T R A N S C R I P T

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into the Supply of Homes in Regional Victoria

Colac – Monday 24 February 2025

MEMBERS

Juliana Addison – Chair
Martin Cameron – Deputy Chair
Jordan Crugnale
Daniela De Martino
Wayne Farnham
Martha Haylett
David Hodgett

WITNESS

Dr Matt Dingle, Managing Director and Founder, FormFlow.

The CHAIR: Hello and welcome back, everyone, to the public hearing for the Parliament of Victoria's environment and planning Inquiry into the Supply of Homes in Regional Victoria. 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 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 any comments made outside the hearing, even if you are restating what you said during the hearing.

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

Thank you for making the time to meet with the committee today. Would you please introduce yourself and make any opening remarks. Thank you.

Matt DINGLE: Hello. Thank you for the invitation. I am Matt Dingle. I am the Managing Director of FormFlow. We are a modular builder and a developer of building products. We see this period of critical housing shortages as a catalyst to improve, I guess, to find ways to reduce costs and increase supply. Larger transport distances and a lack of available builders and tradespeople do present an additional challenge in regional Victoria, but we believe there are solutions. Our company was founded eight years ago to commercialise a world-first technology, and we now use that to make our homes uniquely beautiful but also to deliver the highest bushfire ratings cost effectively. We began our modular building journey in 2019 to demonstrate this and immediately saw that there was an opportunity to use our manufacturing experience to improve on current modular building practices in Australia. For the past five years we have been working on what we believe is Australia's first efficient building manufacturing system for high-volume production, and our aim is to increase capacity, reduce waste and the need for skilled labour and minimise capital expenditure.

Modular building in Australia could generally be described as construction under a roof, with multiple buildings under construction on large sites with traditional trades still doing most of the work. This approach will not deliver the lowest cost, high-quality rapid delivery combination we need, and the reliance on skilled labour tends to mean that factories, usually close to larger cities or regional towns, still need to transport building modules large distances to supply housing in smaller regional areas, which adds to the cost. Our system manufactures high-quality modules one at a time on a simple production line where operators trained on the job complete most of the job. Building this way requires a lot less space, so for instance a 1000 square metre factory employing 20 people could produce more than 100 homes a year, which paves the way for the establishment of small satellite factories in regional areas that build new homes but also create new jobs and training opportunities.

Our first project was a small village for homeless men in Geelong. We collaborated with Samaritan House and Deakin University to develop our first building and building system design, and at the end of that project we had a factory and a team of 15 people, which by modular building standards is not large, but it is an overhead – it is an animal we had to keep feeding. We began building modular homes for individual residential clients as we looked to try and find larger projects, but we learned pretty quickly that that is not commercially viable for the delivery of affordable modular housing. There are certainly modular builders out there doing that at the higher end, but not in the affordable space. We needed volume and standardisation and approached developers and community housing providers.

In 2022 we began working with RDV and the Glenelg shire on key worker housing in Portland and secured funding through the Portland Diversification Fund to set up what would be our first satellite manufacturing operation. For two years we focused on two major regional projects that we planned to build in Portland. Both promised an awful lot and failed to deliver anything. We also approached the business community in Portland for support to attract investment to build housing in the region, but we were ultimately unsuccessful there too.

In late 2023 we found the perfect project to demonstrate the potential for modular in Warrnambool. The planning submission for this project went in two weeks ago and we are eagerly awaiting the outcome, but that process has taken 15 months. We were unable to find projects that would move fast enough to begin production in Portland to meet our funding commitments and had to make the difficult decision to terminate that agreement and our lease on the Portland facility late last year. So that is a lost opportunity.

In September 2023 we developed an application for the Regional Precincts and Partnerships Program with Colac Otway shire, Deakin, Urbis and several other partners to show that modular housing designed well and built for the future is a solution to housing supply in regional Victoria. We will develop plans for two communities with homes that can be adapted, upgraded or reused to suit the needs of future generations. We hope this could become a template for successful regional development in the future. Originally we planned to complete that project between January and November last year, but the announcement was not made until May. After that there were further delays, and it is only in the last few weeks that things have started to move forward. We are hopeful that the overarching agreement with Colac Otway will be signed within the next two weeks and that work can begin in earnest before the end of March. Again, that is 15 months later than what was originally anticipated.

