

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Friday 6 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

Harriet Shing MLC, Minister for Development Victoria and Precincts;

Jeroen Weimar, Secretary, and

Stuart Moseley, Deputy Secretary, Housing, Building and Land Delivery, Department of Transport and Planning; and

Anne Jolic, Chief Executive Officer, and

Niall Cunningham, Acting Group Head, Housing, Development Victoria.

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 today is protected by parliamentary privilege. However, any comments repeated outside 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 the hearings and anything said may be picked up and captioned, even if you say it very quietly.

As Chair I expect that committee members will be respectful towards 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 Development Victoria and Precincts the Honourable Harriet Shing 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, and this will be followed by questions from the committee. Your time starts now.

Harriet SHING: Thank you, Chair, and thank you for the opportunity to talk today about Development Victoria and precincts. I begin by acknowledging the traditional owners of the lands upon which we gather – we are on Wurundjeri country today – and I pay my respects to their elders, past and present.

Visual presentation.

Harriet SHING: Chair and committee, as the city grows and as our population grows it is absolutely essential that we grow well. We know all too well that not getting it right causes all sorts of challenges, costs and inconveniences for livability and for opportunity. As we work through the work of our precincts program, Development Victoria and the precincts team play an essential role in linking government with industry and making sure that there are good decisions made up-front about the way in which we grow and deliver homes, jobs and opportunities.

Next slide, please. The precincts that are set out on the screen offer a strategic opportunity to provide a really complete lifestyle package. This is about people living, working and playing all close to where they call home. We are transforming places into really vibrant, livable and sustainable communities, with affordable housing and quality jobs which help to grow Victoria's economy. As you will see, those precincts go around an arc in the city's area, from Docklands right through to Fishermans Bend via La Trobe, Arden, Sunshine, Footscray and East Werribee. We are wanting to make sure we can support 70,000 new homes and 220,000 new jobs. This is about leveraging existing infrastructure and then making sure that we do this work alongside the work in the housing statement that the planning minister has been working so hard to deliver.

Next slide, please. I want to highlight the work of Development Victoria, which is key to increasing the supply of diverse and affordable housing across the state. Now, Development Victoria is self-funding. It is the property development agency of Victoria, which not only covers its own costs but generates revenue to be invested back into the state. DV is in a really unique position to use commercial capability and to solve challenges and to deliver community outcomes, because it can operate counter-cyclically, and this then means that it delivers projects that others simply cannot in this environment. It also delivers housing and precincts work and plays a critical role in the housing statement, alongside the work that has happened across the Melbourne arts precinct, for example, Melbourne Park and the Albert Park pits work.

Next slide, please. In the last five years more than 1800 houses and land lots have been sold, with another 2500 projected to be delivered in the next five years. In the 2023–24 financial year 34 per cent of homes were sold to people on incomes eligible for affordable housing, and 28 per cent of total sales were sold to first home buyers. To the points that I have made in earlier sessions, this is about addressing availability and affordability. DV is actively delivering communities with a mix of housing types across key areas, including Epping, Werribee, Sunshine North, Springvale South and Officer. We have also got further projects in the pipeline in Ivanhoe, Knoxfield, Fitzroy, Coburg and Kew as we continue to repurpose surplus government land for new homes in well-served locations.

Next slide, please. We are also working across regional Victoria – Geelong, Bendigo, Ballarat, Morwell – to support strong growth. That is where we will be able to deliver around 900 homes on sites in these areas. Across Ballarat, Bendigo, Geelong and Gippsland Development Victoria is also delivering eight of the 16 projects from the government's \$550 million commitment to delivering new and upgraded sporting infrastructure projects across regional Victoria.

Next slide, please. We are also investing in growth areas. There is no next slide, so I am just going to wing it. The number of growth suburbs and projects that we have funded since 2021 is 104. Eighty-nine of those are in the 10 outer Melbourne councils, and 15 are in the peri-urban councils in regional Victoria. More than 350 projects have been funded across the state through the Tiny Towns Fund, and that has been used also to fund 45 projects in the 10 interface LGAs of Casey, Cardinia, Hume, Melton, Mitchell, Mornington Peninsula, Nillumbik, Whittlesea, Wyndham and Yarra Ranges. The Minister for Regional Development has responsibility for the Tiny Towns project in regional Victoria, and there are around 300 projects funded by RDV. Again, the challenge is focused on not just the fact that we are growing but how we grow well. I am very happy to take any questions from the committee. Thank you.

