TRANSCRIPT

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

WITNESSES

Stuart Allen, Board Director *(via videoconference)*, and

Caroline Speed, Director, Policy and Industry Collaboration *(via videoconference)*, Master Builders Association of Victoria; and

Keith Ryan, Executive Director, Victoria, Housing Industry Association.

The CHAIR: We are back at the public hearing for the Inquiry into the Supply of Homes in Regional Victoria. I will just run through a few of the formalities as I welcome you to today's hearing.

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 that you give; however, it is important 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 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 from in our final report.

Thank you for making the time to meet today. I will ask Keith, who is in the room, to introduce himself and then go to the Zoom, and then if you have got any opening remarks. If you could, please put your name and position on the record.

Keith RYAN: My name is Keith Ryan. I am the Executive Director of Victoria for the Housing Industry Association, HIA.

The CHAIR: Welcome. Stuart.

Stuart ALLEN: Stuart Allen. I am a Director of Stuart Allen Building. I also sit on the board of Master Builders Victoria.

The CHAIR: Terrific. Thanks so much for joining us today and making the time. Dr Caroline.

Caroline SPEED: Thank you. Caroline Speed. I am Director of Policy and Industry Collaboration at Master Builders Victoria.

The CHAIR: Terrific. Thank you so much for joining us today. Keith, would you like to kick off with some opening remarks?

Keith RYAN: I will keep it relatively short, partly because I do have a sore throat, more from hay fever, I should stress, not so much anything contagious.

The CHAIR: Daniela is here too.

Daniela DE MARTINO: Hello there.

Keith RYAN: Look, at the moment Victoria is obviously facing a housing crisis, as is the rest of the country, and it is particularly acute in regional and rural Victoria. But a lot of the themes that we can raise about the problems apply both to metro as well as the rest of the state, and sometimes we can lose sight of that. HIA in particular has a lot of members who are smaller, medium enterprises who are in the home-building industry and particularly regional Victoria.

Our members are finding it very tough at the moment to operate. They are facing very difficult financial conditions but also a lack of consumer confidence. They are also finding it, though, very hard to keep their businesses going as they deal with an increasing burden of government regulation through changes to national construction codes, tightening regulation, and we are noticing a decline in the number of builders who are actively working in the industry. I hate to say this, but I do fear that some of the things we have noticed in regional Victoria – shortage of trades, shortage of builders, shortage of support professionals, such as building surveyors, engineers and the like, which is very much more serious in those regional areas – will start to become also more obvious in metro Melbourne. So in a way the problems of the country will become the problems of the city. Whilst I do not want to say it is all the fault of government, because that is not really quite fair and is a bit simplistic, it is true to say that a lot of government regulation and current government policy, which is trying to guide – or nudge, if one wants to be kinder – consumer preferences, consumer choices, is also having an effect.

I would, in my intro comments, like to really just stress that my members – and the master builders may want to make a similar point or may have a refined version of this – are really just saying they want relief. They want a break from extra changes to the laws. They want to be given a fair go. Because particularly in the country, where you have these smaller, medium-sized businesses, many of whom have been trading for a long time, we are losing them. They are disappearing. They are giving up, and quite frankly it is going to be very, very hard to replace them. I just really would call on this committee to acknowledge that that is a major concern. We do need to find ways to encourage more builders, new builders, to enter the industry, and at the moment the government's push towards having everyone living in apartments is not really going to help.

The CHAIR: Thank you very much for that. Dr Caroline, would you like to speak? I would also just like to say that Stuart Allen operates in the electorate of Wendouree – well, that is where his home base is, so I feel particularly privileged. I have never met Stuart in person, but as your local member, Stuart, thank you for making yourself available for today. I really appreciate it. Caroline, can I pass it over to you?