After a series of project delays and cancellations, we decided to halt production in our North Shore factory in May last year to reduce overheads and manage cashflow while we continued to work on securing larger projects. We have also been exploring alternative ways to scale the impact of our building system and building designs, and recently we signed a heads of agreement with Rendine Constructions in Geelong. The intention there is to work together on the design and delivery of modular projects.

Trying to run a factory, manage large, complex building projects and be innovative is a real challenge, and we believe that working together might be the answer to addressing that challenge. The partnership allows us to focus on our respective strengths and eventually establish Geelong as a centre of excellence for modular construction. You may be aware that the other large modular builder in Geelong went into receivership at the end of last year.

Modular construction, we believe, can deliver on the housing needs for regional Victoria, but builders need a consistent and reliable pipeline of work to support investment. Then as builders we need to commit to ongoing innovation to bring costs down, and when the costs for modular are consistently lower than traditional building, that decision should be much easier. Thank you.

The CHAIR: Thank you very much, Matt. It was remiss of us not to introduce ourselves, because we have got a sense of who you are. My name is Juliana Addison, and I am the Member for Wendouree, which represents the central Ballarat community.

Martin CAMERON: Martin Cameron. I am the Member for Morwell, so down in the Latrobe Valley, inner Gippsland.

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

Wayne FARNHAM: And Wayne Farnham, Member for Narracan. I am in the West Gippsland area – Warragul, Drouin and all that surrounding area down there.

The CHAIR: Thank you so much for coming in here and sharing your story. We can feel the frustration from these project delays, so hopefully we will be able to drill into those and try and get from you a real sense of what the Victorian government could be doing to prevent or remove some of those barriers. But first and foremost, Marty, do you have a question?

Martin CAMERON: Yes. Thanks, Juliana. Matt, thank you for coming in and talking with us. The proceedings that we do here we take back to Parliament. Our recommendations go to the government, so please feel you are amongst friends and be open with us. My first question to you: why has it been so hard? What are the key issues that have slowed the process for you to be able to do this modular housing? Is it Victoria-centric only? Is it across the state that we have got to get our head around modular housing into the future?

Matt DINGLE: Look, I think it is across the board. Most of the delays really have come through our interaction with developers or people taking on that role. I think the decisions to invest in these larger projects just take a long time. I guess in the commercial tensions, they will engage us and draw as much as they can from us, which obviously sucks a lot of resources, and often these projects just do not happen. The two I mentioned – one was in Stawell and the other one was in Ararat – are very large projects, and they simply have not happened, at least not yet. They are not the only two; we have had a large number of them. There is a large commitment needed to continue to seek work. Rendine, for example, have a full-time group who are simply working on tenders and pricing nonstop, and only a fairly small percentage of those actually ever come to fruition.

Martin CAMERON: You look and you hear 'modular housing', so a lot of people would look at it that are not in the building game and think, 'Oh, it's one house being built.' But obviously you need more than that. What is the scale we are talking about? If you go into a development, what is the number you need of modular housing in that precinct to be able to do to make it worthwhile for you?

Matt DINGLE: It is difficult to give you an exact number, but we are not talking hundreds, we are talking maybe from 10 up. But it depends on the region, and to do the sorts of things that I am talking about doing – set up a facility – you need at least a year's pipeline to be able to make that commitment to people and to get things up and running. I guess that has been our primary frustration, and we hope that working with a larger entity – obviously with a longer history – and a bigger organisation will enable us to ride those bumps and manage through those more effectively.

Martin CAMERON: Thank you.

The CHAIR: Matt, can I just get a sense, when we are talking about these projects, of the overall amount? How big are we talking, in terms of these projects that have failed to take off?

Matt DINGLE: Probably between $10 million and $30 million projects.

The CHAIR: Daniela.

Daniela DE MARTINO: Thank you. Matt, obviously there are real differences between traditional housing and modular housing. What opportunities do you think modular homes provide for regional housing, as opposed to traditional housing forms?

Matt DINGLE: I think the main advantage at the moment is speed. There is a real opportunity to deliver housing very, very rapidly. I mean, take Portland as an example. When we first started talking to the Glenelg shire the existing builders in that region were all booked up for at least two years, so there simply was not the capacity to build there. I think the speed is the main advantage. Cost at the moment – we got our product to I guess price parity with traditional building, but I think it needs to actually come down more than that because traditional building is still too expensive. I think we need to look at ways of doing that.

Then there is the perception issue, and I know Shane mentioned this morning that people think that prefab housing or modular housing is – I think he talked about dongas. But that does not have to be the case. The aim with this project, the regional precinct project, is to develop concepts which illustrate clearly that that does not have to be the case and then to be able to build those. I mean, we have got 50-odd projects that we have completed that would dispel those sorts of misconceptions, but they are still there.

Daniela DE MARTINO: Shane actually mentioned the average build time of a house – say, from 2019 to what it is today. What is the build time roughly on your average modular home?

Matt DINGLE: In the factory each module takes less than a week to build, and depending on how big the house is, there could be from one to five or more modules. A module will be probably 12 metres by 4.5 or 10 metres by 3.5, that sort of size, and so we construct five-bedroom houses out of five, six or seven modules. That gives you a rough idea. We usually work on the principle of one a week with a production team of five, but if you ramp that up then you can start to get multiples out each week.

Once you get them to site you can have buildings landed on site, connected up and handed over potentially within a week. Typically a one-bedroom module can be done within a week. Then there are other aspects to it

which we think are attractive and more difficult to do with traditional building. The way our system works, it is kind of like a Meccano set, if you like. All the parts are predesigned so that when they are assembled in the factory, with a series of fairly straightforward jigs and fixtures, they can be done by people that do not necessarily need to have trade qualifications.

But it also means that they can be disassembled at the end of their life or can be reconfigured. If you are building something for a community now, that community is going to look really different in 20, 30 or 50 years time, and we do not want to be throwing houses away and starting again if we can help it. We are trying to design things to last essentially forever – you know, 'What is the complete life cycle of this building and everything that we put into it?' So we have been doing a whole lot of life cycle analysis studies with Deakin University and others to try and get our heads around how that might work.

Daniela DE MARTINO: Thank you.

The CHAIR: Wayne.

Wayne FARNHAM: Thanks, Chair. Hey, mate. Just so you know, I was a builder up until about two years ago, hence why I have ended up on this committee, I suppose. It is interesting – you talked about the price of modular as opposed to traditional building methods at the moment. You were saying it is on parity and you have not really got it below our traditional building methods at the moment. How could government help to make your process more efficient and make it cheaper? Housing is becoming, in my opinion, less affordable, and especially over the last two decades it has just been going like this. What can happen to help get that price down? That is the biggest challenge we have got in Victoria at the moment.

Matt DINGLE: The most impactful thing that could happen would be helping to get projects get off the ground and making sure they actually happen. With the designs that we have developed and the system that we have got, we have seen dramatic improvements in efficiency just over the course of, say, four builds. We have managed to halve the time on some elements of that building in that short timeframe.

Wayne FARNHAM: So you are saying more volume would create –

Matt DINGLE: Consistent volume – if there is a consistent pipeline of work, all of that work to develop the efficiencies can happen. If that does not happen, we have to spend a lot more time chasing work, which is time that our overheads are chewing up cash that we could be using for other things.

Wayne FARNHAM: How do you go with staffing at the moment? We do know there is a trade shortage. I think there are about 21,000 less tradies in Victoria now than what there were about 14, 15 months ago. How are you getting staff into regional Victoria? Do you find it difficult? We have had comment today about competing with the Big Build. We lose staff to the Big Build projects because they earn so much more money. Are you experiencing that as well?

Matt DINGLE: No. I will explain our strategy for dealing with that problem. There are a lot of things on a build which are fairly straightforward, and what we have done is to streamline those to make them more straightforward, which means you do not necessarily need to be a tradesperson to be able to do those. On our production line there are no trades. We have trades involved to do the key bits like the electrical work and the plumbing work, and we engage with the trades to develop our designs and to do all of the things that we need to do to make sure that the building is of the highest possible quality, meets code and does all the things that it needs to do. In effect we are leveraging the skills of the trades to a much higher level, and then we have developed standard work so that a lot of that work can be done by people without trade qualifications. The idea there is that if we set up a satellite factory in a smaller regional town where we do not have access to trades, we can employ anybody, and we have done that. We have had people coming from all kinds of backgrounds. By setting up relatively straightforward work instructions, pretty much anybody can jump in and do the work, but there is also an opportunity for training on the job. We have started to have conversations with TAFE about setting up training pathways for that. In effect what we are trying to do is take the available trade base and leverage it but also provide a pathway to increased training.

Wayne FARNHAM: Do you have much conflict, say, between Victorian building regulation and the National Construction Code? Does that all work for modular housing or does there need to be improvement in that space and in that regulation?

Matt DINGLE: We have not had any major issues there. I think we have been ahead of the changes in the construction code. We sort of anticipated that those things were going to happen. Because modular building requires you to do probably more work upfront in design – because you are not only designing the building, you are designing the process at the same time – a lot of that work was done ahead of time. So with all the changes to do with condensation management and accessibility and things like that, we were already there. I think in essence that is one of the advantages of modular. We are forced to be tackling those things well ahead of time.

Wayne FARNHAM: All of your zero egress issues and all those types of things are all –

Matt DINGLE: That is right.

Wayne FARNHAM: I had better let someone have a go or they will get cranky.

Matt DINGLE: For example, as a demonstration we built a one-bedroom product which was fully accessible. It would have a 7 to 8-star energy rating at any orientation and anywhere in a particular geographic region, so you could pick it up and put it down anywhere you like and it would meet code. We did that to demonstrate that that was feasible.

The CHAIR: Matt, I am just wondering, in your experience, do customers face additional challenges securing planning approval or a mortgage for a modular home compared to traditional housing?

Matt DINGLE: Not planning approval. We are certainly aware of the loan issues. The Commonwealth Bank has just made a commitment to fund modular housing.

The CHAIR: That is great.

Matt DINGLE: PrefabAUS, who are the industry body for modular building, have been a very strong supporter in the sector, and I believe they have brokered that. They and, I think, National Australia Bank are starting to look at that now. It has been recognised as a problem for a while, but there are solutions on the horizon, if not already here.

The CHAIR: That is fantastic. Marty.

Martin CAMERON: What can you build, modular-wise? If we go to the government's housing proposals to build multilevel buildings around transport infrastructure, are you capable of achieving that type of stuff, or are you more a domestic house at the moment or a double-storey house, and that is about what you can do, or is the sky the limit, pardon the pun?

Matt DINGLE: Pretty much. If you can build it in a conventional fashion, you can build it in a modular fashion. They have been doing high-rise modular for years, some here – Nonda Katsalidis sort of started doing that 10 to 15 years ago – but overseas it is very, very popular. We are down at 10 per cent, if that, of prefab in Australia, and it is up around 80 per cent in places like Sweden.

Martin CAMERON: Cool.

The CHAIR: Daniela.

Daniela DE MARTINO: I have so many questions.

The CHAIR: Go, go, go.

Daniela DE MARTINO: Terrain would be a bit of a challenge for modular housing, though, wouldn't it? What kind of gradient can you manage with a modular build?

Matt DINGLE: In many respects we have got less constraints. If you are building a house on a slab, you have got to cut in a long way. We have built a lot of houses where we are on a really steep gradient, but we are putting them on stumps, basically. That can be helpful. Where it does become problematic is access – getting a crane in to do the work. That is probably your biggest constraint. There are issues around that, but we have had

people choose our approach over a conventional building approach because they want to build with it sitting out over a feature and they cannot do it as easily with a slab.

Daniela DE MARTINO: That is really good to know, actually. Being the Member for Monbulk and in the Dandenong Ranges, the bushfire ratings piqued my interest when you were speaking at the beginning. Your buildings are fine for a 40 BAL and above?

Matt DINGLE: Yes, we have done lots of BAL 40 buildings. We have not done a flame zone one yet, but we have certainly got plans for a flame zone one. In fact one of the reasons we got into modular was because a well-known architect in Queensland – everything he designs is in bushfire-prone areas – found our FormFlow Bend, which is a bending corrugated iron, which basically means you can wrap the whole building without any gaps so it reduces ember attack. We developed a whole family of designs called Veranda Firehouse with him and then put those in a whole range of bushfire-prone areas. We have recently had inquiries from California and all over the place for that.

Daniela DE MARTINO: Yes. I can imagine. Thank you. I will offer to someone else, but I still have got more.

Wayne FARNHAM: That is all right. That is fine. In the construction of your homes, the make-up of it, is it timber or is it steel for the framework?

Matt DINGLE: It is predominantly steel.

Wayne FARNHAM: Predominantly steel?

Matt DINGLE: Yes.

Wayne FARNHAM: Okay. That is all right. That gets rid of my next question, so I will not worry about that one. I am actually coming back to the affordability of it. With the construction of the homes, because you were saying you get pretty well non-skilled labour to do it, is there a way to make that computerised?