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, have you received any advice about a possible merger with Homes Victoria? Can you rule that in or out?

Harriet SHING: I am just not sure, Mr Welch, what you – have you got a budget paper reference?

Richard WELCH: Budget paper 3, page 174. Within your purview, have you received any advice on a possible merger?

Harriet SHING: This is not about merger, it is about collaboration. This is again about making sure that Development Victoria, in covering its own costs and developing returns that can assist the state, is also working alongside Homes Victoria. There is a partnership that is already in train.

Richard WELCH: So you are not merging the two organisations?

Harriet SHING: They operate across two different departments, Mr Welch. There is the Department of Transport and Planning and the Department of Families, Fairness and Housing for the housing component. But Development Victoria is also about build-to-rent, for example. It is about utilising government sites. Homes Victoria is working in the social and affordable housing space. Again, there are different objectives, but there are similarities and overlaps.

Richard WELCH: So there has been no advice on the two bodies merging?

Harriet SHING: Not merging. There are partnerships that happen all the time, and that is an integral part of the functions of both of those bodies. I am really proud of the work that they both do in tandem, but also it is a Venn diagram. There are areas which each of them do independently, and then there is a crossover area where we get better outcomes because of that collaboration and partnership.

Richard WELCH: Thank you, Minister. I will just direct this to the CEO, Ms Jolic. Have you met with Helen Silver as part of the Silver review?

Anne JOLIC: I have not, Mr Welch.

Richard WELCH: Thank you. I will go on to budget paper 3, page 174; I think it is the same place. Minister, I want to ask about the Little India precinct in Dandenong. When are you planning on demolishing the existing building?

Harriet SHING: Thank you, Mr Welch, for that question. Development Vic is in the final stages of renewing leases throughout the central Dandenong precinct, and DV has been in regular communication with Little India traders about the future development of sites 11 through 15. There have been regular updates provided about the progress of planning and approvals for that redevelopment.

Richard WELCH: Does that include the date when it is being demolished?

Harriet SHING: The discussions are ongoing. Development Vic is helping traders to understand their options, and traders have also been supported with a range of options around a relocation strategy for eligible tenants and rent reduction as well as assistance to help businesses to remain open while Little India is being constructed. It is also then about providing ongoing support in anticipation of the new redevelopment commencing and in line with the work that we are doing across the *Retail Leases Act* and the Victorian government land transaction policy.

Richard WELCH: So there is not a date.

Harriet SHING: Well, we are in the final steps of renewing leases throughout that precinct.

Richard WELCH: Okay, so there is no date. Some traders have been given support, as you say. I will see if you can confirm this: how many, and were they made to sign NDAs?

Harriet SHING: I am happy to see what I can get you in relation to the process by which support was provided. Traders have been offered relocation strategies for eligible tenants and a rent reduction period to assist with relocation costs, and that will then allow businesses to remain open while the new Little India is being constructed. There has been really strong support provided for these traders over a long period of time, including during the pandemic, and we do want to make sure that we continue to provide people with information and regular communication. There are updates that are provided about the progress of planning and approvals in the redevelopment.

Richard WELCH: Did they need to sign NDAs?

Harriet SHING: Again, as I said to you at the outset, I am very happy to see what I can provide you in terms of the process that was involved there.

Richard WELCH: Were all traders offered support?

Harriet SHING: All traders have had strong support made available to them. The extent to which traders have sought out or accepted support is a matter for them. Again, it has varied depending on what it is that people have been looking for, whether that is information, whether that is support with rent reduction or whether it is processes to assist with relocation costs.

Richard WELCH: Thank you, Minister. Last year in August you almost doubled the rent for the precinct, despite a promise by Daniel Andrews that rents would not be increased until the precinct's redevelopment was complete. Why did you do this?

Harriet SHING: I am not sure where that sits within the relevant reporting period, Mr Welch, but there was a rent reduction period that was in place for a fixed period and that was to assist people to remain open. There was also COVID-specific support that was provided by way of rent freezes or rent cuts to traders during that time. That was part of broader business support arrangements. Many of those supports have reached the end of their practical application, simply because we are returning to business-as-usual settings.

Richard WELCH: But you are confirming there were no rent increases?

Harriet SHING: There were periods where rents were frozen.

Richard WELCH: Not increased.

Harriet SHING: Once you end the period of a rent freeze, where the commercial value of that property continues to increase, there will be a rent increase.

Richard WELCH: How much were they increased by, after the freeze?

Harriet SHING: Let me see what I can find for you, just in relation to changes to rent payable by those traders. Again, it may well vary from trader to trader.

Richard WELCH: It may.

Harriet SHING: I will see what I can find for you.

Richard WELCH: Thank you. There are 30 to 40 traders in the existing building. How many will be housed in the new building, and will all be given an opportunity to move to the new building?

Harriet SHING: I think there are about three questions in what you have just asked me, but –

Richard WELCH: Yes. You can do them one at a time, if you like.

Harriet SHING: When we talk about the future development of those sites, you are correct in identifying that there is a not-insignificant number of traders. When we talk about opportunities for potential relocation strategies, that is about providing support to eligible tenants. Mr Weimar, did you have anything to add to the process there? I am happy to see what I can get you around what individual trader arrangements look like, Mr Welch.

Richard WELCH: The two pertinent parts of the question were how many are moving, and did all have the opportunity to move?

Harriet SHING: Ah, okay. Again, it is a level of granularity I do not have to hand in terms of the process as it sits at the moment. Why don't we see what we can get you on notice.

Richard WELCH: Thank you. Thank you very much. I will move on to the VicRoads Kew site.

Harriet SHING: A great development, Mr Welch.

Richard WELCH: It may be – I drive past it. I am not sure. What is the mix of housing going to be on the Kew VicRoads site?

Harriet SHING: Thank you for that question. It is 2.67 hectares and it is prime real estate land. The Member for Kew has taken a really, really enthusiastic interest in this project. We have worked really, really hard with –

The CHAIR: Apologies, Minister.

Richard WELCH: Oh, we were just getting to the –

Harriet SHING: We were just getting to that.

The CHAIR: We are going to go straight to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. I wanted to ask a bit more about Development Victoria. I see some information there on page 148 of DTP's questionnaire, but I wanted to understand Development Victoria's role in delivering the government's housing statement.

Harriet SHING: Thank you for that question and again for identifying an area of overlap that is enormously significant in addressing not only the challenges of systems reform but also in making sure that we deliver a mix of housing options. We are determined to make sure that as we develop property and as we deliver more housing, we are doing it in a range of really dextrous ways. Development Victoria deserves credit for the work that it does to join up industry and government. As I have said on a number of occasions now, it can often seem like an impenetrably difficult challenge for industry to work with government, and vice versa, as much as anything due to a lack of opportunities to talk in the same language. This is where Development Victoria actually brings that bridge so that there can actually be development opportunities that are viable, that are consistent and that are certain for development. So DV has got around 25 housing projects. As I went through in the presentation, they are in metropolitan and regional Victoria and Melbourne, and this is about making sure that we can deliver 9000 new homes across those areas and those 45 sites that were previously underutilised surplus government land. Again, we want to make sure we are putting that land to best use for the purposes that address the need, which is where housing is one of the most pressing needs, I am sure that everyone on the committee will agree with.

Unlocking surplus government land also enables the opportunity to build more homes and vital community infrastructure in places where people want to live, and we have got a number of areas where there are projects that have delivered profound impact already. The opportunities that we have got across the small sites pilot include the old VicRoads site in Kew – that is 500 homes that will be delivered on that site. The Avenue in Coburg will deliver approximately 250 apartments, and we have got early works underway in regional Victoria, in Ballarat, Bendigo, Morwell, Waurin Ponds and Junction Place. I am really proud of the work that Development Victoria is also doing, including in activating industry opportunities. The development agreements that were in place at Docklands, which I was at just yesterday – this is a project that has been pursued since 2013, a 2.5-hectare site, of which about half of that will be open public space, 797 build-to-rent apartments. This is about making sure that we can address need and opportunity but also in a really connected way. In the work that is being done by Development Victoria with Lendlease and with Daiwa House as part of the co-investment, we are not only bringing that economic growth to Victoria but we are also bringing the homes to the key areas where people want to live. And as I keep saying, when we grow, we want to grow well, and that is where good standards come in. It is also where good pipelines of investment for industry are so important.

Lauren KATHAGE: Thank you. In that important work, I imagine it would be quite challenging, so what sorts of challenges is Development Victoria facing and how is it seeking to address those challenges?

Harriet SHING: You are right. There have been a number of really significant challenges around the cost of construction and materials and workforce shortages, and Development Victoria has the opportunity for counter-cyclical investment, and those uncertain global economic conditions have affected every part of Australia, but here in Victoria we know that we are in a position to be able to get ahead of some of the most pressing of those challenges with partnerships with property developers and making sure we can, for example, defer commencement of work and land banking to wait for an upswing in conditions, and also with the commercial capability that Development Vic has. It is a team that has an extraordinary level of experience, of market knowledge and of experience in those partnerships, and this is also making sure that we can deliver projects that often the market is not in a position to do without that assistance. Cairnlea is another example with remediation programs. This is going to ensure that we can take a period of about 12 months to ensure compliance with EPA regulations in the work around managing the site development and partnerships, including with DEECA, to manage the work that we are doing on that site. We also want to make sure that we can sell the product that is realised in that value over time.

In the last five years Development Vic sold more than 1800 homes and land, with another 2500 projected to be delivered over the next five years, and that aligns very, very squarely with Victoria's leadership on housing approvals, commencements and completions. Over the last five years Victoria has had more approvals, commencements and completions than New South Wales and Queensland. This is work that is, again, attributable to the levers that we are pulling, the changes that we are making and the combination of factors in system reform, regulatory and legislative improvement and change and also the investments that we are making

in a thriving building and construction sector, again utilising that land that is available to us that is otherwise not being activated in a way that addresses those challenges.

Lauren KATHAGE: I think I have seen a different type of project that Development Victoria is delivering, the Nyaal Banyul in Geelong.

Harriet SHING: Yes.

Lauren KATHAGE: What is Development Victoria's role there? Because it seems sort of different to what we have been discussing so far.

Harriet SHING: Absolutely. Nyaal Banyul in Geelong is really a centrepiece project for Development Vic in activating work for the Geelong convention and exhibition centre. This is part of the work that we delivered in the course of the city deal for Geelong. Again, when we activate that space with around \$500 million, we have been able to see record investment in hotel accommodation, in a 1000-seat theatre and in work with traditional owners and those partnerships. This is the sort of thing that Development Victoria does to activate partnerships, whether it is with the Plenary Group or with Wathaurong and the First Peoples group there. Corrina Eccles and others have been a central part of the work that Development Victoria have been doing, including in what self-determination looks like. And it is also about working alongside local government. We know very clearly that where we can have good decisions made well in partnership with all levels of government through Development Victoria, we are realising economic benefit and growth and we are providing place-based initiatives that are geared toward making the most of geographic assets, of cultural and educational – the sort of work around jobs, development and economic growth will vary from place to place, and Geelong is one of those examples of where DV has really driven a lot of that work.

Lauren KATHAGE: Thank you. You spoke about Development Victoria working with industry previously, but how is Development Victoria looking inwards to DTP on projects that you have mentioned, like Fishermans Bend, Arden and East Werribee? So DTP and Development Victoria working together – how does that look?

Harriet SHING: This is a really important part of the work that we are doing. Bringing together Development Victoria and DTP means that we can activate the work that is happening within the planning space and the work that is happening within the broader planning statement and housing statement work. It also sits alongside the Suburban Rail Loop work and the precincts work that I have under that legislative framework. Development Victoria is not only a value-add; it is also a body that can expedite decision-making, can remove ambiguities or uncertainty in industry appetite and can then also talk to other parts of government. The work that Anne and Angela and the team lead is really about making sure that, when we are moving to Arden, we are looking at all available opportunities for industry development. That is an area that will be home to 20,000 residents. It is then about saying: how do we activate that space in a way that will then mean we have got 34,000 jobs in that particular precinct alone? And precincts, as you saw from that arc that was up on the screen before, are a key part of pulling that growth away from Melbourne's CBD, activating it in ways that are relevant to specific geographic areas or areas of economic interest and then also making sure that when and as we are designing and building neighbourhoods we are doing it in a way that is consistent, that is viable and again that makes for liveability. There is a lot of work and a lot of overlap there between planning, the work on precincts, the work on Development Victoria and also housing. So this is, I suppose, one of the rationales for bringing the various portfolios together that I have under DTP and of course DFFH with housing.

Lauren KATHAGE: Precinct developments are not without challenges, though. How are they being addressed?

Harriet SHING: Yes, challenges and opportunities. One of the things we know from precinct development is that getting ahead of the challenges means that you do not then have to go back faced with congestion, increased cost and poorer livability. You do not have to face these issues of deserts around amenity, because that planning and that consideration has been baked into the process for development agreements and for the way in which industry partners with government. Again, we want a mix of different options for best liveability for people in Victoria now and as the population grows. If we are going to get to the size of London by the 2050s and do it well, we have to make sure that we are activating those partnerships, and this is where Development Vic has a key role to play.

Lauren KATHAGE: Those growing metropolitan suburbs, how is Development Victoria then supporting those to make sure there is that level of quality with the growth?

Harriet SHING: There are some probably pretty good examples. Anne, do you want to leap in with any particular things that come to mind?

Anne JOLIC: There are lots of good examples where we are either doing the developments ourselves – in Officer, Sunshine North and Luma, we are building townhouses; in Springvale we just had our final townhouse settlement and residents are starting to move in. There are lots of good examples where we are actually delivering ourselves in suburban contexts as well.

The CHAIR: Thank you, Ms Kathage. We are going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon. Regarding the government's commitment on the Fitzroy Gasworks site to providing 156 affordable homes at that site, can I get clarification on for what number of years is that housing guaranteed as affordable housing?

Harriet SHING: Thank you, Mr Puglielli. I just had to dig out the budget paper reference there. This is about transforming the Fitzroy Gasworks into a new neighbourhood. It will have more than 1200 homes, including 20 per cent affordable housing. You know about the definitions for affordable housing regulated by the *Planning and Environment Act* for very low, low and moderate incomes. They are, as anybody who knows this part of the world can attest, really close to public transport. There is a senior high school, a new multi-use sports centre and dedicated open space. We provided \$4.4 million for safety upgrades to support the development back in 2020 and 2021, and this will make sure that we can have that precinct that delivers homes over time. Twenty per cent affordable housing, 1200 homes – and as we work through that process, we will be in a position to provide further certainty and detail around the sort of question that you have asked. I am very happy to provide you – as I think I have indicated in the house on multiple occasions – with further information about the progress of that work.

We do want to make sure that as we deliver housing, we have got that model of support through the Inner North Collective Joint Venture as the successful delivery partner to deliver 820 homes on parcels B and C. That JV is comprised of Assemble, who has, as you know, extensive experience and expertise, Milieu and Hickory, with capital partners AustralianSuper and HESTA, again showing how those partnerships work. An EOI for development partners to deliver parcel A on the site was launched in March this year, and we have seen stage 1 of those public realm works completed, with construction to commence on a 79-space car park within the Alexandra Parade median strip. That is a very detailed way of saying, Mr Puglielli, I am very happy to provide you with additional information as the progress of that project evolves.

Aiv PUGLIELLI: Okay. On notice potentially?

Harriet SHING: Let me see what I can find for you.

Aiv PUGLIELLI: Thank you. In relation to the Arden Precinct, previously it was projected to be mostly essential workers to live in that precinct, hence the infrastructure planning to reflect that. Given there is no new hospital planned for the precinct, has that demographic projection changed?

Harriet SHING: I would like to see a mix of housing across our precincts. We do actually have expectations –

The CHAIR: Apologies, Minister, Mr Puglielli. 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 very short break before beginning its consideration of the Suburban Rail Loop portfolio at 2:50 pm. I declare this hearing adjourned.

Witnesses withdrew.