

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025–26 Budget Estimates

Melbourne – Wednesday 11 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Sonya Kilkenny MP, Minister for Planning; and

Jeroen Weimar, Secretary,

Andrew McKeegan, Deputy Secretary, Planning and Land Services,

Stuart Moseley, Deputy Secretary, Housing, Building and Land Delivery,

Colleen Peterson, Head, State Planning, and

Dean Rochfort, Acting Chief Executive Officer, Victorian Planning Authority, Department of Transport and Planning.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament the committee is conducting this Inquiry into the 2025–26 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

All evidence given today is being recorded by Hansard and is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings and anything said may be picked up and captioned, even if said quietly.

As Chair I expect that committee members will be respectful towards our witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Planning the Honourable Sonya Kilkenny as well as officials from DTP. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will ask you some questions. Your time starts now.

Visual presentation.

Sonya KILKENNY: Thank you very much, Chair. Can we go to slide 1. Chair, thank you for the opportunity to talk about how the Victorian government is building more homes and more opportunity for Victorians. Since I last appeared before this committee we have launched our new *Plan for Victoria*. This plan was shaped by the largest consultation this state has ever seen – more than 110,000 Victorians engaging with us and helping to write our new *Plan for Victoria*. One of the key messages throughout this consultation was that it is increasingly harder for younger Victorians to buy or rent a home. It is clear that the planning system requires reforms to be able to create the conditions to build 800,000 new homes over the next decade. But in addition, *Plan for Victoria* also protects what we love, whether that is our open spaces or tree canopy, and recognises our heritage places of significance. I am pleased to have this opportunity to talk about how we are doing just that.

Next slide, please. We have been working alongside communities, local governments and industry to identify where we can build more homes. For the first time we now have housing targets across every local government area that must be met so that we can reach that overall target of 2.24 million homes across Victoria by 2051. The plan to get us there includes delivering 300,000 more homes for young people, families and downsizers around more than 50 train stations and busy tram stops across Melbourne's suburbs while boosting housing throughout the inner city; the Suburban Rail Loop, which is more than just a transport project, it is also a city-

defining housing project which will create more than 70,000 homes; and 180,000 more homes with backyards in our growing suburbs as we continue to deliver on our 10-year greenfields plan.

Next slide, please. The government has meticulously reviewed how the planning system can be streamlined to enable more Victorians to add a second home, build two new homes or subdivide a block into two lots. As we set the capacity for more homes in place we are committed to turning that supply into bricks-and-mortar homes faster. This is about getting your planning permit faster, with more certainty for developers and community about what the required standards are to get that planning approval and get on and build more homes. Our development facilitation program will continue to be that fast-track pathway for projects that inject investment into Victoria, create jobs and build more homes, and we will get the fundamentals right as we review and rewrite the *Planning and Environment Act* to build a modern, fit-for-purpose planning system.

Next slide, please. Our new Townhouse and Low-rise Code for the first time creates consistent deemed-to-comply standards across the state for townhouses and multiresidential developments of three storeys or less, giving certainty to industry while improving livability, sustainability and amenity for residents and neighbours. This is all about accelerating the approval of more duplexes, townhouses and low-rise apartments for workers, working families and young people, especially in established suburbs close to transport, jobs and services. We are currently developing a new code for buildings that are four to six storeys for implementation later this year and the *Great Design Fast Track*, which is about rewarding affordable, well-designed buildings and the developers who put in the effort to build them, granting them a fast track through the planning system.

Final slide. Chair, in concluding my presentation, I would like to quickly touch on a significant investment in this year's budget. We have invested \$3.7 million to make sure the environment effects statement process is better suited to delivering more renewable energy. We want to make better decisions and we want to make them faster, and Victorians deserve a process that provides greater certainty for community and industry and ensures that everyone can still have their say. This is all about creating more opportunity for more Victorians and making sure our planning system serves the people it is there to serve. Thank you, Chair. That concludes my presentation.

The CHAIR: Thank you very much, Minister. We are going to go straight to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. Minister, in your opening comments you just referenced 800,000 houses as the housing target. The Plan Vic document has dropped this to 740,000, and we are actually currently running at a 600,000 rate. Are you going to meet these targets?

Sonya KILKENNY: Thank you, Mr Welch. Back in October 2023 the government released our housing statement, and that was, if you like, a mark in the sand to say there is a housing crisis. Too many Victorians, particularly young Victorians, are unable to find a place to buy or rent.

Richard WELCH: But your own targets have dropped. You are only at 600,000, not 800,000.

Sonya KILKENNY: Our target is 800,000 over the decade. *Plan for Victoria* sets in motion the plan for delivering 2.24 million homes out to 2051.

Richard WELCH: But you are a long way behind that with your own targets right now, correct?

Sonya KILKENNY: Well, what we are doing is putting in place the framework, if you like –

Richard WELCH: But you are a long way behind your targets.

Sonya KILKENNY: and the reforms to ensure that we are getting the conditions right. I think if we look at our planning system –

Richard WELCH: Minister, how can you say you are getting the conditions right if you are already 200,000 below what you were targeting?

Sonya KILKENNY: Unfortunately, Mr Welch, where we find ourselves has been a long time in the making. We know that over decades now we have had a planning system that has not been working for Victorians, and we are seeing that now in the level of despair in many young Victorians –

Richard WELCH: You do not think the tax system has something to do with those unbuilt houses – it is not just –

Sonya KILKENNY: who do not feel that they are able to find a home.

Richard WELCH: What culpability does the government have for the failure to build houses, including, for instance, through the tax system and the way you tax development?

Sonya KILKENNY: The best way to build homes is to not block them, and the best way to build homes is to make sure your systems are working to support that.

Richard WELCH: Do measures like the windfall gains tax help?

Sonya KILKENNY: I have to remind Mr Welch that I am here as the planning minister, and I am talking about the significant reforms that we are making across our planning system to address what is an issue that has been decades in the making.

Richard WELCH: But you would have to concede at the moment it is failing.

Sonya KILKENNY: I think what we have in place are significant reforms that are going to put us on the pathway to delivering 800,000 homes over the next decade.

Richard WELCH: With respect, Minister, within a year it has gone from 80,000 each and every year now to 200,000 less than that. So how do those two statements reconcile?

Sonya KILKENNY: Mr Welch, we have set targets.

Richard WELCH: Yes.

Sonya KILKENNY: For the first time we have set housing targets in every local government area across this state. This is significant. It is a game changer.

Richard WELCH: Setting targets is very different to delivering.

Sonya KILKENNY: Setting targets is about setting what it is that we are seeking to achieve. What we are doing now is –

Richard WELCH: Anyone can set a target.

Sonya KILKENNY: through the housing statement –

Richard WELCH: Anyone can set a target. It is actually the quality of delivery that matters. And by your own measurements, by the benchmark that you created, you are not meeting it. How do you explain that?

Sonya KILKENNY: So what we are doing is setting targets.

Richard WELCH: Yes – targets.

Sonya KILKENNY: We have set in place now reforms across our planning system, which are the boldest, most transformative reforms we have ever seen in this state. Change –

Richard WELCH: I think young people are more interested in the delivery than the announcement.

Sonya KILKENNY: I could not agree more, which is exactly why this government is a government of action and a government of building. We see it in our infrastructure pipeline and delivery. We see it in our housing.

Richard WELCH: You are not making housing affordable.

Sonya KILKENNY: We see it in the fact that Victoria is leading the nation on home approvals, home builds and home completions. You have –

Richard WELCH: How much affordable housing is in that mix – because there is not much?

Sonya KILKENNY: Could I take you to something? One of the changes that we have made has been the development facilitation program. This is a fast-track assessment pathway that enables faster assessment and a concierge service, if you like, for projects –

Richard WELCH: By removing local consultation and council –

Sonya KILKENNY: that deliver significant investment into Victoria's economy but also deliver significant housing as well as affordable housing. Since we commenced the DFP, 36 major residential projects have been approved, delivering –

Richard WELCH: Including one in Greensborough, where 17 storeys are going up with no community consultation. So you are saying the only way you can deliver housing is to completely bypass local planning and local concerns – that is the only way you know how to do it.

Sonya KILKENNY: Mr Welch, in relation to Greensborough, the local planning laws as they currently exist have actually extinguished public notice and third-party rights. That was put in place by the local council, which I think is Banyule. So with that development it is incorrect to say that we were bypassing local planning rules and laws. In fact in that instance it was just following the local planning rules and laws.

Be that as it may, I was talking about the development facilitation program. This is just one example of the reforms that we have brought in that is actually delivering more homes. And to be included –

Richard WELCH: But it has not yet, though, has it?

Sonya KILKENNY: It has delivered more homes –

Richard WELCH: It is an announcement.

Sonya KILKENNY: It has delivered I think it is about 5000 homes. But importantly –

Richard WELCH: That is the achievement, is it?

Sonya KILKENNY: 4729 homes. Importantly, 25 per cent – a quarter – of these homes are affordable homes.

Richard WELCH: Are they actually built?

Sonya KILKENNY: As well, the development facilitation program requires either a contribution of 10 per cent affordable homes or a contribution to the Social Housing Growth Fund. That has now contributed \$5 million to that Social Housing Growth Fund.

The CHAIR: Thank you, Minister. Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. I refer to BP 3, page 83, and we can see there the government's investment in 'Accelerating approvals for large scale renewable energy projects', that initiative, and 'Accelerating the environmental effects statement process'. So how is this funding accelerating energy approvals while still ensuring adequate environmental and planning assessments are undertaken? How are you striking a balance there?

Sonya KILKENNY: Thank you for that. Ms Kathage, the environmental effects statement is probably or is the most rigorous and transparent environmental assessment in Victoria. It is a process that projects that have been referred to that pathway must go through. They must satisfy certain things to ensure that if there are any environmental impacts from that project that they can be appropriately managed to reduce that impact to be able to deliver that project. The environmental effects statement process is an important process to Victorians, and proponents and stakeholders invest very heavily in the EES. Therefore it is important that they have confidence in the system, they have confidence in the processes and that principles are applied consistently and transparently across it.

In the context of energy transition, and renewable energy more particularly, as we deliver more renewable energy projects it is vital that where those projects are referred to an environmental effects statement process that that process is run in a timely, consistent and certain manner. That is not just good news for industry and for those who are investing here, it is also a good outcome for community. Community needs to understand the process and to be informed about the process and have certainty in that process as well.

The funding that you have referenced, which is \$3.7 million in this budget, will accelerate that EES process. This will be achieved in a number of ways. One is sharper assessment scopes, so better understanding what the scope of the project is and what the scope of any environmental impacts are that will need to be managed. Then there is better utilisation of what is called an environmental report as opposed to a full environmental effects statement: that is a quicker alternative to an EES. At the moment an EES feels like it is a bit of a one size fits all. An environment report can be more tailored with different conditions that can be run in a more efficient manner. There is also providing extra support to proponents when they are responsible for delays: we know part of this process is not always government. It may be that proponents have not properly completed an element of the scoping work that they are doing – so better interaction with proponents as well.

The other thing that is very important is speeding up the public engagement process but engaging early with communities. It is my expectation that proponents of major renewable energy projects will and do engage with community. Often it is that lack of engagement that creates that vacuum – that not knowing what this project is or how it might impact them or what measures are going to be taken to mitigate measures. Often that knowledge and information is unknown. It is my expectation that proponents will engage and engage early with communities.

What we are looking at with this funding of \$3.7 million is to look at the environment effects statement process as it applies to our major renewable energy projects – how does it work and how can we make it more efficient, more certain, more focused, if you like, with an aim to reduce the timeline for an environmental effects statement. At the moment it can be anything from three years, two years. We want to get that down to 18 months, and with the environment report get that down to a 12-month process. Importantly these reforms will ensure that we still have those very robust quality protections in place around environmental management and mitigation. At the same time we want to really promote and support our transition to renewable energy and that means the development of renewable energy projects here in Victoria.

Lauren KATHAGE: You have spoken about, I guess, shoring up certainty for consumers and for proponents, but what does that investment then do – I guess zooming out for investment in Victoria?

Sonya KILKENNY: Certainty is important for all parties. We have heard from community members who want to understand what it means to have these projects come into their local area and their local community. What say do they have in the development and construction of these projects? Certainty is also very important for proponents and investors – investors who want to come in and invest here to develop renewable energy projects. It provides a clear framework for those planning and for that investment. A well-defined EES process has consistent timelines, a scope that proponents and industry can understand and decision-making criteria that are public and understood by proponents so they know exactly what it is that they are dealing with if they want to invest and bring these projects here to Victoria.

One of the biggest costs for many projects, but particularly renewable energy projects, is around that uncertainty, and so we want to encourage investment here. It is no surprise that investing in our EES process was also recognised as part of our *Economic Growth Statement* to ensure that we are attracting that investment and those jobs here in Victoria.

The CHAIR: Thank you, Minister. Ms Benham.

Jade BENHAM: Thank you, Chair. Morning, Minister. When we talk about planning being the key to unlocking housing, why then, as was reported by Channel 9 news on Sunday, would you block all expert recommendations for the Cape Paterson growth area?

Sonya KILKENNY: Well, first of all, I think it is a given that planning laws across our nation have not been enablers of more housing, and what we have seen – and this is replicated not just in our jurisdiction, it is replicated nationally and across the world – is that the planning system does not serve the people it is meant to serve. So we are seeing a housing crisis and a housing challenge.

Jade BENHAM: Because of the blocking of housing developments like Cape Paterson and like the MOIA in Mildura and –

Sonya KILKENNY: I will come to that. What we need to do is look at our planning system and look at how we make this work better for Victorians. How do we make it work better so that we are building homes in –

Jade BENHAM: This has been going on for years, and all of the experts have agreed that this is a good thing. I am just after a simple answer in the interests of time.

Sonya KILKENNY: How are we building homes in the right places and protecting those things that we love?

Nick McGOWAN: Minister, an independent panel said this was the right place.

Jade BENHAM: Many independent panels have agreed.

Sonya KILKENNY: I will take you – so it is –

Jade BENHAM: Not everyone wants to live in activity centres, in apartments; some people want low-density living like Cape Paterson, like Mildura.

Sonya KILKENNY: You are absolutely correct that not everyone wants to live in the same suburb. The issue is diversity and choice, and that exactly goes to the heart of the planning reforms that we are undertaking, so that is about –

Jade BENHAM: Minister, the precedent has been set for cases like this. In 2018 it ended up in court, and the decision was overturned, costing taxpayers \$6 million then. Are you worried that this decision is also going to end up in court, costing the taxpayer millions because of the wrong decisions being made by you?

Sonya KILKENNY: I completely reject the premise of your question here. The role of planning is to identify the best use of land; it is to identify the best future use of land. The work we are doing is to identify that we are in a housing crisis and we need a planning system that is going to identify and give greater diversity of choice.

Nick McGOWAN: But, Minister, the independent panel report found this was appropriate land. You are flying in the face of the independent panel report, and you and I both know that. This is an independent panel report, and you have taken an alternate position in contrast against the panel decision.

Jade BENHAM: Because of a small group of people and the local MP.

Sonya KILKENNY: The matter that you are referring to was an election commitment to protecting what is known as distinctive areas and landscapes, and this goes to my very point: as we build more homes it is not about building more homes everywhere; it is about recognising there are things that people love and they want to protect. Our *Plan for Victoria* goes directly to this: it is about identifying those areas where more homes are suitable, looking at our train and tram zones –

Jade BENHAM: There are not many of them in Cape Paterson. Is this a political decision or a planning decision?

Sonya KILKENNY: suitable places for more homes.

Jade BENHAM: Thanks, Minister. I am going to pass over to Mr Welch. We are not getting anywhere.

Richard WELCH: Minister, in the 2024–25 budget, close to \$302 million was spent on planning and heritage. In the 2025–26 budget, funding for planning and heritage has been nearly halved, with a cut of \$140 million. Which planning and heritage programs have been scrapped to accommodate the \$140 million reduction in funding?

Sonya KILKENNY: Thank you for raising it. It is a very important issue, and it goes to a matter that I think you will agree is a very important one as well. The variation between 2024–25 and the 2025–26 funding of

\$166 million is a direct result of the \$400 million investment that was made through the growth areas infrastructure contributions, which was included in the output cost for last year. You may remember we released \$400 million, which was growth areas infrastructure contribution funding.

Richard WELCH: Are you saying there have been no cuts to the heritage budget?

Sonya KILKENNY: We released \$400 million, and that went to infrastructure projects in our seven growth areas. That was from funding that is collected from developers.

Richard WELCH: But the question was about heritage protection.

Sonya KILKENNY: The GAIC funding was included as an output cost in 2024–25 and has not been included in this year's output cost of 2025–26, which brings us down to –

Richard WELCH: I am confused by that answer. We are talking about a substantial \$140 million cut to planning and heritage.

Sonya KILKENNY: Yes.

Richard WELCH: What have you had to cancel?

Sonya KILKENNY: What I am trying to describe to you is that the variance between those is attributed directly to an investment that was made in 2024–25 out of the \$400 million infrastructure investment. That was the growth areas infrastructure contribution. That was funding that was released to deliver infrastructure projects in our seven growth areas as part of 2024–25, and it has been included as an output cost in the 2024–25 budget.

Richard WELCH: And in the following year, in 2025–26?

Sonya KILKENNY: We are now back to pretty much normal levels of funding. It has been fairly static over those times.

Richard WELCH: So in 2025–26 what is the funding?

Sonya KILKENNY: It is in the budget paper: \$166 million.

Richard WELCH: Minister, according to your new planning provisions, landowners have no right to object and councils are left floundering there on the sideline. They have been sidelined with little or no input. How can you describe this as fair and transparent planning?

Sonya KILKENNY: Again, I reject the –

The CHAIR: Thank you, Mr Welch. We are going to Mr Galea.

Michael GALEA: Thank you, Chair. Good morning, Minister, Secretary and officials; thank you for joining us. Minister, I would like to talk as well about *Plan for Victoria*. In your presentation, in slide 2, this was raised, and you spoke extensively to it in relation indeed to the consultation that has been undertaken for *Plan for Victoria* and in particular how this is – as the name suggests – a plan for the whole state, not just for Melbourne, as previous plans have been. How have you taken on board the consultation, and how will this plan, more importantly, lead to these ambitious housing targets being met so that we can house more young Victorians?

Sonya KILKENNY: Thank you very much, Mr Galea. Several years ago we had *Plan Melbourne*, and I never understood why we had a plan just for Melbourne and not for our regions. I also never understood why no-one ever really referred to *Plan Melbourne*. It became a priority for me that I wanted to see a plan that was for all of Victoria, but importantly, I wanted this plan to be written by Victorians and for Victorians, and that is exactly what we did. We went out and embarked on what has been the biggest engagement and community consultation ever undertaken in this state, running for over 18 months. We reached hundreds of thousands of Victorians, and we engaged with 110,000 Victorians who contributed to this. We sought them out in all the places where they live, where they work, where they engage in sports, where they shop, talking to Victorians about: what is your future for Victoria? What do you want to see? Then we are going to help them get there.

What Victorians told us loudly and clearly is, 'We want more homes, and we want more diversity of homes. We want greater housing choice, but importantly, we want that choice about where we can live.' We ran countless engagements – we had forums, we had pop-ups, we had online engagement – meeting with all of these Victorians who were helping us create and design this vision for Victoria. We also met, as part of this, with every local government across Victoria. We have met with stakeholders, we have met with industry and we have spoken to thousands of people about what it is we should be seeking for Victoria and how are we going to get there.

Then once we got all of that information, once we gathered that and pulled it all together, I also wanted to ensure that this was truly written by Victorians. We got together a panel – we called it the people's panel – and we did that by sending out 15,000 random letters to Victorian community members inviting them to be part of this panel which was going to write *Plan for Victoria*. We had 500 people who put up their hand to say, 'We want to be part of this.' In the end we got that down to 50 and they – together with some terrific facilitators, and I joined them as well – came up with the vision for *Plan for Victoria*, and that is the vision that sits proudly at the start of this document. I do want to read it to you, because I think it is really important.

Nick McGOWAN: Not the whole report, Minister.

Sonya KILKENNY: Not the whole *Plan for Victoria*. Not the whole plan; just the people's vision:

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

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

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

We released this *Plan for Victoria* earlier this year, and when I met with the people's panel to present this to them and showed them that their vision now sits proudly at the start of this, it was an emotional meeting and they felt really invested in this. When we took them through it, they felt that this embodied exactly what it was that they were seeking to achieve. What this is is a plan for all of Victoria that sets out where we want to be in 2051, and it sets it out under a number of pillars. Importantly, housing is one of those pillars, as well as jobs and equity. Then what the plan does is set in motion those first steps about how we are going to get there – 22 actions short- and medium-term actions that are setting us on that path. One of those actions is setting the housing targets for every single local government. One of the actions is the train and tram zone activity centre work that we are doing to unlock that capacity in those places where we know people want to live but they just cannot afford to live yet. One of the actions, for the first time ever, is setting a tree canopy target for all of our urban areas. We have never done this before.

Jade Benham interjected.

Sonya KILKENNY: You might ridicule targets, but they are so important, because they give you something to aim for that makes you work for them. You set in place the reforms, the systems and the processes you need to deliver on it and to get you there, and that is exactly what this *Plan for Victoria* is doing. I am really proud of the work. I am proud of all of the Victorians, the thousands and thousands of community members, who have contributed to this, who have set us the task, set us the vision. Now with our planning reforms, with the work in *Plan for Victoria*, with our work and engagement with local councils, with industries and communities, we are well on our path to delivering on this vision for Victorians.

Michael GALEA: Thank you, Minister. Thank you, Chair.

The CHAIR: Thank you very much, Mr Galea. Ms Benham.

Jade BENHAM: Thank you. I might just follow up on the Cape Paterson decision, Minister. Have you released your statement of reasons for the decision?

Sonya KILKENNY: I believe those were released at the same time as the decision was made.

Jade BENHAM: I believe that is due process, but has it happened?

Sonya KILKENNY: I believe that has happened, yes. I will get confirmation on it, but I believe it has happened. That is standard process; that is what we do. We release the reports and we release the decision. I do want to come back –

Nick McGOWAN: Forgive me, Minister, I might have misheard before, but I think you said it was an election commitment. Was that correct?

Sonya KILKENNY: The Bass Coast distinctive areas and landscapes was an election commitment – to put that in place.

Nick McGOWAN: But not to refuse this development per se?

Sonya KILKENNY: What the distinctive areas and landscapes does is recognise significant areas and significant landscapes that are really important, not just to local community but to the broader community.

Nick McGOWAN: I understand that, Minister. I am trying to understand whether your decision was based on a political promise – which is fine – at an election, versus you now making a decision.

Sonya KILKENNY: We made an election commitment to deliver a Bass Coast distinctive areas and landscapes, just like we have done for Macedon – which protects some beautiful areas in Macedon – and just like we have done on the Surf Coast and in Bellarine. This is about responding to the community, who said, ‘We want to protect what we love.’

Nick McGOWAN: Yes, but the independent panel found that it was not an appropriate place. I think I will move on to Mr Welch.

Jade BENHAM: Actually, just one more thing – the statement of reasons. Are we able to get a copy of that for the committee?

Sonya KILKENNY: Can I come back to you?

Jade BENHAM: They are not available publicly. Secretary?

Jeroen WEIMAR: We will check into where it is.

Jade BENHAM: Great. Thank you very much.

Sonya KILKENNY: That is fine.

Nick McGOWAN: Mr Welch?

Richard WELCH: I would like to move on to the activity centres program. The expansion program has received \$24 million in funding for 2025–26, but there is no funding in the forwards beyond that. Do we take it that the planning for all 60 activity centres will be completed in 2025–26?

Sonya KILKENNY: The funding in this budget is to facilitate the rollout of the train and tram zone activity centre project. That work has already started.

Richard WELCH: Will it be complete in the financial year? Because there is no funding beyond this for the expansion program.

Sonya KILKENNY: We are aiming to complete the 50 projects by next year; that is correct.

Richard WELCH: Next financial year or calendar year?

Sonya KILKENNY: Next financial year. We have already kicked off the first tranche, which is the first 25. Engagement is open right now, so we are asking communities to come and consult on what they love about their areas and how they want to see their areas grow.

Richard WELCH: So all 60 will be issued before the end of June 2026, including the full consultation periods?

Sonya KILKENNY: Well, consultation is already open, and –

Richard WELCH: No, Blackburn – I do not think that it is, for many of them.

Sonya KILKENNY: Blackburn is in the second tranche; you are correct.

Richard WELCH: So by 30 June 2026 all consultation will be complete for all 60 activity centres?

Sonya KILKENNY: Yes, that is correct. Consultation is open now on the first 25. Consultation on the second tranche, which includes your local area, Blackburn, will commence later this year, I think around about October, and that work will then continue. We are working to deliver planning rules for those 48 centres, and then there will be two, Melbourne and South Yarra, which are going to take a slightly different approach.

Richard WELCH: Of that \$24 million, is any of that being allocated to the councils for them to supplement or support this process?

Sonya KILKENNY: The way these work and the lessons we drew from the 10 pilot activity centres are that many councils have done some really good planning work already.

Richard WELCH: From this \$24 million, will you be giving them financial support?

Sonya KILKENNY: We will be working with councils, but the \$24 million is for us to undertake that work.

Richard WELCH: So is there any financial support for councils?

Sonya KILKENNY: We will be working with councils, and where we can, what we will do is actually leverage some of their planning strategy work that they have already done, because some of them have done some really good work, and so it is about picking up –

Richard WELCH: Are you providing any financial support to councils?