Matt DINGLE: Yes, in a sense. A lot of the up-front stuff is computerised, so the whole design is done – I mean, I come from an engineering background. I spent some time working at Ford and Volvo and places like that, so we have adopted a lot of those approaches.

Wayne FARNHAM: Have you thought about robotics or things like that?

Matt DINGLE: Yes, but when you automate something, you want to make it as simple as possible, and the best way to do that is to have people involved in the process to try and work out how to simplify it before you go to that stage. If we get to the stage where there is something that is too dirty, too heavy or too unpleasant for anybody to handle, then we will automate that. But if part of the aim is to provide employment as well and there is no real benefit to automating, then I am not sure that we would go down that path. I think there is so much low-hanging fruit before we get there to improve the efficiency of the build process.

Wayne FARNHAM: So let us go into that. What do you think the low-hanging fruit is to improve the efficiency and to improve cost?

Matt DINGLE: So far we have probably got through maybe 40 to 50 per cent of the build process. To put up a structural frame takes a morning for two or three guys at the moment, so it is pretty straightforward.

Wayne FARNHAM: So is that about a one-bedder or a two-bedder?

Matt DINGLE: A one-bedder or a two-bedder, actually, because you can do it the same – but the next step is how we create manufacturing solutions for all the internals, which are still, even the way we are doing it, quite reliant on the traditional trades. But there are ways of doing that which would then involve just basically walking in elements and putting them in, in the same way that you would do on a production line for a car or anything else, and that all comes down to pre-engineering those bits in parallel offline and then having a line that they all feed into at the end. Think about Ford; they were producing 400-odd cars a day off a line. They were pretty complicated pieces of equipment, but all of that stuff came together so they were coming off every few minutes, and there is no reason why you could not do that. The question is whether we can get the

consistency of demand for a product in housing to make that work. As soon as you put too much automation into that, you have invested a lot of capital in something which is less flexible usually, and so that creates an issue. So what we are trying to do is work out where the opportunities for efficiencies are and explore the market at the same time to find out where a product like this can find a sweet spot. Then if it makes sense to automate parts of that process, we would do it, but we would not jump straight to automation.

Wayne FARNHAM: Do you think Commonwealth Bank coming online now and lending money for modular homes is going to improve the situation?

Matt DINGLE: To an extent. I do not know all the details of it, but I think that is mainly around individual purchases, and that is still a real problem for modular, because to go through the initial phases for an individual home is almost as time consuming and onerous as it is if you are designing a whole community. So we would much prefer to be building communities where you might have two or three or four variants, which is essentially what the volume builders are doing now and benefiting from the efficiencies of scale of doing that sort of – that is where modular really comes into its own, I think.

Wayne FARNHAM: Yes. Fair enough.

Matt DINGLE: It is not to say you cannot do it for high-end houses. Prebuilt and Modscape build spectacular modular homes, but they are relatively expensive.

Wayne FARNHAM: About $65,000 a square, I think – somewhere up around that.

Matt DINGLE: Yes.

The CHAIR: Matt, can you give us any sort of international scene on modular homes – sort of where Australia stands and what are some of the things we could be doing to increase the market share?

Matt DINGLE: Well, I gave one before, and I am not sure whether I will get the stat right, but I know Sweden is at about 80 per cent of homes having elements of prefabrication in them. In Australia it is below 10 per cent, and we have got a long way to go. I think also, partly because of the commercial challenges of just finding projects and completing them, we have not been able to invest as much energy into developing building systems that are suited to Australia. So we are inclined to go and look at what goes on overseas and say, 'Well, we'll just do the same thing,' and it does not work here. Our supply chains are different; we have different natural advantages and disadvantages in this country. We need to tailor solutions to suit our context, and that will be different in different parts of Australia too. I think Melbourne University is doing some of this work – PrefabAUS are championing a lot of that, but there is a lot more work to go – but it will not be until we get a real volume of modular building going that we will start to see some significant improvements. But I am very confident that the costs can come right down. And there is no problem with quality; if anything, it is easier to deliver a very high-quality product in modular. It is all in a controlled environment. It is a much easier process than having to build out of the elements, and speed is not an issue. So it is really that cost one and perhaps some of the flexibility elements, which I also think probably there are misconceptions around.

The CHAIR: And I guess I was sceptical of modular housing until my aunty, my mum's sister, who was very smart and did all her research and everything like that, built the most beautiful home with modular housing, and now I am an instant convert. So I guess it is one of those things as well where if you have grown up in a community with brick and tile or Colorbond and weatherboard and stuff like that and this modular home thing looks a bit different, you could be sceptical, so it might be a critical mass thing as well of –

Matt DINGLE: Yes, I think so. I mean, the reason we have been trying to build demos and getting them out there and the reason we are really keen on this project, the regional precinct one, is we will get a chance to build and show what is possible. We had a project recently where four of our buildings went out to Tarawa, Pacific Islands. I would never have thought that that would be a cost-effective use of modular construction, but we had four buildings on the deck of a ship. They went from one ship to another ship and then were installed on Tarawa.

The CHAIR: We might have to do a site visit.

Daniela DE MARTINO: That is a fine idea.

Matt DINGLE: Well, I have not been there either, so I am quite keen. That was a really interesting example for us, because as soon as it landed at the docks, we did not do anything. We had to hand over all the information, and they took it from there. It all went really smoothly.

The CHAIR: Congratulations.

Martin CAMERON: I was lucky enough late last year to be at Daiwa House in Japan, where they build a damn lot of modular houses. It is like a small city under a roof line. There is a call for it. It is one of the biggest suppliers of housing in Japan. I am interested in your satellite factories that you spoke about setting up. How would they work? Would your main factory supply bits and pieces and the satellite factories do the fit off as such, or would you envisage the whole modular house in regional Victoria being built by that satellite factory?

Matt DINGLE: It would depend a little bit on where the satellite was. We were hoping Portland was going to be the first one. Portland has quite a bit of local capability anyway for things like processing of steel members, not production of stud frames, because they do not have that there. It would really depend on what was available, but the intention would be to do as much as you can locally and only backfill from somewhere else if you needed to. The idea of the satellite is that you would just have the core production group there. It would be supported by a central organisation with design and marketing and sales and all that other stuff. It would be a way of leveraging a central capability but providing a local benefit, I guess.

Martin CAMERON: And not having to have that grandiose scale of production line in that satellite.

Matt DINGLE: Well, that is right.

Martin CAMERON: Cost-effective.

Matt DINGLE: Yes. Say for Portland, we looked at one project there where it would have been a 5-minute trip to the site to deliver from the factory in Portland, but it was a few hours if we were coming from Geelong. The cost over a large project is enormous, so you are taking a huge chunk of the cost out of modular. That is one of the disadvantages. You find that most of the modular builders – I mean, even builders like Fleetwood, who do have multiple sites around the country – are still in fairly large areas because they can access a bigger labour pool there. As soon as you go beyond, say, a hundred or 200 kilometres it gets really expensive to transport all those modules. We have been quoting on projects in New South Wales, and it is really difficult to make the costs stack up. Once you start to go over – I cannot remember the numbers – about a $15 million project it would be better off to set up a small factory and do it from there.

Martin CAMERON: Okay. Perfect, thank you.

Daniela DE MARTINO: Is that due to transportation of road freight? Do you use rail freight at all? Is that a possibility?

Matt DINGLE: We have never used rail freight, no. We have only ever used road.

Daniela DE MARTINO: Just thinking about interstate, yes.

Wayne FARNHAM: In your view what are the top three things the Victorian government can do to support construction of homes in regional Victoria?

Matt DINGLE: Anything that the Victorian government can do to create more certainty around the start dates and the volume of buildings that need to be built would be helpful. Anything that contributes to that would be a significant benefit to the modular building industry and I think building generally because in traditional building you do not need to invest as much in equipment as you do for modular. We are trying to develop ways of investing less and getting a better outcome, but you still need to invest something, so you still need some certainty. That is why Portland fell over: because we could not get it. That would be the main thing.

Wayne FARNHAM: If the government got, for want of a better word, its act together or whatever, do you see this as a space where if they said, 'Well, let's go to modular for public housing,' that we could churn out more at better value for money. Do you see that working?

Matt DINGLE: I think so. The project that we are exploring in Warrnambool at the moment that has just gone into planning is a spectacular project for modular. That is land that is leased by the Warrnambool council for 25 years; it was 15 originally. Because it is only leased, it has to be modular, because we have to be able to pick it up afterwards. There were real troubles getting that funded, and I think they have overcome those now – you will have to talk to Warrnambool. I think they have managed to get past that hurdle, although I suspect they are still looking for some additional contribution there. But if that one goes ahead, that could really open an opportunity more broadly, because there is a lot of land that is owned by councils and local government that could be leased and used in this way. Provided the houses that go on there are designed to be picked up and moved and reused effectively, then that would be a great model for ensuring housing supply in the future.

