hear from MAV as a peak representative body of councils who are the administrators of the planning system, who have raised a number of technical concerns about the specific amendments. One of the overarching themes is that they felt that they have not really been engaged enough in developing some of these things to be able to avoid potential unintended consequences of some of these. I am just wondering what your view is on that sort of collaboration and cooperation with the planning sector and with local government. In an ideal world, what do you think it needs to be if we want to succeed on building more houses?

Robert PRADOLIN: In an ideal world we would need to collaborate with everybody, because unless you can bring people on the journey and teach them about what they do not know, how the hell are they supposed to understand a sector that they do not have any clue about how to actually affect? This is a community-wide problem. It is an educational problem. All the councillors I have spoken to since I left over 10 years ago, when I explain how the development system works – I specifically remember one councillor down in the south-east said, ‘I didn’t understand that,’ and yet they are making decisions. We need education, because all the people that are living in the Boroondaras of the world, when I explain to them what is going to happen to their grandchildren, are concerned, and rightfully. Everyone has got the right intention in my view, but you need to understand what the implications are outside of our life, because it is such a long lead time. Yes, there are always ways to improve things. Collaboration is the key. Patience is the key. Bring people on the journey over a period of time and not just in a short space once you have realised you have got a crisis on your hands. That is a collective problem across our whole political system in my view, not just one party or another: we do not respect that we need to bring people on board.

Sarah MANSFIELD: I think, Jonathan, you referred to maybe some of these people as legacy planners, but I would perhaps put forward that the MAV are the contemporary planners. The vast bulk of professional planners are employed in local government. I think at least the submission reflects a widespread concern about certain aspects of some of these planning scheme amendments. I guess I would be interested in your view on that.

Jonathan O’BRIEN: I think one of the really big struggles is that local government has to respond to a set of really delicate incentives. First and foremost, we have moved to this single-member ward model, so now we have local councillors who are responding to 10,000 voters, which means that a small number of complaints about a given –

David DAVIS: Shocking! Democracy!

The CHAIR: Excuse me, Mr Davis, please. Please continue.

Jonathan O’BRIEN: Thank you. A given set of a small number of complaints might represent a large number of the voters. Now local councillors and local planners respond to that set of localised incentives. There is a real question as to whether that is the best place to have the incentives for, as Rob has been saying, a crisis that actually spans well beyond local government areas and a crisis that actually impacts the entire state. And where one council fails to deliver, underdelivers or blocks a given amount of housing, that has flow-on effects; it has spillover impacts. There is a real question as to where we need to allocate these incentives in order for the housing crisis to be confronted. That is the locus and the logic that we are seeing in systems, like the deemed-to-comply system, that set a set of rules and do make councils the administrators but make it very clear that they are responding to statewide rules, and those statewide rules are set at a higher level where the incentives are just much better to make better decisions for housing that affect the entire population. It is not just localised.

The CHAIR: Thank you. Ms Crozier.

Georgie CROZIER: Thank you, Chair. Thank you all for being before us. Can I ask you, Mr O’Brien, do you believe in the amenity, community, character or uniqueness of suburbs that are impacted by these activity centres and the right for those residents to have a say?

Jonathan O'BRIEN: I believe first and foremost that the amenity of our communities and the uniqueness of our communities come from the people who live in them, and the ability for people to live in places allows for a greater amount of amenity. It allows a greater investment in public goods. It allows families to live in an area. I will note that a lot of councils that do not deliver housing also have had declining populations of kids and young families. I think that is a big issue. I think that has a huge impact on amenity. I 100 per cent believe in amenity and character, but I believe in amenity and character for spaces that we can share as communities and that we can come together in and actually utilise. It is not –

Georgie CROZIER: There are concerns, though, that the community are raising through the process about what the government has done. You are a self-confessed activist for local council – it is all out there in the public domain –

Jonathan O'BRIEN: Absolutely.

Georgie CROZIER: and a member of the Labor Party, as Mr Davis has highlighted, so you have got a vested interest in this. Just in relation to residents rights, communities rights and the understanding of what the government's changes are, do you believe that those communities have a right to be outspoken and not shut down?