Sonya KILKENNY: and drawing on that.

Richard WELCH: Minister, please, are you providing any financial support to councils as part of this process?

Sonya KILKENNY: The support will be working with councils, to work with them –

Richard WELCH: Does that include money?

Sonya KILKENNY: to pick up work that they have already done.

Richard WELCH: Are they going to do this labour for free?

Sonya KILKENNY: This work is being conducted by the project team within the state government, and the project team will work with local governments –

Richard WELCH: I understand that. But are you providing any financial support to councils to support the process?

Sonya KILKENNY: We are working with councils. Councils have undertaken – many councils have undertaken – very good strategic planning work.

Richard WELCH: Okay. You are not going to answer that question. I understand. That is fine. How much of the \$8 billion in this year's government's infrastructure funding will be provided for infrastructure within the activity centres? Are you building up any social infrastructure that matches the planned population growth?

Sonya KILKENNY: Where are you in the budget papers there, Mr Welch?

Richard WELCH: You are spending money on infrastructure this year. Is there any activity centre specific planning for infrastructure?

Sonya KILKENNY: I think you have had an opportunity to meet with the infrastructure minister, so that would have been the opportunity to raise those matters.

Richard WELCH: But when you consult with the activity centres, when you are doing this consultation with the communities, the very, very common question is: what happens in conjunction with this, apart from just property development? And in the consultation paper it is almost like a deliberate exclusion – ‘Oh, we cannot answer that.’ So will you, in your consultation period, be explaining clearly to the communities what infrastructure will come along with the activity centre?

Sonya KILKENNY: Right. Well, if I take you back a step, the reason that these activity centres have been selected is because of their access to public transport. They are well-located, well-connected centres. They are connected into services and jobs.

Richard WELCH: So no extra infrastructure?

The CHAIR: Thank you, Mr Welch. We are going to Mr Tak.

Meng Heang TAK: Thank you, Chair. Minister, delivery of more homes in train and tram zones – let me ask you in a different way. I refer to budget paper 3 on pages 83 and 85. Minister, could you please explain how the train and tram zone activity centre expansion will deliver more homes for Victorians around 50 train stations and tram lines?

Sonya KILKENNY: Thank you, Mr Tak. This is an important part of the work that we are doing to unlock that capacity for more homes, and we are doing this because we know in many of these areas where there has been good investment there is good investment in public transport, there is great access to services, there are shops, there is access to jobs. These are the kinds of areas where people want to live, but we know – the data tells us – that they are becoming more and more unaffordable for ordinary Victorians who want to be able to live there, and that is because we have had in place a planning system that has not worked for Victorians. It has essentially been working to lock them out of these places, and that is just not fair. It is not fair that young Victorians do not have the same opportunities that I had, and I know all of us here want to make sure that younger Victorians also have the same opportunities.

The train and tram zone project is building on the pilot activity centre work that we have done, and that is to identify locations that are already well serviced with public transport or planned public transport, that have great services and really good connections and where we know there is capacity and viability for market to invest as well. So we are looking at these areas, but we are working closely with communities, because every single activity centre is unique, and so we are going in, doing a street-by-street, metre-by-metre analysis to say, ‘Right, how can we unlock homes here, and how can we maintain the great livability that the residents who are here currently enjoy?’ And that is what the train and tram zone work is all about – how do we unlock that capacity, how do we grow great communities and how do we bring the community along with us?

From the pilot – and we are using the tools that were developed during the 10 pilot activity centres – there will be a core for each activity centre, and many of those are already established. For example, Blackburn is already a neighbourhood activity centre and Ringwood is already an activity centre. These are already areas that have been identified for higher growth because of that connectivity and that accessibility. Then the team will look at those areas and will work very closely with local councils, many of whom have already done a substantial amount of strategic work. In some cases, though, councils have not done any strategic work for sometimes 15 or 20 years, so we want to be able to support those councils and get that strategic planning work in place to enable orderly planning of more homes in those areas.

When we talk about ‘orderly’, it is also important to remember that this is not change overnight; this is asking communities: what could your community look like over the next 10 years, 20 years? How can we plan now to allow more Victorians, particularly young Victorians, to have the opportunity to live in these really great locations as well? So that is the activity centre work: identifying those activity centres that are well connected and then for each unique centre working out what is the area around that centre that can also accommodate more homes, particularly townhouses, because we know that is a great option and a much more affordable option for so many people. The train and tram zone activity centre program is looking to unlock 300,000 homes – that is across the 50 centres.

The other benefit of this orderly planning and engaging with the community is that it takes the burden off our growth areas. For many, many years it has been our growth areas that have carried a completely disproportionate burden of new homes, and we are seeing the impact of that. Communities out there are feeling the impact of that, and it is not fair. It is about saying we need to be, according with our longstanding policy, directing more homes into our established areas where there is existing infrastructure and great connections to jobs and services and ensuring that younger Victorians are not locked out of those markets any longer. The train and tram zone program is just one part of our suite of reforms that is correcting this imbalance, that is making things fairer, that is going to enable greater opportunity for young Victorians to get into the housing market, to find a place where they can afford to live in an area where they want to live. That is what is driving this.