The CHAIR: Matt, can I ask: the government is looking at the balance of greenfield sites as well as infill around our large regional centres. Can modular homes be infilled as easily as greenfield sites?

Matt DINGLE: Yes. The regional precinct grant, that project, is about two regional infield sites: one in Colac and one in Apollo Bay. That will be a demonstration of what can be done on those sites. But for things like the small second dwelling, for instance, being able to lift a modular building into a backyard is a pretty attractive proposition. That means a lot less disruption to a household while you are doing that; you do not have builders in there for months. So yes, it can be a good solution. There will be sites where you cannot do it – where you cannot lift over the top of other buildings – but yes, I think it could be a good one.

Martin CAMERON: My mind is twitching as we talk about that second dwelling going in behind a home. So they would just show up and virtually lift it into place, connect your services and you are done, so to speak?

Matt DINGLE: Yes.

Martin CAMERON: Which makes it a lot easier than what they are doing now in getting access to that backyard – is that something that you feel could be a win into the future for you, being able to do that with a granny flat per se? Because you could have it constructed and designed for a grandmother or a grandfather going in there, purpose-built with the bathrooms and so forth. Is that a space that could take off potentially?

Matt DINGLE: Yes, I think so. I think the challenge again there is aggregating demand, rather than having to invest the time and energy into each one. I know they do not have to go through the full planning process, but they still have to be assessed before they are approved. As a small organisation there is quite a lot of work required to go through that process, and if we get success with a smaller subset of standardised designs, if people are interested in exploring that, then, yes, it could work really well. But there is more work to do to see whether that is going to be a winner or not. I think step one is to see whether we can land some of these larger projects, like the one in Warrnambool.

The other opportunity is the energy infrastructure projects. We have been talking to some of the wind farm and solar farm projects about whether or not they are opportunities for modular.

Martin CAMERON: If Warrnambool goes ahead, what is the timeframe for you to scale up and go?

Matt DINGLE: We will do that in partnership with Rendine. They are already a much larger organisation than us, so I think we would be able to ramp that up very quickly and we would probably start at one a week and then increase from there. It really depends how quickly it needs to go, but once you have the opportunity there, scale is not really the biggest challenge; it is actually securing the work and getting things underway. The scaling part is not as difficult.

Martin CAMERON: Once it is built and people can actually see what the end product is, that makes it a lot easier.

Matt DINGLE: Yes.

The CHAIR: Matt, can I just ask about individuality in a modular home: how much choice does the consumer have in terms of roofing, in terms of facades and stuff like that? Is it a one-size-fits-all, cookie-cutter approach? How do you manage individual people's grand designs?

Matt DINGLE: That is a challenge. We started to do individual builds for residential clients, and responding to all of those is time-consuming. Even if you have got a standard building system and somebody

says, 'I don't want that toilet; I want this toilet,' you might have to change quite a bit of the bathroom design to do that, and that has a flow-on effect. It is a challenge. So there will be a trade-off there, which is why we started going to developers and community housing providers to try and find opportunities, which are most likely going to be build-to-rent, I would say, rather than individual purchases. That then allows us to do I guess what they have been doing in Europe for decades, where they are building very high quality housing for people and they do a really nice job of personalising. There is a degree of commonality, but there is a need there for really high quality housing that does not necessarily have everybody's personal stamp on it, but they can do that in whatever way they desire.

The CHAIR: Internally.

Matt DINGLE: Internally. yes. That is where IKEA and places like that became popular in those apartment buildings. There is a lot of resistance to that, but you walk through Melbourne and look at the terrace houses and that is what they are. There are examples of that all over the place which have been really tastefully done, really beautifully executed, and they are very valuable assets now.

The CHAIR: Thank you very much for coming. Just let me check if there is anything else I need to talk about before we let you go. If we do have any further questions, are you happy for the committee to reach out with any other questions?

Matt DINGLE: I am very happy, yes.

The CHAIR: I just want to say we know how important your time is, so thank you so much for giving up your time to come and talk to us today. We wish you every success in the future.

Witness withdrew.