Jonathan O'BRIEN: Absolutely, and –

Georgie CROZIER: Thank you. Mr Pradolin, can I ask you as well: do you believe that communities have those same rights?

Robert PRADOLIN: Absolutely. It is part of a democracy, as David Davis said.

Georgie CROZIER: Great. Thank you. Can I also ask you: you mentioned tax and you mentioned that that was probably the number one issue from a developer's perspective. The property council spoke to us yesterday about this and highlighted some of those areas around land tax, stamp duty relief, various tax exemptions and the windfall gains tax, which Mr Davis has discussed with you. Can you just elaborate a little bit more on those tax implications that are making it difficult for developers in relation to building in this state?

Robert PRADOLIN: I am very happy to do it. Let us look at this over the housing continuum, because obviously this blip about post-COVID construction costs is only a little part of the system. The system has to normalise at some point in time in the future to what the costs are going to be, because they are not going to go down. That is going to take time, which means nothing gets built. If government wants to incentivise the private sector to actually build things now – and currently the current costs are higher than the market's propensity to pay – it should at least in the short term reduce the taxes until what is remaining is economically viable.

Georgie CROZIER: Have you advised government of that?

Robert PRADOLIN: I have offered my services to both oppositions and governments over the years.

Georgie CROZIER: Well, we have been in opposition for a decade, but I am talking about the current government, given the uplift of increasing taxes.

Robert PRADOLIN: I have not specifically been asked to, but the offer is there for anyone to use me as a sounding board, without fear or favour, to tell them exactly like it is in the development community.

Georgie CROZIER: But it is a big impost?

Robert PRADOLIN: At the moment, absolutely. At the moment nothing is economically viable. What might be viable are townhouses, maybe. But apartment projects – forget it for a number of years.

Georgie CROZIER: Can you just elaborate a little bit? Apartment projects are just not viable?

Robert PRADOLIN: In general, at this point in time, because that will change over time as the market renormalises, and that is just what is going to happen. That is what has happened the last 20 years, and it will happen in the next 20 years.

Georgie CROZIER: If it is unviable now, it is unaffordable, isn't it?

Robert PRADOLIN: Yes. And just think about it: nothing gets built. Demand keeps on increasing. What is the one thing that will happen? Prices will rise. Once they pass a threshold where it is economically viable, the private sector will actually build the houses. But is it going to be affordable? No, because they are just going to go one way. This is why we have to increase supply in a whole range of different areas.

Georgie CROZIER: So in those different areas, what about in the regions? What about in other areas around the fringes of Melbourne where people want to live? It is cheaper to build in these areas. What about developing those areas, and specifically in some of the regional centres as well?

Robert PRADOLIN: Regional Australia and Victoria are suffering for key worker accommodation and affordable housing. That is just fact, right?

Georgie CROZIER: Should we go there first then?

Robert PRADOLIN: To be quite frank, we should go everywhere first, because it is that critical.

Georgie CROZIER: But it cannot be done because the costs are too high and the government taxes –

Robert PRADOLIN: In the short term. But I am also proposing that we extend the urban growth boundaries to include fringe development at the moment, because the differential construction costs of a townhouse and an apartment are so significantly different. As I said in a recent opinion piece, you cannot actually live in a six-square apartment if you are a family.

Georgie CROZIER: Yes, correct. Thank you.

The CHAIR: Thank you so much. Ms Watt, over to you.

Sheena WATT: Thank you, Chair. Thank you all for being here today. I want to start off particularly around third-party appeals and where that has led to inequality in supply because of essentially holding up a range of housing projects across the state. Do your organisations believe that third-party appeals are used in a way to minimise the types and number of people moving into an area, firstly? And then what impact is that having on supply?

Jonathan O'BRIEN: Yes, that is certainly our view. Third-party appeals are used ultimately to stop things from happening rather than to enable things to happen. That is the purpose of these systems. Notably within the Victorian planning system and within the *Planning and Environment Act* there is no recognition of submissions to support a development, only recognition within the Act to recognise objections. So when we rally our members to support new development in areas, we actually have to submit objections and then say up-front, 'Just so you know, this is a notice of support.' That is because the Act exists to stop things from happening in its current form, and third-party appeals are a part of that. So yes, it is unquestionable. We have obviously run a lot of permit data. We found that missing middle projects get the lowest approval rates. We found that the highest approval rates come from the council of Brimbank at 90 per cent and the lowest approval rate is Banyule at 39 per cent and that just over 30 per cent of dwelling permits rejected by councils eventually get approved at VCAT.

David DAVIS: Thirty per cent – 70 per cent do not.

Jonathan O'BRIEN: Yes, on the whole, but then more than two-thirds of the permits rejected by four councils – Glen Eira, Bayside, Stonnington and Melbourne – are later approved at VCAT, so it is more than two-thirds of those four councils. This is stochastic – it is spread noisy data – but on the whole we are seeing large numbers of things that get held up in the system ultimately get approved at the judiciary. But our view is that we should not have to go to a judiciary; we should have this simplified system that allows us to get things through faster.

Sheena WATT: Yes, perhaps this is for if you have any other comments on that. But I just want to ask: do some suburbs face less challenges, as you have noted, from a developer community – are you finding that there is –

Robert PRADOLIN: If you go back to my earlier comment, it is time. If we go through a democratic process where we consult at one point in time, where we go through the strategy and what we need as a society, all those goals, then we agree on a set of rules and to shortcut time because of that analogy about how when demand spikes you need to respond quickly. Then the third-party appeal should have been: 'You've had your chance. These are the rules,' and we need to then let industry respond to those rules, if that makes sense.

Sheena WATT: We know that what we are looking at here is increasing our supply in a range of existing and established suburbs, as outlined in *Plan for Victoria*. We hear lots of demonising of people living in apartments – that they are choosing to live lives that are less worthy in their dogboxes in the sky. Do you think that there is a damage that is being done by public narratives, by public leaders, around suitability of apartment living?

Robert PRADOLIN: I do not think so. I have lived with my family in an apartment, and my son was born in one on St Kilda Road, probably now 30 years ago. So I have never had that demonisation. I have never heard it. Because of costs, you pay the same price for a townhouse as a six-square apartment. I am for the theory of stopping urban growth boundaries, because we need to consolidate and use our existing infrastructure. But the reality of the market is the delivery systems will give you a different product for the same price, so do not expect a family, as I said earlier, to move into a six-square apartment when they can buy a townhouse on the fringe, because it is about family living. That is something that it is not a criticism; you just need to understand how the system actually works, because otherwise policies do not end up delivering what you are expecting.

Sheena WATT: So a design question.

Robert PRADOLIN: Yes, absolutely.

The CHAIR: Thank you very much. Mrs McArthur.

Bev McARTHUR: Thank you, Chair. I just want to go to your comment about 'normalised'. What we could say in Victoria is that taxes have been normalised here. We have about 15 taxes on developers – new taxes. There are 60 overall in this state that have been imposed on Victorians. There are numerous charges as well. There are major problems with people like Melbourne Water. There are cultural heritage assessments now that are out of control. These issues are impacting the cost of housing. Almost 50 per cent, we learned in the stamp duty and property tax inquiry, is taken up by government. Government involved in the system is costing potential house owners that amount. So why wouldn't you be arguing that we first fix these problems totally at government's own discretion?

Robert PRADOLIN: If government were fully informed of the impacts they were having for future societies, they would fix all of them at the same time. Tax is a part of the problem, and to be quite honest, it is both respective parties, because taxes – that is how you survive and pay for things. But the issue is if you increase them above the market's expectation to pay for the product, you stop development dead, and that is what is happening currently in Victoria.

Bev McARTHUR: Great. So we are on the record: these taxes, charges, regulations are what is stopping development in Victoria.

Robert PRADOLIN: At this point in time, because this has actually happened for the last 30 years with both sides, so this is something that has to be looked at holistically.