Meng Heang TAK: I can see the benefit, Minister. In a place like Clayton, one of the activity centres, there is the train near Monash hospital, Monash University and also an employment hub. Minister, you mentioned the activity centre pilot program, which I understand was previously funded through the 2023–24 budget update. Minister, how was the process concluded and how have the pilot program and community consultation process informed the rollout of the expansions?

Sonya KILKENNY: It is important, too, because it will be picked up and used for tranche 1 and tranche 2 of the train and tram zone. There were extensive consultations conducted. We had over 10,000 engagements alone for those 10 pilot activity centres. There was a very significant process of engagement and consultation with the community, bringing the community along, and in fact in response to feedback from the community, for a number of those centres the boundaries were changed. We brought in boundaries in direct response to that community feedback. I encourage anyone in tranche 1 to get on and engage.

The CHAIR: Thank you, Mr Tak. Mr Puglielli.

Aiv PUGLIELLI: Thank you. Good morning. Staying on budget paper 3, page 85, outputs, action 4 of the *Plan for Victoria* says you will explore simpler rules for affordable housing as part of the review of the *Planning and Environment Act 1987* so the Minister for Planning and councils can obtain a fair and equitable affordable housing contribution as part of a new development. Can I ask: is that work going to happen before or after the activity centres program expansion?

Sonya KILKENNY: Thank you, Mr Puglielli. We are already embarking on work to deliver more affordable housing right across Victoria. It is a clear priority of this government not only to make homes more affordable by building more of them but also ensure that developments will contribute to affordable housing for Victorians as well, and we have seen it in action already. I think I brought members earlier to the development facilitation program pathway. It alone – of its 4700 homes, a quarter of those are affordable homes. That is the importance of creating these fast-track, accelerated pathways – that we can get on and enable delivery of more affordable homes.

Aiv PUGLIELLI: Thank you. Just pulling us back to the question, though, on the review of the *Planning and Environment Act 1987*. When do we anticipate that work will be complete?

Sonya KILKENNY: We are undertaking that review right now. This is a really important review. You have got to remember we have got an Act that is nearly 40 years old and was probably introduced at a time before we were even talking about climate change, for goodness sake, so it is well and truly time for a new planning and environment Act and it is well and truly time for a new planning and environment Act that is also going to enable us to deliver on the priorities that are facing Victorians – and that is certainly the issue around housing and housing affordability.

Aiv PUGLIELLI: When can we anticipate that review to be completed – which is my question?

Sonya KILKENNY: We are undertaking that work right now, and there will be legislative reforms that will be delivered to Parliament when that review work is ready. It is a priority of mine because it needs to work to ensure that we are now addressing the needs and priorities of Victorians.

Aiv PUGLIELLI: I appreciate that, yes, but there is not a timeline that you can provide otherwise – it is just that it is a priority?

Sonya KILKENNY: It is an absolute priority and fits within this quite extraordinary suite of reforms that we are delivering in order to respond to community Victorians who are saying we need more homes.

Aiv PUGLIELLI: Okay. Can I ask, are any of the next 50 activity centres going to require affordable housing contributions at the point at which they are rezoned?

Sonya KILKENNY: Thank you for that. The way the train and tram zone program will run – there will be the first 25, which are out for community consultation and engagement now, and then later in the year the second tranche will go out for community consultation and engagement. They all follow a similar path as the 10 pilots, so they go through two rounds of quite extensive consultation and engagement. That will be looking at the planning rules for the activity centre core. In many cases that will not be a rezoning. It will be like we did for the pilot activity centres. It was using the activity centre zone, which is an already-existing zone, and putting over that what is called a built form overlay. That goes to the built form envelope of what can be built in that activity centre core. Around the core we are introducing what is called the housing choice and transport zone, and that will be looking at that much gentler density out from the activity centre. On the outer edge of that area will be the three-storey height limit, and that is where we really want to encourage and see the duplexes or the townhouses, which I said are a really good, affordable option for many Victorians and are going to fit really well in these neighbourhoods.

We will also be encouraging of course utilisation of the DFP, which will provide that 10 per cent affordable housing, but also working with communities and with industry and with local government to ensure that we are working towards those targets for those local government areas as well. The *Plan for Victoria* – I cannot recall which action item it is; someone might pick it up – does talk about further investigating targets for affordable housing within each local government area as well, so that is an action that we are undertaking and will continue to work towards.

Aiv PUGLIELLI: Thank you. Can I ask: does the government plan to establish a head of power for the *Planning and Environment Act* to mandate affordable housing contributions?

Sonya KILKENNY: Thank you. This is a matter that has come up a lot in conversations with community, with local government and with industry. I do not want to foreshadow any of the matters that might or might not be part of the new *Planning and Environment Act*. However, I think it is fair to say that it is a priority for this government that we deliver more housing, all types of housing, right across Victoria, including in regional Victoria – Ms Benham, I know this is an issue close to your heart – where we want to ensure that regional areas continue to and do enjoy the economic prosperity that comes from more housing and growth in those areas and in the areas where they are best suited.

Aiv PUGLIELLI: Thank you. We have canvassed that quite a lot today. Can I ask a further question: how many developments since 2020 have included affordable housing components?

Sonya KILKENNY: You have raised a really important point, because this is part of the issue, that through the development facilitation program we can identify exactly how many affordable homes have been delivered.

Aiv PUGLIELLI: So you cannot identify that now?

Sonya KILKENNY: However, where local councils are delivering and approving planning applications, they might be entering into individual section 173s with industry.

The CHAIR: Thank you, Minister. Mr Hilakari.

Mathew HILAKARI: Thank you, Minister, and thank you, officials, for your attendance this morning. Minister, I will take you to ‘Delivering the 10-year plan for Melbourne’s greenfields’. It is on budget paper 3, page 83, and it sets out a little bit over \$10 million for that greenfields plan. I am hoping you can talk about how that will set up a pipeline of homes for Victorians.

Sonya KILKENNY: This is another really important component of the overall reform. It comes back to the very point that Ms Benham made before, and that is about delivering diversity and housing choice, because whilst we know not everyone wants to live in a townhouse or a multistorey apartment, many, many Victorians also want that opportunity to live in outer suburban areas with a backyard. It is important that we maintain that

growth there as well to continue that housing choice and housing diversity but that we do it in a measured way that is going to ensure that it no longer carries the disproportionate burden of new housing. For the first time ever we have delivered the longest – it is a 10-year plan for greenfields development. We worked very closely with industry in developing this, and I know it is something that is very important to industry as well, to understand with certainty what the future of the greenfields looks like.

Mathew HILAKARI: That certainly helps with the investments of course that they are all making.

Sonya KILKENNY: Exactly right. When is land going to come on line for developers to be able to get in there to invest and to deliver? We have established now, working very closely with industry, with community and with local government, the 10-year greenfields plan, which is going to unlock capacity of 180,000 homes over the next 10 years, and that is looking at roughly 18,000 homes a year. That is to give that certainty to industry that there is still going to be that pipeline for housing delivery out there in our greenfield areas. This year's budget includes funding over four years of \$12 million to continue the work that is done by now the department but formerly the Victorian Planning Authority to undertake the PSPs, the precinct structure plans, to facilitate the rezoning and then the pathway through to delivery and development out in our growth areas.

The way that we are doing it is by identifying some three time horizons and including PSPs within those horizons so industry has a clear snapshot of when and where PSPs are going to come on line. It means industry has that certainty about when to invest. Also, importantly, it enables greater and better staging of the infrastructure that is going to support the delivery of those homes out there in a much better staged approach so that we are getting the infrastructure and the services together with the housing as well.

Mathew HILAKARI: That is exactly what we talk about in outer suburban areas – when the infrastructure is going to come online making sure that both government and councils are delivering that on time so it actually fits communities.

Sonya KILKENNY: Yes. Exactly.

Mathew HILAKARI: I know that very sharply.

Sonya KILKENNY: Yes, you would out there representing those communities. It is something I have spoken a lot with Ms Kathage about as well when I have been out there and touring those communities too. It is about that staging and sequencing. Again, it fits within everything that we are delivering in *Plan for Victoria* – this vision for Victoria – about providing that housing choice and housing diversity, creating the plan and getting in place the reforms. They are not going to change everything overnight, but it is about getting the conditions right so that industry gets in there with certainty and is able to build in all the right places and that we grow sustainably.

Mathew HILAKARI: Minister, the sharpness of how I know about it is we have got better planning around East Werribee, where we are putting the roads and the schools in right now. We are actually just asking the community today what we are going to name those schools, so that is pretty exciting in the lead-up to 2026. I want to take you to the land supply and how this 10-year plan helps with that land supply certainty for the years ahead. Is there adequate land supply to make sure that we meet those housing needs?

Sonya KILKENNY: That is part of this plan as well – to ensure that we have got that adequate supply of land to meet future need and demand. Land within the urban growth boundary has already been set aside for future greenfield urban development. We know Melbourne has the four growth areas around Melbourne, and until a PSP is gazetted, the use of the land for housing is limited by the application of the urban growth zone. That just acts as a holding zone, if you like, until the PSP is prepared. I think that is an important feature of this work as well.

Regional cities, I should add, also use their own urban growth zone to designate their growth areas and set aside land pending the preparation of a PSP. Coming back to regional areas too, and I think this is important: regional areas have never really had their own urban growth boundary like Melbourne. One of the actions in *Plan for Victoria* is for us to work very closely with not only the major regional cities but also we want to encourage many regional towns and cities to start that preparation work around regional boundaries for their areas – putting in place, again, the boundary that gives certainty to community and certainty to industry about where to build and what to protect. I say that particularly in our regional areas but also our growth areas, because we

need to protect and preserve really important places like agricultural land, right? And we need agricultural land close to where we are – close to market. So, again, it is very important. You can see how all the pieces fit together. This is not just about housing, it is a broader piece –

The CHAIR: Thank you, Minister.

Nick McGOWAN: Point of order.

The CHAIR: Mr McGowan.

Nick McGOWAN: At the risk of embarrassing the minister, can I just extend my thanks to the minister and the department and their officers for their – I need to use my words carefully – constructive approach from time to time. I will not expand beyond that, but it is appreciated, and it does produce an outcome that I think is demonstrably much better for my community, so thank you.

The CHAIR: Thank you, Mr McGowan. You never cease to surprise me. Minister and officials, thank you very much for taking the time to appear before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is going to take a break before beginning its consideration of the portfolio for skills and TAFE at 11:45 am. I declare this hearing adjourned.

Witnesses withdrew.