

PROOF VERSION ONLY
LEGISLATIVE ASSEMBLY ENVIRONMENT AND
PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Traralgon – Thursday 22 May 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

Kubra Koch, Planning Consultant, and

Luke Van Lambaart, Project Manager, Parklea Developments; and

Travis Pennicard, General Manager, Warragul, GJ Gardner Homes.

The CHAIR: Welcome to the public hearing. It is great to have our next panel here talking about builders and developers. We are really pleased that you have made the time to be here today.

I will just run through some important formalities before we begin. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means 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 the comments made outside the hearing, even if you are restating what was said during the hearing.

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

Thanks so much for making the time to meet with the committee today. I am Julianna, and I have the privilege of chairing this committee. I represent the electorate of Wendouree, which is central Ballarat.

Martin CAMERON: Martin Cameron, Member for Morwell, so right here in the Latrobe Valley.

Jordan CRUGNALE: Beautiful. I am Jordan Crugnale, the Member for Bass. I take in the whole Bass Coast shire, down to Koo Wee Rup and over to Pearcedale.

Daniela DE MARTINO: I am Daniela De Martino. I am the Member for Monbulk, which covers the Dandenong Ranges.

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

David HODGETT: David Hodgett, Croydon – best electorate in the state.

The CHAIR: That has opened a can of worms.

David HODGETT: I just wanted to get that on Hansard.

The CHAIR: Okay. I am going to go to Marty on that note. Deputy Chair.

Martin CAMERON: Thank you. Thanks everyone for coming in today. We have been saying to people when we travel right around regional Victoria that today is the day for you to be open and tell us the good things that are happening in the building industry and with the supply of houses but also the things that are not working so well. We all know that we have got an issue with supplying housing. A lot of people are homeless. A lot of people cannot afford to get into the market. What we are trying to do is to find out overall what is going on. From being around regional Victoria, we are getting similar issues. Everyone has their differences in how it is affecting their businesses. But please be open. Give us the bad stuff and give us the good stuff so that we can take it back to government and say we need to do some changing, some legislation if need be, to make it work better so we can supply houses more quickly and more often and be able to make sure that there is a supply there for the person that is in need, living on the street right through to the mum and dad that is building their magnificent home somewhere. Luke, Kubra and Travis – I might start with you, Luke. Can you just tell us a little bit about that and also your business as well?

Luke Van LAMBAART: Sure. Luke Van Lambaart, I am Project Manager for Parklea Developments. We are a broadacre, greenfield developer. We have got projects in outer-metropolitan Melbourne in the south-east but also a few active projects in regional Victoria. Warragul and Wonthaggi are probably the two largest ones we have, with about a thousand lots in Warragul and similar in Wonthaggi. We are certainly very close to some of the regional housing issues around development. That is us.

Martin CAMERON: Beautiful. Kubra, do you want to say anything on that or pass to Trav?

Kubra KOCH: Pass it along.

Martin CAMERON: Rightio.

Travis PENNICARD: Travis Pennicard, GJ Gardner Homes in Warragul. We look after the Baw Baw and Latrobe shire franchises as a part of the GJ Gardner network. We are a custom home builder and SDA home builder across the Gippsland region.

Martin CAMERON: Thanks, mate.

The CHAIR: And how busy are you?

Travis PENNICARD: Very.

The CHAIR: Talk to us about being busy.

Travis PENNICARD: We are extremely busy across the areas that we own as a franchise and also the areas that we caretake. We caretake half of the Wellington shire and the Bass Coast, South Gippsland and Cardinia shires at the moment. We have builds ranging right from Golden Beach down to Pakenham and Officer and then around Cowes, Wonthaggi, Kilcunda and right back through to our homeland of Warragul. We have a substantial amount of work at the moment that is probably in that custom home space – not first home but very much custom home – and we have a very big play in the SDA space, which has been a sort of 3½- to four-year journey for our business in understanding special disability accommodation and really working with our client to deliver that across Gippsland. We have had some really challenging situations that we have had to overcome, which have been really great learning experiences, or opportunities I suppose you would call them. But there have definitely been some red tape roadblocks.

The CHAIR: I am going to come back to Parklea; I am going to ask you the same thing about how busy you are. Is it Gippslanders building homes in Gippsland? Who are these people that want to live in Gippsland or that want to live in Warragul or Baw Baw?

Wayne FARNHAM: Smart people.

Luke Van LAMBAART: Yes, that is right, mate, absolutely. It is God's country.