Bev McARTHUR: So that is the problem with the housing crisis, isn't it: the cost of housing, added to the fact that the CFMEU have escalated the cost of doing business in this state to such a point where small builders and so on cannot even get into the market. Many subcontractors have gone to the wall. The cost of building and the shortage of supply is also an added feature. So investors, developers are taking their money and going interstate because of these impediments to building houses. Would you agree?

Robert PRADOLIN: Yes.

Bev McARTHUR: Great. Thank you. Going to the rental issue, we have 135 regulations impacting landlords in this state. What we learned also in that stamp duty and housing inquiry: the minute the vacant

house tax came on board, landlords exited the market. So it is no surprise that there is a shortage of rental housing in this state because of government intervention in the market. Would you agree?

Robert PRADOLIN: All these incremental things do not help.

Bev McARTHUR: Exactly. We learned yesterday that this is an experiment. This is a social engineering experiment on steroids, isn't it?

Robert PRADOLIN: I am not sure what you mean by that.

Bev McARTHUR: Well, that is the evidence we were given yesterday, that this is an experiment, because there is no evidence that this will produce more houses. Certainly we were absolutely told they will not be cheaper. There will not be affordable or social housing as a result of these changes to the planning amendments. Would you agree?

Robert PRADOLIN: This goes back to my point. If this is where we end up and nothing happens, we are just going to get worse. We have to realise that we have all got a responsibility to the Victorian people. You are charged with the responsibility to go back to Parliament with something that says, 'On value balance of all these objections, we think this is in the best interests of Victorians.' The issue is to single out a point in time is unfair to the whole housing system, which has taken, as I said earlier, 30 to 40 years to get here; it will take 30 to 40 years to get out. But we normalise things; we normalise taxes. 'A bit of extra tax here – it's not going to make a difference.' Well, it does.

Bev McARTHUR: Absolutely it does.

Robert PRADOLIN: But so does planning.

Bev McARTHUR: We are running out of time. You spoke about bringing people on the journey. Would you say that people have been brought along on this journey?

Robert PRADOLIN: I cannot comment specifically other than to say that both sides do not bring the Victorian public on the journey for long enough.

The CHAIR: Thank you, Mrs McArthur.

Bev McARTHUR: It is the government that are implementing the changes.

The CHAIR: Thank you. Thank you so much.

Bev McARTHUR: We heard before that nobody has been brought along on the journey.

The CHAIR: Sorry, can we have a little bit of order, please. Thank you so much. Mr McIntosh.

Tom McINTOSH: Hello. I want to thank you for coming today. I am sorry some members –

Robert PRADOLIN: I am sorry for hogging it up, to be honest with you.

Tom McINTOSH: No, it is okay. I am sorry that some members on the committee are excessively loud in the volume of their voice and the way they are trying to communicate with you.

I think we acknowledge this is a problem and that housing is an issue right around the Western world. We know that such big issues – and this is what I want to come to in this question, the big issue of it – are complicated and require a value set that underpins policies that form a plan to deal with it. And I will take a parting shot over at that side. We know the Liberals, whether it is how we power our nation and our state, have no plan. Whether it is how we have the ability to manufacture for this state and this nation, whether it is how we deal with climate change – issues that affect future generations – or indeed whether it is housing, federal and state, they are not able to develop and bring to the public a plan. We have heard nothing about a plan today, and we will not going forward. My –

Georgie CROZIER: On a point of order, Chair.

The CHAIR: Mr McIntosh, hang on a second.

Georgie CROZIER: Chair, I know Mr McIntosh has not been involved in this inquiry for the last few days and the hearings, and he is trying to make a political –

Sheena WATT: Get to the point of order, please.

Georgie CROZIER: Well, I would ask him to refrain from making ridiculous political statements and ask the panel –

Members interjecting.

Georgie CROZIER: Focus on the terms of reference.

The CHAIR: Okay. A bit of order, please. Thank you. I do not think that is a point of order.

Bev McARTHUR: Well, I have got one, Chair.

The CHAIR: Excuse me. No. We are just going to get through this and put this done, all right?