Caroline SPEED: Thank you. As you are aware, the residential development industry is facing unprecedented challenges, which are constraining new housing supply, but in addition to the range of issues we outlined in our submission the building reform proposed by the Victorian government is, by their own admission, focused on benefiting the consumer. Whilst we support strong consumer protections, we are concerned that the changes risk unfairly penalising reputable builders while failing to target the real issue, which is noncompliant operators, and our concern is that this may in fact result in fewer builders who are operating and able to contribute to supply.

Further, one of the most significant barriers to builders expanding their business is a current insurance model which nominates the total value of projects they can take on at any one time. Member feedback indicates that the cap on the value of projects has actually been reduced since COVID at a time when construction costs have increased by 40 per cent. So this has resulted in a reduction in the number of projects that builders can work on concurrently. To our knowledge, the current building reform does not address this issue.

We also are concerned about the Buyer Protections Bill that is currently with the Legislative Council, and we are concerned it will have a range of unintended consequences, including increasing the cost of projects for registered insured builders, which is likely to drive more consumers to lower cost unregistered and unregistered operators who are less expensive. This, combined with the increased risk that comes with rectification orders, may drive registered insured builders out of the industry, and as a result we are concerned that there will be fewer registered builders in a position to deliver on the state's ambitious housing target.

The CHAIR: Terrific. Thank you very much, Caroline. Stuart, do you want to add anything?

Stuart ALLEN: Yes. Can I just quickly add – and thank you for letting me be here today. How do we make regional Victoria attractive? That is where I would like to go. To unlock housing supply we need investment in infrastructure, and this is critical. It better connects regional areas to themselves and to Melbourne. If fast rail could connect major centres such as Wodonga and Ballarat, Sale or Geelong, imagine the benefits that this would create. It would attract investment, open up affordable regions, create jobs and improve the quality of life. This would ensure that regional towns are viable options for families seeking more affordable housing, but they could still remain connected to Melbourne for work or for educational purposes. Road networks that are safe and efficient would complement the rail. It is essential to have good access and planning for public transport. The cost of trunk infrastructure to connect greenfield development areas to the existing infrastructure in regional townships is a significant barrier to increasing housing supply to these areas. Victorian government investment is what would unlock these large areas of greenfield development opportunities and support and attract required growth.

Regional areas also require digital connectivity to be improved, telecommunications to be upgraded and to have resilience. If we could slow the uncertainty for investors, consumers and builders, I think the confidence would return. Planning and building key infrastructure first is the key to growing communities and partnering with private enterprises. Thank you. I am happy to take any questions.

The CHAIR: Terrific. Thank you, Stuart. We really appreciate your input and those ideas. Can I just start with you. Obviously the issue of trunk infrastructure in the western growth zones of Ballarat is an issue that I constantly talk about with the City of Ballarat and Central Highlands Water. In terms of the impact on you as a builder – I hear a lot from developers, but as someone who is actually building houses, what does it mean for you, the fact that trunk infrastructure is not keeping pace with demand? How is that impacting you and your business?

Stuart ALLEN: Thanks, Juliana. The building industry is very complex, as you would know. I think the trunk infrastructure is all about timing, and cost is timing. I think if the trunk infrastructure is not there, then what will the investors do? I think they will go elsewhere.

The CHAIR: Great. Thank you. Other questions. Wayne.

Wayne FARNHAM: You knew I was going to go on this one, didn't you?

The CHAIR: Absolutely.

Wayne FARNHAM: Thank you all for attending. It is good to have you here. Just for anyone that does not know in this room, I still have a builders licence, although it is in suspension at the moment. When we talk about construction, especially in regional Victoria – and this is my input on this – we have significant challenges. I think at the moment there are 20,000 registered builders in Victoria; there are only about 6000 practising of the 20,000. We have problems with apprenticeships and getting skilled workers to regional Victoria. My opinion is – and I am happy for anyone to have input in this – we have lost a lot of trades into regional Victoria to the Big Build infrastructure projects in Melbourne. I do not blame them, as a former tradie, because they are chasing the dollar, and best of luck to them. But it has affected housing in regional Victoria. When it comes to apprentices, I think at the moment we have one in two apprentices completing their apprenticeships. That is problematic. From the industry's perspective, how do we fix these issues to get building in regional Victoria back on track? I will open it up to you first, Keith.

Keith RYAN: Thank you, Wayne. I totally agree with you. The Big Build has been a major issue. In fact I was in this room probably about two years ago when we were discussing this issue. It is also probably worth stressing there are other drains on our talent, including Queensland and New South Wales. There is better work up there, and often lifestyle choices also are a factor – fishing and other activities seem to be easier up there. But the Big Build has been a major factor. There are some who argue that it is a different workforce, it is a unionised workforce and it is not the same people, but it does not matter, because the fact that those wages are there and the options are there, it reduces the pool and then leads to expectations. The Big Build will eventually slow down. You will have a series of workers who are used to the sugar hit, to use an expression used in this committee last time, who will suddenly have to adjust to a different environment. I think there are a few things that can be done. The Big Build and particularly the Suburban Rail Loop are projects that have caused a lot of angst. There would ideally be a slowdown. The simple fact is we also now have the Olympics coming up in Queensland. That will be a major drain on workforce availability for some time.

Wayne FARNHAM: So your opinion is we will lose workforce to Queensland because they will go –

Keith RYAN: I cannot see how we can avoid that, because you have also got to keep in mind that that project has a locked-in timeframe. You cannot say to the International Olympic Committee, 'We've decided to defer the Olympics.' It is not going to happen. They will have to pay, and they will probably end up having to pay unfortunately through the nose to get those projects finished. They will need every person they can get up there working. So that is going to be a major challenge for other parts of Australia, and particularly Victoria, to keep our workforce.

We do need to work on ways to improve entry to the workforce, obviously things like getting a more diverse workforce, more women, more people who are otherwise disadvantaged by current conditions. We need to have that workforce pool expand. We need to make sure that we have an industry that is inclusive and allows people to feel comfortable entering. We need to ensure that our workplaces are safe for all people, and that is a critical thing. At the moment we cannot hide from the fact that current media coverage of construction sites, where you have OH&S representatives who find time between attending bikie meetings to turn up to sites to pretend to be a safety officer – those sorts of stories, no matter whether they are true or not, or are exaggerated or not, clearly create a perception that this is not a great place to be working.

Yes, there is a lot of work being done by a lot of people, both in industry as well as government to encourage more diversity, more participation. But we do need to also look at the challenges, the problems which actually lead to that environment in the first place. We also need to consider more innovative ways to encourage people to get involved in the industry, to enter it as a trade. Not all my members will thank me for saying this, but maybe we need to consider whether the apprenticeship system, which is very popular and has served us well for a long time, needs to be refined. Maybe we need to look more at micro-credentials, shorter entry pathways to get people in the industry and working, and we need to find ways to support employers to help workers to get into that space. There are things we can do there, but we do need to challenge some sacred cows, and that means we need to be prepared to make some tough decisions.

The CHAIR: Keith, earlier on we had Women's Housing Ltd come and speak to us, and they have done some projects down in Portland and Warrnambool and down in the south-west of Victoria. One of the big issues they were saying was that they were getting tradies from South Australia to come across to work in Portland as well as having people travelling from Geelong and Ballarat. Is there anything that we could be doing like – we did go and meet with South West TAFE, the three of us, just a month ago, which was really interesting and they have got some really good strategies in place. But as a government, what could we be doing to support these workforce challenges that you have identified?

Keith RYAN: Well, one thing is obviously when you get trades coming from interstate or even from Melbourne, accommodation is a critical issue. To be fair, the Victorian government has made some announcements and done some work on providing more accommodation, and that is very welcome. That is an important step. We also need to look at providing more support for employers to be able to afford the costs of actually accommodating and bringing them across. