

PROOF VERSION ONLY

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Melbourne – Friday 4 April 2025

MEMBERS

Juliana Addison – Chair

Martin Cameron – Deputy Chair

Jordan Crugnale

Daniela De Martino

Wayne Farnham

Martha Haylett

David Hodgett

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

WITNESSES

Niall Cunningham, Acting Chief Executive Officer, and

Nemesia Kennett, Acting Group Head, Housing, Development Victoria.

The CHAIR: Thank you so much for joining us again at the public hearing of the Inquiry into the Supply of Homes in Regional Victoria. I just need to run through some important formalities before we begin this latest session.

All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of your evidence in the next week or so to check. Corrected transcripts are published on the committee's website and may be quoted from in our final report.

Thank you for making the time to meet with our committee today. We are very pleased that you are here. My name is Juliana Addison. I am Chair of the Environment and Planning Committee and Member for Wendouree, representing central Ballarat.

Martin CAMERON: Martin Cameron, Member for Morwell, so Latrobe Valley.

Wayne FARNHAM: Wayne Farnham, Member for Narracan, West Gippsland region.

David HODGETT: David Hodgett, Member for Croydon.

Jordan CRUGNALE: Jordan Crugnale, Member for Bass.

The CHAIR: Would you like to introduce yourselves?

Niall CUNNINGHAM: Hi, everyone. Niall Cunningham, Acting Chief Executive Officer for Development Victoria.

Nemesia KENNETT: Nemesia Kennett, Acting Group Head of Housing for Development Victoria.

The CHAIR: Would you like to make any opening remarks or a presentation?

Niall CUNNINGHAM: We have a presentation prepared. Thank you for the opportunity to come and contribute to the Legislative Assembly Environment and Planning Committee's Inquiry into the Supply of Homes in Regional Victoria.

Visual presentation.

Niall CUNNINGHAM: Firstly, I would like to acknowledge and pay my respects to the traditional owners as the original custodians of Victoria's land, water and skies. At Development Victoria we are committed to genuinely partnering with traditional owners and Aboriginal communities to achieve meaningful economic outcomes and to ensure the world's oldest living culture is reflected in the projects we deliver. Today we are privileged to be on the lands of the Wurundjeri people of the Kulin nation. I would like to acknowledge the countries upon which Development Victoria deliver our projects, pay my deepest respects to elders past and present and extend my respect to Aboriginal people who are present here today.

Development Victoria is the government's property development arm. The work we do makes an impact right across Victoria, and, importantly, we partner with government, industry and community to make it all happen. Last financial year we invested more than \$681 million across more than 30 major development and infrastructure projects, supporting approximately 8000 jobs for Victorians. Almost 20 per cent of these projects were based in regional Victoria.

The CHAIR: Before you move on – I just want everyone to see – that is the Ballarat GovHub and it is the most stunning building. I will take you there when we go to Ballarat.

Niall CUNNINGHAM: Thank you, Chair. We are very proud of that project.

Just to talk briefly about our projects, we redevelop public spaces that are as complex as they are iconic, like Melbourne Park, the State Library Victoria, the Shrine of Remembrance, of course the GovHubs and more recently the Geelong Arts Centre and the recently announced and opened elephant enclosure at Werribee zoo. We also deliver precincts that change the face of our cities, such as Docklands and Junction Place in Wodonga. We build homes in places where people want to live across both metropolitan and regional areas, from Werribee, Epping and Springvale to Ballarat and Wodonga.

Development Victoria is a public non-financial corporation established under the *Development Victoria Act 2003*, which reports to a board and the Minister for Development Victoria and Precincts the Honourable Harriet Shing. We are a self-funded agency, and while we operate with commercial acumen, as the Victorian government's property development arm we are of course guided by policy ambitions.

We build new homes where they are needed most, close to essential services such as transport, jobs and schools, and we also create vibrant places that enrich local areas with recreation and community facilities tailored to meet local needs.

Across Ballarat, Bendigo, Geelong and Gippsland we are delivering eight of the 16 projects from the government's \$550 million commitment to delivering new and upgraded sporting infrastructure projects in regional Victoria. Across these and all other projects we source a significant percentage of employment, goods and services from regional Victoria. This means we are backing local business, First Peoples and social procurement to provide local jobs and to contribute to local and regional economic growth. Our projects employ apprenticeships to increase capacity and skills to help grow the next generation of skilled workers.

In addition to the projects already delivered, Development Victoria is well progressed in the pre-planning and preliminary investigation to deliver more homes in regional Victoria. At Waurn Ponds, Geelong, we are in the final planning stages to develop underutilised land adjacent to the Waurn Ponds train station, which will deliver approximately 400 new homes, including 72 social and affordable homes, in partnership with Homes Victoria. The project is also being delivered in collaboration with the Department of Transport and Planning.

At Flora Hill in Bendigo we will deliver approximately 160 new homes, including approximately 56 social and affordable homes, again in partnership with Homes Victoria. Early works are expected to begin in the first half of 2025 onsite for that project. At Chum Street we are undertaking investigations to inform remediation to unlock the former mining site. This is a crucial step in healing country and creating lasting benefit for the Bendigo community.

In Morwell we will deliver approximately 70 much-needed land lots on the vacant site at English Street, with at least 10 per cent social and affordable housing. The planning permit application for subdivision of the site has been submitted for approval, with early works set to begin next year.

We are working to support the local council to unlock the former Ballarat saleyards site to enable future development opportunities. We have undertaken some site investigation. Remediation is expected to begin mid this year, and it will take approximately up to 12 months, obviously subject to the site conditions and what we find.

In Wodonga we are undertaking one of Australia's largest regional urban renewals. A developer has been appointed to deliver short-stay accommodation, a combination of mixed-use and residential development, including the delivery of approximately 200 homes – obviously subject to planning approval – and the project will support, we estimate, more than 1000 local jobs and boost local economic growth.

As I am sure the committee would be well aware, we do find ourselves in challenging economic times. Property development is increasingly difficult to make viable. As the government's property developer, we can and we do act countercyclically to deliver projects. Development Victoria has access to a wide range of levers that enable us to balance the commercial returns and policy outcomes. Across the portfolio we are delivering innovative and diverse housing outcomes. We are targeting at least 10 per cent affordable homes, 1 per cent of

which will be homes for First Nations people. We continue to partner with Homes Victoria and the community housing sector to explore further opportunities to deliver social housing.

In conclusion, at Development Victoria we are continuing to deliver our key projects and contribute to continued growth across the state. A large part of our work includes supporting regional Victoria through housing affordability and diversity of housing choices and helping stimulate economic development to make our regional cities and towns even better places to live, work, stay and play. Thank you.

The CHAIR: Thank you, Niall. Who would like to start off with the questions?

Martin CAMERON: I can open the batting if that is okay. As the Member for Morwell, I see you put up the infrastructure that is that is going to be happening in Morwell. That was targeted as a Comm Games legacy build. I am just interested in the process to actually come up with one of the locations. I know English Street was designated as the athletes village, and the Morwell Gippsland entertainment park, which was the Falcons', was another major part of the Comm Games with soccer and so forth. Developing them, I just want to know what process went around. Was there engagement with council to not upgrade these facilities but to spread it across the region, rather than put all the money into these two particular places?

Niall CUNNINGHAM: Maybe just to clarify Development Victoria's role, because it sets context for the question, we very much take carriage of the projects that government tasks us to deliver. In the case of Morwell we had been presented with the site at English Street, and so the task was to deliver as many homes, with at least, as I said, 10 per cent being affordable homes at English Street in Morwell. Pleasingly, we have been engaging quite closely with council on the development of that site, particularly in that pre-planning phase. We have submitted the planning application to council, and we hope that early next year we will begin housing development on that site. So great progress has been made, I guess, since we took carriage of that site and were tasked by government to deliver housing.

Martin CAMERON: And on the other site, the Gippsland park, moving into there, is that also at the same stage of planning – gone into council – or does it need to go in? And what is the community to expect? What is going to be built there?

Niall CUNNINGHAM: Sorry, can you clarify?

Martin CAMERON: The Gippsland entertainment park, which is the Falcons soccer ground. There were two that you had up there, English Street and also the precinct for the soccer.

Niall CUNNINGHAM: Yes, I am happy to take that question on notice, if I may, and put it in by way of written submission subsequently to the committee. I just do not have that information to hand. I am happy to take that question on notice.

Martin CAMERON: That is fine. Thank you very much.

The CHAIR: Can I just ask a supplementary: what does affordable housing in Morwell look like compared to other areas in the state? I would think that housing in Morwell would be more affordable than housing in Geelong, potentially. When we talk about 10 per cent affordable housing in Morwell, how does that compare to the other properties in Morwell?

Niall CUNNINGHAM: Where we go for a definition of 'affordable housing' is the *Planning and Environment Act*. That essentially describes middle-income earners and how 'affordability' is defined. That is what we use.

The CHAIR: But affordably based on regional data or statewide data?

Niall CUNNINGHAM: Based on middle-income earner data.

Jordan CRUGNALE: From that area?

The CHAIR: How focused is that? Is that what a middle-income earner in Morwell earns or what a middle-income earner across Victoria earns?

Niall CUNNINGHAM: Perhaps again I will take that particular one on notice just to give you the correct answer on that. Again, it is middle-income earner as defined in the *Planning and Environment Act*. I am happy to take the balance of that question on notice and come back to the committee on it. In terms of the product itself, of course it is tenure-blind, and so we build the homes irrespective of who the occupant is. All homes are built to the same quality standard, and so it is, as I said, tenure-blind. You cannot tell any difference between an affordable home and one that is not categorised as affordable, I would say.

The CHAIR: Wayne?

Wayne FARNHAM: Yes, I am happy to go. I am actually curious as to the process of where you determine to do a development. Do you look at growth? Do you look at need? Do you look at all those factors coming in? I am curious how you decide where you are actually going to do a development in regional Victoria.

Niall CUNNINGHAM: How it works is it is government that actually tasks us with the development of particular sites, so we get asked –

Wayne FARNHAM: Sorry, I will just stop you there. So the government comes to you and says, ‘I want you to develop this site.’ Is that site government-owned land or private?

Niall CUNNINGHAM: Typically it is government-owned land that we operate in, but it is the case the government then comes to us and says, ‘We want you to develop this land.’ I think the question then for us in terms of housing in particular is: what do we develop there? So we very much engage with the community and with the local authority to understand in the context of diverse housing what it is that the local community need by way of housing.

Wayne FARNHAM: And you work with Homes Victoria on that, in conjunction?

Niall CUNNINGHAM: As I outlined through the presentation, we do quite a bit in partnership with Homes Victoria in working through where need is, particularly as it relates to diverse housing, to ensure with the sites that we take carriage of that we are actually addressing what the local needs are. Again we are working with Homes Victoria but also with deep consultation with local community and the local authority to understand what that housing need is.

Wayne FARNHAM: So what is the consultation process? What you do there in the consultation process?

Niall CUNNINGHAM: For pre-planning we obviously engage with government partners. That includes the local authority and a lot of conversations around what the housing need is and also, particularly as it relates to significant transport nodes, how we ensure that the density aspirations can be realised. I think it is really, really important that we are building more homes close to where there are good transport connections. Then through council or directly with community there is some stakeholder engagement that does happen, and that can range from stakeholder engagement through a planning process to community reference groups for particular projects that have been set up. No two projects are the same. It does depend on what the project is, what we are proposing to deliver and the desire of the community to get engaged on these projects. So it is a broad church of engagement, but I think across the regions we are deeply embedded in each of the communities that we work within. We think that is a really important thing to ensure we deliver to the community expectation, which is ultimately the policy objective.

Wayne FARNHAM: Can you take on notice just how much you have invested in Baw Baw shire?

Niall CUNNINGHAM: I would be happy to take that on notice.

The CHAIR: Jordan, do you have a question?

Jordan CRUGNALE: Yes. Knowing that you work with government land, is there kind of like a set land size range that Development Victoria work with?

Niall CUNNINGHAM: No is the short answer. I mean, if we look across the portfolio, we have everything from Docklands, which is hundreds of hectares, to single-hectare sites, so we tailor I guess the development to the land that government tasks us with delivering, but certainly it is quite a broad church.

Jordan CRUGNALE: And is there a typical timeline for when a project starts to when it finishes?

Niall CUNNINGHAM: If only. Again, no two sites are the same. It depends on what the conditions are on the site. So, for example, is it a clean and clear site that we take carriage of and we can get straight into developments subject to planning? Or, for example, in the case of Fitzroy Gasworks, that was quite a contaminated site, and we undertook quite an extensive period of investigation, followed by a two-year decontamination process to heal country there and then went through into planning followed by appointment of the developer. So that is an example of multiple years to get to development, whereas some other sites – as I say, we have taken carriage of Morwell, and we expect next year to commence development on site there. At Flora Hill we hope to commence activity on site mid this year. So it depends on the site, what the conditions are, and that sort of dictates, I guess, the typical timeframes to deliver development.

Jordan CRUGNALE: And should, for example, a very large piece of land which was used for education then be first off the ranks, given to council to do something and if that has stalled for a period of time, is that something that Development Victoria, given that it is education land, government land technically, would then, under the direction of the government, I suppose, kind of go in and say, ‘Look, well, these are the kinds of things that we can do on this site in the centre of town’?

Niall CUNNINGHAM: Part of the work that we do is actually provide advisory services to government. We have the capacity to do that, but of course it is at the request of government that we get involved in projects.

The CHAIR: I am happy to jump in. Could you tell us about how projects are funded? I have got some experience and understanding because of the BWEZ in Ballarat. But in terms of Development Victoria, how are projects funded? What is your model, if you could explain that for the committee.

Niall CUNNINGHAM: Sure. We are established under the *Development Victoria Act*, and we operate our own balance sheet and we do self-fund our own projects. As part of that we are required to act commercially. What that means then is that we run quite rigorous feasibility analysis over the development that we are tasked with delivering. Of course, because government policy is extremely important as well, what we can do is we can balance those commercial outcomes against the policy objectives for the site. So again, no two sites are the same. It is about balancing that commercial return against policy outcomes, but ultimately we do most of our development on the balance sheet, and that is how we are set up under legislation through the *Development Victoria Act*.

Wayne FARNHAM: I am curious. If you get a piece of redundant land that the government owns and you then put houses on that land, that land obviously gets rezoned to residential. Is that subject to windfall gains tax?

Niall CUNNINGHAM: That question I will need to take on notice. I will not pretend to be a tax expert, so I am happy to take that one on notice.

David HODGETT: What else might be on the radar? You mentioned Ballarat and Werribee and Docklands. Are there other large parcels on the radar that might be under active consideration?

Niall CUNNINGHAM: We consistently provide advice to government, but I think our focus as a delivery agency is on delivering the projects that the government has given us carriage of. As I say, from a regional perspective, it is very much the regional infrastructure, the sporting infrastructure, and we have got eight of those – 16 projects as part of that \$550 million investment. And then on the housing front, we are tasked with delivery for approximately 800 homes across the region, 600 of which are part of that regional homes delivery, so that is the focus for us at the moment. In terms of the work ahead of us, we are very much focused on getting those things delivered.

Martin CAMERON: With the housing projects, in the process of when the government might come to you and say, ‘Here’s this parcel of land’ and you move in, do you have any engagement with like the local water authorities to make sure that the sewer and water – and gas, if we are allowed to have that – are all there ready to move? Or if there is major infrastructure that needs to be put in place, is the government funding part of that, or is your role to make sure that the water authorities and developers and such are paying for it all?

Niall CUNNINGHAM: Yes. We have quite a long history in the regions, and so we have got a lot of warm relationships across each of the geographies that we work, so rarely would it be the case that an issue comes up with a project and we would be picking up the phone to an authority of whatever description for the first time. As I say, when we are tasked with projects from government we are able to sort of assess what the need is, so as we do initial investigation and start to understand what type of development will occur on the site, what are the demands on infrastructure et cetera, we start that engagement with the relevant authorities, be they a local or utility authority, and work in partnership with them just to understand, 'Is the infrastructure there?', and if it is not there, then how we can deliver it in the time that allows and facilitates getting these sites development ready. Again, no two sites are the same. Sometimes everything is on the doorstep, and other times it needs to be brought in. But I think the key for us in terms of the program is ensuring that we are proactively engaging with relevant authorities to make sure that we get things to sites and get them developed and ready in as timely manner as possible.

Martin CAMERON: And does it garner consideration also – moving on from that – when the places are built, whether they be sporting facilities or housing, that public transport is accessible to these sites? Is that part of your plan and development as it moves along, or is that then taken over to the relevant authorities after you have built?

Niall CUNNINGHAM: Obviously we take carriage of the sites we are tasked with. As I mentioned in the example of Waurm Ponds, that is a site that is close to excellent transport links – we have got the train, bus et cetera at that location – so for us then the key focus for Waurm Ponds is ensuring, as we deliver those 400 homes, that the access to that transport is maximised. That is our approach where we are positioned close to good transport links, that we really embrace those and ensure the development response to that, both in the planning and the delivery of the developments.

The CHAIR: Because this is an inquiry into regional housing with a really, really strong regional focus, would you be able to – and it can be a question on notice – tell us the breakdown of Development Victoria's projects in the regions as opposed to metropolitan projects? I am happy for you to get back with that.

Niall CUNNINGHAM: I can give you sort of a breakdown by revenue. We spent \$681 million last year; 20 per cent of that was in the regions. It is the case that the projects now are starting to ramp up in activity in the regions, so we are expecting that percentage, as an overall revenue spend, to increase this year towards a third of our overall. If that answers the question, I am happy to leave it there. But if there is any other, I am happy to take it on notice and come back to you. But that is essentially what the breakdown is of our revenue spend at the moment.

Wayne FARNHAM: Chair, if you do not mind, in your request that you just asked for – can you give us an LGA breakdown of where you have spent that money in regional Victoria?

Niall CUNNINGHAM: I would be happy to take that on notice.

The CHAIR: The other area of interest would be what percentage of spending in the regions is actually on housing? It would be really interesting to see what percentage of the projects they are working on have a housing component.

Niall CUNNINGHAM: Sure. I am happy to take that question on notice. We do it through two means. We do direct delivery ourselves, and then we do it in partnership with the developers. I am happy to get some numbers back to the committee on that front.

Wayne FARNHAM: I have got a question. When you are looking at doing a development, wherever it is, I often find what ends up happening after developments are done is local councils end up bearing the burden of the infrastructure. That could be additional playgrounds, it could be childcare centres, whatever is required within that LGA. Do you have considerations for that when you are doing your developments, and do you say to council, 'Well, you're going to need another childcare centre because we just created 800 homes'? So then does Development Victoria contribute to council, or do they put that onus back on council?

Niall CUNNINGHAM: As I mentioned earlier, we work really closely with stakeholders, and social infrastructure is a really good example of the importance of working with stakeholders. There are many examples of our residential developments in particular where we work with council on amenities, playgrounds,

sporting pitches et cetera, and the key in the engagement is first of all what is required but also then how we design it, because we want to design it in a way that the council are happy to take it over and it does not become a burden in terms of maintenance. We essentially co-design these spaces with council to make sure that they are satisfied that the standard that we are designing to but also the things that we are designing are consistent with their expectations. From a broader infrastructure perspective – schools, libraries, et cetera – of course we work in partnership across government with the relevant departments. They are responsible for the planning of their various different pieces of infrastructure that we accommodate as we are required to do within our developments.

Martin CAMERON: When you take all that into consideration, are there times where you might say, ‘Well, this development just cannot go ahead in this particular spot’, because you have you have seen, like Wayne has just alluded to, that in building these houses here, the infrastructure is not going to be there for the community? Or do you then target, if the government says, ‘We want you to develop this parcel of land’, then your scope widens a little bit to make sure that the flow-on effect of those new houses being built actually accommodates, as Wayne said, with new childcare centres and so forth –

Wayne FARNHAM: Kindergartens.

Martin CAMERON: and kindergartens and all that type of stuff?

Niall CUNNINGHAM: Yes. I think this is about partnership and engagement, so it is about engaging where we are tasked and the geographies that we are tasked to deliver housing in, so that we are working with the relevant departments and local authorities to ensure that, commensurate with the delivery of housing, the appropriate infrastructure is brought online. So it is something we work in partnership with to deliver but are not responsible ourselves for delivery.

Wayne FARNHAM: So do you make a recommendation to a government department and say, ‘Listen, we’ve just accommodated another 200 kids in this area, you’ve got to think about building a kindergarten or a childcare centre’?

Niall CUNNINGHAM: That is a matter for departments in terms of – I think we had earlier the Victorian Planning Authority talking about very smart people and demographers projecting population and obviously departments making the appropriate responses based on those population growths. So that is I think a question for departments rather than Development Victoria.

Wayne FARNHAM: So you cannot put in a recommendation? You cannot say, ‘You need to do this in this area,’ if you have done a development there?

Niall CUNNINGHAM: We work in partnership with the departments in terms of the delivery of what we have been tasked by government to deliver, which is housing in this instance. I think the question you are asking is one for the relevant departments depending on the nature of what sort of infrastructure you are talking.

The CHAIR: I am just wondering, do your projects have access to a streamlined planning permission process, and what does this look like? So how does planning overlay your projects?

Niall CUNNINGHAM: From the moment we take carriage of sites, we engage with, as appropriate, the department or local authority to understand the planning pathway for developments. So sometimes we go with the local authority and other times we go with the department, particularly with the DFP, so the development facilitation program. It has some advantages in terms of program et cetera, but there are key qualifiers required to qualify for the DFP. So we do, both in terms of the environmental and the planning, try to get through that phase in as time efficient a manner as possible because ultimately the objective is to get delivering homes as quickly as we can.

The CHAIR: Great.

Martin CAMERON: In future funding, like, we have got the funding for the projects around regional Victoria at the moment, like what you are doing in Morwell. Is that ongoing funding into the future from the state government for you? Do you know there is X amount of dollars moving forward for the next five, 10, 15 20 years?

Niall CUNNINGHAM: As was mentioned at the outset, Development Victoria has its own balance sheet, and we are a PNFC, so a lot of the projects that we deliver are funded off the back of our own balance sheet and that sort of balance between commercial returns and policy outcomes. So that is how we manage as new projects come in: we assess the feasibility and work off our own balance sheet on that.

The CHAIR: Thank you so much for being here with us today and answering our questions and taking the time to participate in the inquiry. If you would like to provide any additional information or responses to any questions taken on notice, please speak to the secretariat. I look forward to working with you, as I am sure many people do on this committee, doing good things for the people of Victoria.

Witnesses withdrew.