Tom McINTOSH: What I want to come to is what has been referenced a number of times, which is the big picture of where we end up if we do not tackle housing. I think you started to talk about it broadly, but if you can just give us some specific examples. In coming decades, we have heard comments around birth rates and families. I am interested in ability to house our health workforce, aged care workforce, childcare workers. If you can just give us a bit of a glimpse into what the next 10, 20, 30 years look like if we do not address it from a practical livability sense of our state.

Robert PRADOLIN: As I said earlier, Housing All Australians represents the private sector voice from an economic lens. One of the first things we did when we were formed is we did an economic study for Australia on the long-term cost to our country if we do not supply sufficient housing, which includes affordable housing. The additional cost to the current federal budget would be \$25 billion in today's dollars by 2032. My concern is that we will not be able to afford that, so therefore our values get reduced. So this is a fundamental issue. We think housing should be reclassified as fundamental infrastructure for a future prosperous country, because without housing we have unintended human consequences that span into physical and mental health, family violence, justice, police and long-term welfare dependency. Unless we address this, our country is stuffed. We do not want to become America. We have got 20 years to do it, and this requires leadership at all levels of government to collaborate together, federal and states, in the interests of our grandchildren. We will not be around. But my concern is that we are heading for civil unrest. It is that dire, but because it is being normalised, we are not seeing it. That is my answer to the question.

Tom McINTOSH: Thank you.

Jonathan O'BRIEN: Yes, certainly I can echo everything that Rob said. We know that the strongest correlation that we have in studies for homelessness is what the absolute rate of rent is – at-market rent specifically, regardless of how many subsidies there are – and we know that the number one control on market rents is absolute market supply. The reality of the evidence base is that the best way to confront these chronic problems of homelessness, of people not being able to have a secure place to live and start their life journey or continue their life journey after some calamity that was totally unfair and outside of their control – we know that the number one thing to do is to ensure that there are enough homes to go around. That is the number one thing we have to do. These amendments help that, and we should be doing everything we can to help solve that problem for the sake of those who are most in need.

Robert PRADOLIN: Can I just add a little bit more to that? Nothing is perfect, but what is the consequence of not doing it? That is, do we wait another 10 years and it gets worse? That is my concern.

Ryan BATCHELOR: Thank you. That is my time, Chair.

The CHAIR: Thank you, Mr McIntosh. We have got time for probably a couple of quick questions. Mr Davis, one question quickly.

David DAVIS: My question is first to Rob and then to Jonathan. You have made the point that this is broader, the need for housing. There are alternate sources of supply. An example would be Fishermans Bend. Should that be brought on?

Robert PRADOLIN: Absolutely.

Jonathan O'BRIEN: Certainly Fishermans Bend is one area where development could take place. It is my understanding that there are insurance problems in Fishermans Bend in terms of getting mortgage insurance because of the flooding risk there.

David DAVIS: And the second part of my question is on some of the costs that are built in. For example, today there is a story in the papers about a 30 per cent premium on building where CFMEU is involved. Is that part of the affordability cost problem and should that be tackled head-on?

Robert PRADOLIN: That is part of why we are getting a differential delivery system between houses and apartments, and that skews what you can deliver.

David DAVIS: Does Mr O'Brien support tackling the CFMEU in this way?

Jonathan O'BRIEN: I think we should be looking at how and who is allowed to build and how those labour costs are inflated by whichever stakeholders are involved.

David DAVIS: Thank you.

The CHAIR: Ms Watt, do you have another question?

Sheena WATT: Yes. Thank you, Chair. I appreciate the opportunity. I actually have a question for Mr McKenna. We have not had a chance to hear from you yet, if you do not mind. Apologies, Robert. I represent the Northern Metropolitan Region, an area that has lots of medium-density housing and affordable housing coming in. I am just wondering if, given your experience both within this role and previously, you can speak to some of the barriers that have been faced in the development of medium-density housing in the inner and middle-ring suburbs and then your view about these amendments and if you think that they will in fact deliver more affordable housing as well as medium density in those inner and middle-ring areas.

Daniel McKENNA: Yes, absolutely. I have sort of been on a journey for the last 10 to 15 years around that specific area in the north-north-west, where changes needed to happen. Old industrial, people leaving – this is where housing needs to be, in inner-ring suburbs well serviced by public transport, and yet we still had significant opposition, partly from the community, who were worried about change and worried about the future, but a lot within council as well. I think we got a lot of attention and a lot of media at the time on the things that we were proposing, and the frustrating part for us was we would come back to the same council chambers a year later, three years later, two years later, and it would be different faces and the same questions, and we would have to sort of take people on an education process about what we were trying to do and why this was important. And yet even now, in 2025, I am no longer there, but there are still the same conversations being had about the same issues we were talking about in 2015.

I talked about it in the media a lot at the time. We did not get permits. We had to go to VCAT. We lose a year. All of a sudden – to take the emotion and frustration out of it, all it did was cost a whole lot more money, which we had to then pass on to the future residents and occupants. So they became less people in their 20s and 30s and more people who could justify those premium costs. The ultimate product was very much the same, but it was just a different cohort who could be housed because we lost 12 or 18 months or two years fighting for that build.

Sheena WATT: And these amendments, if passed?

Daniel McKENNA: Yes, so, ultimately it is about clarity. It is about lack of confusion. It is not 'We have to fight for this; we have to fight for that.' It takes that level of discretion of who you get in front of at a council meeting, who turns up to a council meeting and who is making deals with who. It sort of frustrates the developer when we are trying to do the same thing over and over again. I think in apartment building and in townhouse building, replication is really important and uniformity is really important. And so for us, that is all

we are asking for in these reforms. It is about putting that into the planning system so it takes a whole lot of ambiguity out of the system, and it comes back to speed, really.

The CHAIR: Sorry, we are going to have to wind up. We will take one last question. Dr Mansfield.

Sarah MANSFIELD: Thank you. Just going back to the idea of collaboration between local and state governments, the Victorian Auditor-General made recommendations in two reports in 2008 and 2017 to establish some sort of statewide monitoring feedback framework to monitor the Victorian planning provisions and provide some sort of oversight. That still has not been established. The 2017 report was very critical of the fact that it still had not been established. Would you be supportive of some sort of body like that being set up to oversee what are quite significant planning changes?

Jonathan O'BRIEN: Yes. I will not talk to the exact model put forth by VAGO and these exact amendments, but certainly we at YIMBY Melbourne have been hugely supportive from day dot on more oversight of the planning system. I think a big problem we have is that a lot of what happens in the planning system is that plans get made with decades-long horizons and there is actually no monitoring of whether those plans have been successful; there is no regular updating and there is no regular tweaking of reforms. I think reforms that are regularly updated based on the outcomes they generate are better reforms.

Ethan GILBERT: Yes. And to add to that, to shout-out Wyndham council, their *Wyndham Plan* has a lot of things like that, which is a good example of trying to monitor the outcomes and adjust as the plans move along to see how they manifest in reality. That is a great initiative by that council and I applaud them for it. I would love to see that implemented more broadly because it is a great thing for transparency and to be able to monitor what is happening. Another example from the government is that there was a dataset that monitored all the geospatial outcomes, but it disappeared in 2018 due to a department merging and demerging and all that sort of stuff, and that was a disappointing outcome. A lot of the research that we do – and that a lot of researchers have done – relies on that dataset. Anything that has happened since 2018 – it is sort of hard to actually say definitively what has happened. That is a sad thing, because we are going to generalise a lot and talk about what we think has happened, but we cannot talk about what actually happened, and it leads to a lot of miscommunication. It would be great to be able to say definitively what the geospatial outcomes are for these reforms and various other things. I think that is a really important thing and we should definitely support it.

The CHAIR: Terrific. Thank you so much. We are going to leave that there now. Could I firstly thank you all for attending today and for the very thoughtful submissions you produced and also your presentation today. It was terrific, and we are grateful given particularly the short notice. Can I just draw to your attention that you will receive a transcript for review before it is published on our site.

With that, we will now finish this session and break for about 5 minutes. We will be back shortly with the Municipal Association of Victoria. Thank you very much.

Witnesses withdrew.