Travis PENNICARD: We see a broad mix, I suppose. If we go to our SDA space, that is a Melbourne-based investment opportunity that recognised Gippsland as being the greatest opportunity in that SDA space. But regionally across Victoria, they also see that opportunity as being quite large. We also have maybe 60 to 70 per cent of our clients in Gippsland building in Gippsland. Then we have people that are wanting to move to Gippsland for various reasons, who I suppose would fill in the remaining percentage.

The CHAIR: Amazing. Parklea, how busy are you?

Luke Van LAMBAART: In the delivery space, trying to get lots to market, very busy. In the land sales department, it could be better. I am sure you guys would already know that regional Victoria had this sort of COVID explosion, so there were quite a lot of sales that happened in that area. We are still dealing with the hangover of that now. We have sort of corrected back. It has been very challenging over the last few years, starting to sort of come back now and we are seeing a few more signs of life.

The CHAIR: We are certainly hearing that. I am hearing that in my community of Ballarat, that it was gangbusters and then it has been a pretty tough 18 months. Hopefully Tuesday's interest rate drop might change things. Can I refer to you, Jordan?

Jordan CRUGNALE: Sure. Thanks for coming along today, and obviously I have got the Wonthaggi area and used to have Pakenham. I am keen to know: are there people wanting one- and two-bedroom places as opposed to three- or four-bedrooms in regional Victoria?

Travis PENNICARD: Probably not from where we are situated. People want really big homes on really small blocks.

Jordan CRUGNALE: Right.

Travis PENNICARD: They are all two storey or split level in our situation, but no, we do not see a lot of people wanting a smaller home. What we are seeing, which is a really interesting change, is people come together and wanting to build a home that suits two different families.

The CHAIR: Is it generational?

Jordan CRUGNALE: For price? Affordability?

Travis PENNICARD: Well, that as well. In an actual real-life example we have two 70-year-old women who found themselves to be widows and not working anymore. They want what they want, but they cannot afford it individually. So what are they doing? They have gone, 'Actually, let's do that. Let's build a home that has two of this and two of that, one shared space and not so much shared space, and parking here and parking there.' That comes with challenges in terms of being able to execute that type of a build, but that is something that we are seeing a lot more of as well. To be fair, I have considered it with my own family. You know, let us pool our money together and buy something that is suited and live kind of separate but share the responsibility and the burden. We see that a little bit, most definitely, but definitely not one- or two-bedroom homes. They still want 50 squares on 300 square metres of block.

Daniela DE MARTINO: Would that be, Travis, because you are targeted more to the three- or four-bedroom homes?

Travis PENNICARD: Yes.

Daniela DE MARTINO: So people wanting the one or two, they are just not going to come to you in the first instance.

Travis PENNICARD: Correct. From our experience, yes, correct. And look, to get a home built these days in that space, good luck getting it for under 400,000 bucks. That just has been a substantial change and increase to building homes, the cost – I think 40-odd per cent. I built my home at the start of COVID. If I was to replicate it, I would absolutely be up for another \$500,000 more than I paid in 2020.

The CHAIR: I was just going to ask, what is the smallest lot size that Parklea Developments is selling at the moment?

Luke Van LAMBAART: It sort of depends on the area. It is different in south-east Melbourne and metropolitan areas. But regionally, sort of down to about 300. Probably the average block size is more around the 450–500. And yes, certainly not seeing a big demand for one- or two-bedroom houses. There is obviously quite a large cost to purchasing a lot and then building a home, and I suppose the efficiency you get out of building a one-bedroom home versus a three- or four-bedroom home, you are paying 80 per cent of the cost to get half of the house.

Travis PENNICARD: Yes, you still have a bathroom, a kitchen, a garage, a lounge room. It is just a bedroom that changes.

Luke Van LAMBAART: And on top of that a lot of people are not moving regionally to live in a one-bedroom home. It is a lifestyle choice, as I am sure you are all aware. They want to move regionally to have the backyard and have the bigger home and be able to afford it, because that is part of the drawcard of regional living, its affordability, which is under pressure.

Wayne FARNHAM: Just –

The CHAIR: Daniela.

Wayne FARNHAM: Go – ladies first.

Daniela DE MARTINO: Dovetailing off that – thank you, Wayne. Dovetailing from that, though, what I am seeing in my area is people wanting to age in place. So they are sort of rattling around in the old four-bedroom family home on their own, and they are looking for options where they do not have the maintenance, where they do not have all this vast space around them and the block of land. They actually want something a bit more tailored. I am just wondering, are you getting anyone coming to you saying they want townhouses or

duplexes, where the cost is then minimised a bit, especially in a duplex situation because you have got shared walls et cetera, et cetera? Have you got any offerings in that space? Are you thinking of looking at that, where people do want to age in place?

Luke Van LAMBAART: We certainly do have townhouse developments embedded in our estates. Less so in regional settings because we do not find there is a great demand there. Metropolitan, certainly we have got that demand. Depending on the scale of our developments, we also try to cater for that sort of life cycle, people can downsize to a smaller unit in the same estate as their kids live and in the same area that they have a childcare, and they have got a school, and a shopping centre. Having that flexibility and being close to those important people is really important. You have to have that offering. Regionally you are not finding that offering much, because the infrastructure is so spread out. In south-east Melbourne you have got that shopping centre very close by; in regional that is not guaranteed.

Travis PENNICARD: You are 100 per cent correct. We see the same thing with people moving off farms. They are not going to come off a hundred acres or more and go into a two-bedroom, small – they still want 600, 700, 800 square metres of block for a shed for the Kubota tractor that they have had forever which they still want to tinker on. They also want room for the kids, the grandkids, so it is more about liveability and ageing in place. The NCC changes help that, and zero thresholds and wider doors and all those sorts of things. They are the things that we see in terms of the age-in-place scenarios and potentially maybe spending a little bit more to get that item that they always potentially wanted or know that they will need in six, 10, 12 years time.

Luke Van LAMBAART: The downsizing conversation is difficult too. If you think about where all your money is as an older-generation person, it is all in your house and your land, and then you are giving that up to move somewhere else. You want to be able to maybe just do one step down instead of going all the way down. You still want to have an asset that you can sell at the end of the day to hand down to your kids.

Daniela DE MARTINO: Thank you.

Wayne FARNHAM: I am going to move into the planning space a little bit, because our inquiry is across all sectors, but I have been constantly hearing – and my previous life was as a builder/developer. My concern is around the planning scheme. What regulations need to change to free up supply quicker? I know in Baw Baw shire, where I have had to do developments, I had to wait up to five, six years for planning permits to come through. You guys are greenfield development mostly, I assume. Where do you think improvements need to be made to unlock supply quicker? Because if we can get more supply, we can create more competition. And at the moment that is probably one thing I see that is causing land prices to go up, because there is a lack of competition. Trav, you can jump in on this too. Where do you think things need to change to make that happen?

Luke Van LAMBAART: You certainly hit the nail on the head there. It comes down to how fast you can get to market. And as you have suggested, just to get a planning permit – you are in a PSP area, a greenfield area. That PSP area – everyone knows that is development land, yet we are still jumping through all the hoops to get a planning permit. A planning permit, I would suggest, is 12 months for us at the moment, even in PSP areas.

Wayne FARNHAM: What do you think an acceptable timeframe should be?

Luke Van LAMBAART: That is a really difficult question to answer, but half of that, at least. Why are we tracking over the same ground? You have done all the work at the PSP end. You know what overlays apply. You know what sort of housing is going to be there. Why are you then applying for a planning permit and going back and revisiting all those same things through the lens of the council planner? It is more work for the council planner, and it takes a lot of time, because you have got to go out to all these referral authorities. You are going over the same ground. Why is there not a fast-tracked planning process in PSP areas? I understand that you cannot apply that fast-tracked processing in every sense, because there are a lot of different types of development in regional settings, but in PSP areas it seems pretty straightforward that you should be able to make things quicker. By making it quicker, by simplifying the process with council, you are taking the burden off council as well.

Wayne FARNHAM: So do you think councils are bogged down by government regulation? It is a hard one to put the finger on, because quite often I have actually heard government sort of blame council, and part of my

thought process is, 'Well, they're working to the regulation that has been put forward.' It is really hard to go, 'Well, it's all council's fault' or 'It's all government's fault.'

Travis PENNICARD: I can jump in there. I think that, having dealt with council just this last week as well as the water authority, nobody is willing to get off their seat and go to site. It is as simple as that. Everything is done from black-and-white papers to section B/2C, paragraph 10. I can see that, I can read that, I can understand that, but they are not applying a local or a commonsense-type approach. Again, I hear the ability to speak freely: it is not what you know, it is who you know. Unfortunately, in local councils they hide behind their email signatures, they hide behind their processes, they hide behind everything. That is the challenge.

Wayne FARNHAM: Do you find they use the RFI system to –

Travis PENNICARD: Slow things down.

Wayne FARNHAM: Or extend the timeframe – maybe, though, because they are under-resourced?

Travis PENNICARD: Possibly. I think it is people; it is the wrong or the right people. We have seen a change in Baw Baw shire in the last three months which I did not think we would ever see. Is it great? No. Will it change again? Absolutely. You have got graduate planners coming in. They do not know what they do not know. They are tasked to deliver really important life-changing things that have a huge impact to community and people, but they do not understand. They understand what they know and what they have just spent all those years learning, but they do not understand the real-life impact – the real world, if you like. I wanted to be a police officer one day. They said to me, 'Go and live your life. Go and understand. Go and live in the world, make mistakes, learn, fall over, get back up again so that you can fully understand and appreciate the other side.' It is no different. I do not believe you can come out of university and know.

Wayne FARNHAM: As most of the PSPs were implemented back in 2014, do you think there needs to be a PSP review?

Travis PENNICARD: Yes.

Luke Van LAMBAART: Certainly. I believe that it is embedded in the PSP that it needs to undergo a review. It says in the PSP the timeframes on which that PSP is reviewed. The unfortunate thing is that it does not get reviewed on that timeframe, and I would suggest that is just down to lack of resources being available. You can sit there and throw mud at council, but if you are a council person sitting here, it is tough, it is really tough. You have got a lot of things being thrown at you. All these developments are really, really complex – make it easier for them.

Wayne FARNHAM: Quite often a PSP will say 'A park has to go there, a school has to go there' et cetera, and pretty well councils rushed them through back in 2014. Do you think councils should have that flexibility to say, 'Well, let's work with the developer and get a better outcome under this PSP'?

Luke Van LAMBAART: Absolutely. We have seen that in some of our developments as well. We assess it, and obviously we are much closer to it than the people at the VPA who prepared the PSP in the first instance. We actually see: 'That doesn't fit right there. We've got to move that around.' In some instances we have been successful; in some instances not. Our more successful projects are where the council has applied that flexibility. We do see councils unwilling to move on the PSP because they are – maybe 'scared' is not the right word, but they do not want to make a mistake. They feel they need to be prescribed to the PSP.

Wayne FARNHAM: They feel as though it is set in stone and they have got no flexibility around it.

Luke Van LAMBAART: That is right. It is about the application of the PSP, and different council officers and different councils have a different interpretation on the PSP. Perhaps it is a bit of clarity on what the powers of council are around the PSP and giving them the ability to change things. It is not always going to work; you are still going to get council officers who do not want to change things. But certainly the interpretation of the PSP is an area that we see falls down.

Wayne FARNHAM: Okay.

Travis PENNICARD: I think time – from 2014 to now, there is no way you could sit there in 2014 and struggle to think you would not be able to get a car park or be able to get anything down the street in Warragul. In 2014 you would not have thought that would be a problem of today. You would not have thought that there would be a shortage of schools and a shortage of parks and land. You do not know what you do not know. A lot of time has expired. A constant review process is a super important part of this process that I think, from what I am hearing, is missing, absolutely.

Wayne FARNHAM: Should that review be done at state level or local council?

Luke Van LAMBAART: Both.

Travis PENNICARD: Yes, I would agree.

Wayne FARNHAM: And state should listen to local council when it comes to the review, would be my assumption.

Luke Van LAMBAART: Local are closer to it. They understand the issues. But then they are looking for their big brother to help them along and say, 'Yes, you're on the right track. Go ahead and do it.' I understand that the Warragul PSP is under review at the moment, so that is a positive thing.

Wayne FARNHAM: I do not know when that is going to happen, though.

Luke Van LAMBAART: No. They are working on it, which is great news, but there are a lot of things to unwrap. To Travis's point, a lot of things have changed in the 10 years or 11 years since that PSP was introduced. That can be applied across all the PSPs regionally. They have all got the same issues.

Kubra KOCH: If I could jump in as well, regarding resourcing for councils, it comes back to that. Even reviewing the Warragul PSP, the issues that they pop into RFIs, which prolong time frames, all go back to council resourcing. I do not think that can be ignored. You can have an RFI that asks for things that are not required under the planning scheme due to the controls that are applied. That goes back to council not having the resources to implement the proper controls or update their planning scheme in the first place. Requests are made in an RFI, and that in turn takes time to actually address yourself, saying, 'No, you can't ask for this.' That is an issue. The planning schemes are not updated. They cannot review their PSPs because they do not have the resources. They cannot update their planning scheme because they do not have the resources. They have graduate planners, students, and those without experience because they cannot hire those who do have experience or allocate resources to train their staff. The councils can't also offer competitive salaries to draw in experienced planners. So it is down to council resourcing. I think that is a critical issue that should not be ignored.

Travis PENNICARD: Yes. I would ask the question to you all: is it fair and reasonable to have a planner plan something, when they live in Warrnambool, for Warragul or for Drouin or for here? How can they have an understanding of the broader situation and the challenges faced when they live in a completely different part of the state? I do not understand that at all. That would be like me trying to build a house in Ballarat.

The CHAIR: We have got a good GJ Gardner in Ballarat.

Travis PENNICARD: You have got a fantastic GJ Gardner. For the record, those guys are fantastic. But, you know, I could not do that from here. I do not have the local knowledge that those guys have. Could we do it? Yes. Can they do it? Yes. But they do not have the local knowledge. It is really important.

The CHAIR: Yes.

Wayne FARNHAM: I have got to declare a conflict – GJ Gardner in Warragul built my home.

Travis PENNICARD: Oh, did they? We did? I did not do it; I was not around then.

Wayne FARNHAM: They did it cheaper.

David HODGETT: Listening to what you are saying, my understanding is that – and I would be interested if you have had any experience in it – New South Wales has got a model of regional flying planning squads, so

that when you get a council that wants to do something but has not got the resources or the experience, they basically call on the state government, who then send the resources in, and then you get this model of local input and knowledge but also expertise to help with the planning. Have you ever experienced that or heard of that or seen it? How do you think that would work?

Travis PENNICARD: That is probably not in my wheelhouse. I cannot really answer that question, but I like the idea.

Kubra KOCH: I can address that.

David HODGETT: Because it addresses the experience issue but has what I support, which is locals having input into the local planning decisions.

Kubra KOCH: To an extent – we can address that in a bit. With regional resourcing there is a program called the Regional planning hub, which gives – to an extent – resources and help to rural and regional councils. But there are certain parameters a council must meet as well, and the grants offered are funded are only to a certain extent too. There are also other programs from the state government that help Councils implement amendments as well, but that is also difficult, which comes back to community engagement.

Commented [KK1]: Grammar again - edited for legibility.

For instance, the Regional floor-related amendments program, which is funded through the state government, was brought out of the Parliamentary Inquiry into the 2022 floods from. It is a fantastic program, because it provides funding and aid to regional and rural councils to implement flooding controls. The issue with that is that residents do not like having flooding controls applied to their land as it affects property values and insurance. That is really difficult because those concerns are balanced with risk to human life and risk to property. The issues are cumulative - flooding effects bushfire and bushfire effects land erosion, which then impacts flooding severity. All of these issues tie into each other. But residents do not always see that, because their house is their castle so it is a really difficult space to plan in. Then in addition there are Councillors who move to abandon flooding due to community opposition. In tandem with this process is the colossal amount of Council resourcing and funding being spent on hazard recovery and planning.

Adding to this list of concerns are the relatively unknown aftereffects of natural hazards, such as diseases caused by flooded soil. It is just a really difficult issue to grapple with and I have a lot of sympathy. But therein lies the issue you have: do you listen to your residents as well, or do you prioritise human life, property or emergency measures? It is incredibly difficult.

The CHAIR: We heard earlier from One Gippsland about the *Plan for Victoria* targets for the area. In a previous forum, the one in Ballarat, we had developers coming in very upset about the greenfield versus infill percentages. Can you talk at all about that, particularly Luke and Kubra? What would infill look like in your development areas, and what would be some of the challenges?

Luke Van LAMBAART: Sure. I mean, we do not typically deal with infill development. We focus all our attention on broadacre greenfield. We are not in the infill space, so those targets do not really affect us. The land we hold is greenfield and we develop it.

The CHAIR: But moving forward into the future with these targets, do you see that you are going to be prevented from doing your broadacre, greenfield developments as a result of *Plan for Victoria*?

Luke Van LAMBAART: Well, potentially. Yes, that might be something that comes in. But that is not something we are focused on right now. We are focused on the target in front of us, which is getting lots to market. That is our business model.

The CHAIR: Terrific. That is good to hear.

Wayne FARNHAM: Are you worried about actively going out and buying land that is not zoned residential for fear of windfall gains tax?

Luke Van LAMBAART: Absolutely.

Wayne FARNHAM: So you have no appetite for anything that is not zoned residential at the moment?

Luke Van LAMBAART: No, we have certainly have an appetite for things that are not zoned residential, but the windfall gains tax has a significant impact on the feasibility studies that we have on those pieces of land.

Wayne FARNHAM: Let us use Warragul as an example, Warragul and Drouin. What would be the uplift in the cost of a block of land subject to windfall gains tax, or how much will windfall gains tax add to that cost of land?

Luke Van LAMBAART: We have not done an analysis on a per-lot basis about how much that would add, but you are all aware of how much the windfall gains tax adds to the purchase price of a bit of land. No-one wants to pay it. It is 50 per cent of the uplift. Who pays that 50 per cent of the uplift? Is it the developer? Is it the person who is selling their land- the vendor? who is taking that 50 per cent hit on their land? or do all the costs get passed along to the purchaser? It is the purchaser at the end of the day, -that is probably where it ends up, realistically.

Wayne FARNHAM: Well, I would imagine any fee, charge or tax will end up with the purchaser at the end of the day.

Luke Van LAMBAART: That is where it is heading. We have not had any major experiences with that yet. As you know, it takes a while for land that was purchased a few years ago to wash through in the planning process and actually get to market, so we have not seen that yet. But yes, it is certainly a massive issue in our feasibility. There are pieces of land we would not acquire for that reason.

Wayne FARNHAM: Yes.

Martin CAMERON: Travis, you have stepped into the SDA area building fit-for-purpose housing. I have walked through these houses with Travis. Can you tell the committee how you got into that area and what service you are providing in that space?

Travis PENNICARD: Yes. We were approached about 3½ years ago by a small private investment group from Melbourne who have built a business based on a real-life example of living in the SDA world. They had a very close friend acquire a brain injury, which led them to say, 'What happens in this space is ludicrous. We need to change it.' They closed businesses – law firms – and literally turned their life upside down for the greater good, is how I would summarise it. They approached us. They were looking for a Gippsland builder or a regional builder in this area who could service their needs. We have been through a countless amount of iterations of what those look like up until this point. We now have a really great model that we take to site. We have had to navigate all sorts of challenges around compliance and learning SDA. It is not a super easy space; however, it is also made very complicated. So we have been able to go on that journey and learn it with them. They have a very strong desire to support the shortage of SDA homes in Gippsland especially. Over the last 12 months that has probably changed – it has changed in the sense that they are also seeing the opportunities across regional Victoria and into New South Wales. So GJ Gardner has a national opportunity to support that change; that is a whole nother conversation. But locally here, I think from memory – the numbers change all the time – there is a shortage of around 300 homes, is my understanding, in the SDA space in Gippsland.

The original conversations were that our clients wanted to build half of them. I think that will change now – we will end up building a lot more of them. We have delivered seven projects, we have another two more to start, and then there is an opportunity for a whole range of homes, from Cowes right around up into Bairnsdale and everything in between. We have been working with them to develop a feasibility opportunity, so really narrowing down to get the numbers to work, to make them cost-effective for everybody, for volume. We have been able to do that pretty strongly, again, with a lot of hard work. They built a house to learn from. You do not get that opportunity very often. It was a loss leader, if you like: 'Let's build it and learn all the things we need to learn.' So we were able to do that.

What we have seen and learned along the way has allowed us to really find the efficiencies to take this to the next level, which is fantastic. But it is all in brownfield; it cannot be in greenfield. It has to be close to town, the blocks have to be flat. There are a lot of things to take into consideration. If they are near schools, it is fantastic for the participants. If they are near bus stops, if they are near medical centres, if they are off the main road – just that locality. The reality is, regionally, the land cost or the purchase and knock-down-rebuild cost is substantially cheaper than metropolitan Melbourne. That is why there is still an economic element to this – it has to work. And that is why regional Victoria – not to mention the shortage, and there is a huge shortage. I

have heard stories that would make you sick. They are not for today, but people are living in absolute squalor and they should not be.

I think I have got off topic and I have probably missed part of your question, but I get very passionate about it, to be honest, because we see the participants, we are a part of the journey, we make them personal to them, we meet them and we understand them. It is really cool. It is really, really exciting stuff.

Martin CAMERON: Can you explain the set-up of the house?

Travis PENNICARD: We have three models of home: there is a one-bedroom villa, a two-bedroom home and then a three-bedroom home. Each home has a live-in carer and has a dedicated space for that carer. They are staffed 24/7. They have private open spaces. They have concrete all around them. They are fully landscaped, fully furnished. They are personalised to the nth degree. Most developmental blocks that we do for them will have a minimum of two homes, so that could be a three-bedroom house and a one-bedroom villa or it could be a three-bedroom house and two two-bedroom villas. The two-bedroom is off the table at the moment because they do not really work for the feasibility around getting participants – it is really challenging. From a staffing perspective, one staff member for three is better of a cost than it is for the two. And then in the one-bedroom it is completely different again. There is a really big gap between that shared space, but that two-person – look, I do not fully understand it, but there is a big gap.

But yes, we build these houses like homes. The risk element that they take is they build them so that we could live in them. I hate saying ‘we’; that sort of separates ‘us’ and ‘them’, and it is not what I mean. The risk element is that if they build them to a standard of home and it is for the participant, if something happens and they cannot lease them out – because that is the red tape that they get caught up in – they could potentially lease them out to you and me. We would get really big bedrooms and really big bathrooms with beautiful landscaped gardens.

The CHAIR: Big doorways.

Travis PENNICARD: Yes, exactly right. That is the risk-averse element that they take, I suppose. But that is how they operate – they fit them out, they manage them and we do all the ongoing maintenance. The reason we do that is because there is so much ripping off in that space it is ridiculous. We get called to repair something that may have been damaged by a participant, because that is the nature of, again, the home. Or it could just be that something has happened – a fence paling has blown off – and we just go and do it. I understand that there are businesses to operate, but they are \$150 to \$200 visits. That comes out of the participant’s pocket. It is not fair; it is not right. Certainly, yes, it leaves a lot of questions. We have that arrangement where we look after the homes for them ongoing, as maintenance, so that we can control and supervise, if you like, the monetary transactions that do not necessarily need to happen.

The CHAIR: Can I just commend you on that. That is a wonderful thing to do. I met a parent, and they were talking about NDIS. They said it is like a wedding: the moment you say it is a wedding, everything costs more – the moment you say it is NDIS. So really what a great thing for your organisation to do.

Travis PENNICARD: Yes. To that point, this journey that we have been on, this learning opportunity, is exactly that. The reality is that you will build an NDIS SDA home and the participant’s package will mean it will need something retrofitted. Now, that could be a hoist or a requirement of some description. These homes are built, and then they are pulled apart and they are rebuilt again. We do not do that. We have developed a home that has the ability to age in place or participant in place. We have designed the homes so that they can swing a hoist anywhere in the house, from the alfresco to the front door. We have got people that have never left their bedroom that can now come to the kitchen for a meal because of the way that we have designed. And it is not just us, it is that our clients are very much invested. Like I said at the start, this is their passion piece as well. But they are the types of things we do so that we do not have to then go and pull the place apart and make a hoist work, because there are 10 hoists. It depends on the participant and the occupational therapist as to which one they want to use: ‘Even though that one might be cheaper or better, it doesn’t matter; this is the one we want.’ It is like, ‘Okay, that’s fine.’ So you are trying to maximise that. We have future-proofing provisions for power – uninterrupted power supply. There are so many things thought for that ‘What if?’ If this was required, can we accommodate it? So there is a huge part that we do in that space, which is really cool.

The CHAIR: And that is transformative for the participants’ lives.

Jordan CRUGNALE: Do the participants rent, or do they purchase?

Travis PENNICARD: Look, it is a really complicated model, and I am not going to profess to understand it all. We build for our client. Our client then awards people to run the home, and then there is the care provider. The participant does, as a part of their NDIS package, have a rent portion as well as a living expense, so they pay their portion of electricity and those sorts of things, the internet – all divvied up.

We have gone efficient on the home. We have overspecced it from an energy rating – we put in solar, but not just cheap solar systems, the proper solar systems that are actually going to benefit them. Yes, we do all those sorts of things. We have got them fully fire sprinklered, but we do it in a way that is a residential fire sprinkler system. It is an FPAA101D – there you go; that is something I have learned. I have had a big journey in fire. That is a residential fire system installed by our plumber, which is very cost-effective. It does not look like a clinic. It is not a doctor's surgery or office spec, you know; it is in the ceiling. It is concealed. You do not even know it is there, apart from the sprinkler head, which is, again, concealed, and you do not know it is there. So yes, this is a big part of it. There are a lot of people in this space, and it is not fair that they do not get the same luxuries that we do.

The CHAIR: And the dignity.

Travis PENNICARD: Hundred per cent. Absolutely. And like I said, we meet them. We build the homes, and we have an open-door policy. If they have someone that wants to come through, we put the concrete in at the earliest possible opportunity. Now, is that great for us? No. Cash flow? No, because the concrete is at the end of the job, right? But we get it in – bring them in, get them in the wheelchair, get them out. Get the van in: 'Let's go. This is your home. You want a pink wall? We'll give you a pink wall. You want this? You want that?' That is what it is all about. We treat them like everybody else.

The CHAIR: Amazing. Just changing topics a bit, can I just talk about inclusionary zoning. We have heard from different people about inclusionary zoning with mandates – the inclusion of social or affordable housing in multidwelling residential developments. How do you think this could work? What is your approach at Parklea about affordable housing in your developments?

Luke Van LAMBAART: At the moment, as I understand it, there is no incentive for developers to include that. Am I correct in saying that? There is no financial incentive for developers to do it.

The CHAIR: Right, yes.

Luke Van LAMBAART: If there is no financial incentive for developers, unfortunately we are going to do what is the most commercial outcome. So most of our developments will be highest and best use.

The CHAIR: The flip side of that would be: would you be opposed to it if there were incentives?

Luke Van LAMBAART: Probably not. No, because if it works out on balance to be the same commercial outcome, or even slightly better for those inclusions, then you are more incentivised to do it. That is probably my personal opinion. I cannot see developers wanting or proceeding on those incentives unless there is a commercial incentive.

The CHAIR: Sure. Kubra, do you want to add to that at all?

Kubra KOCH: I agree. No.

Luke Van LAMBAART: It is a bit of an ugly truth.

The CHAIR: Yes. No, no. And we appreciate your candour here, and that is what this is about. We want to come up with recommendations, and if a recommendation is that developers are going to be hesitant or not incentivised to do it, what do we need to do as a government to try and change that? I appreciate your honesty. I really do.

We are getting to the end of this session. Are there any other questions or thoughts that people would like to add? Every presenter, every panel, is getting the opportunity to give us three take-outs or three takeaways.

Starting with you, Travis, what would you really like us to take away from this – three ways that we could do better stuff with regional housing?

Travis PENNICARD: I think that local connection and element is really super important. People having a say about what happens in our community – they have to be from our community. That would be probably the biggest thing. I think there just needs to be a broader understanding to the big picture. Delivering these SDA homes, it is not the same as residential homes. That is one part of this conversation, the SDA is the second part of this conversation, and I think the red tape and the silly things that occur that cost money that are just irrelevant. It is not required. We have run Martin through it many a time on the particular projects in Gippsland. That is definitely massive, huge, because at the end of the day all it impacts is the participant, simple – the person that cannot defend themselves really. And I think time. What happened last year is very different to what is happening this year, and what will be happening 10 years from today will be very different to what is happening today.

The CHAIR: Perfect. Thank you.

Travis PENNICARD: No worries.

The CHAIR: Parklea, three things you would like us to take away.

Luke Van LAMBAART: I would say the couple of takeaways are just again, the time element. If you can get things to market quicker by taking away some of the red tape, you can make it cheaper, then all of a sudden people can get into a home with more certainty, quicker and cheaper. That is really what drives a lot of our sales. You will always find the cheaper lots go first. It is all about price point, particularly in regional. So if you can make the process quicker and you can make the process more streamlined, we save costs, and that can be passed on to the consumer. Removing the red tape, firming up and making a more focused sort of planning process front end and back end – the delivery is very clunky.

I suppose a secondary point to that is regulation of the authorities. A lot of the time we lose is in referral pathways. Surely there is a way we can streamline that as well. That probably leads into my third point. You could sit here and throw mud at the authorities, but that is not helpful. The authorities are a partner in delivery. Authorities get these mandated goals they have to achieve. They cannot do that without developers, and developers cannot do what we do without having the authorities involved. It is a partnership, and it has to be seen that way. You are certainly not there to throw mud at the authorities. You have got to do the opposite. You have to try and help them through the process. How can you make things easier for the authorities? It is really difficult for them. They are in a rate-capped environment. They have got resourcing issues, staffing issues, all these problems, and they are doing a great job with what they have got, but they do not have enough resources. So how can you make it easier for them? Give them the resources to focus their attention on what is important. Provide them with a fast-track solution that they can work to, a framework that they can apply. It makes life easier for them. They are spending less time and less effort getting these through, and things will happen quicker.

Kubra KOCH: To follow on from that as well, just a bit of policy change as well for regional Victoria. A lot of the policies that apply from a state level compete with each other for development in housing in regional Victoria. I think that is very difficult and plays into the risk aversion that councils do have as well. You have native vegetation at the same priority level, the same policy level, as housing. That is difficult for them to navigate, especially in an environment where they do not have the resources to do so. So I think going back to that, just resourcing the councils –

Luke Van LAMBAART: Some guidance.

Kubra KOCH: some guidance, some resourcing. Honestly, they are such wonderful people to work with, and it is a pleasure to work in regional Victoria. I absolutely love regional planning. Better resourcing for the councils is one of the main things I would recommend.

The CHAIR: Terrific. Thank you so much for that. It has been a really worthwhile discussion, so we really appreciate that. I just want to say that if there is any additional information you would like to provide for us – if next week you are suddenly saying, ‘I wish I’d said that’ or ‘This would be a really good area for the inquiry to consider’ – please feel free to contact the secretariat. We will be tabling our report in November, and we will

send you a copy of the link to be able to have a look at it. If there is something that you come across in your work and you go, 'Oh, that would be really interesting for them to know' or 'This is a real barrier,' we would love to hear from you. Thank you very much.

Witnesses withdrew.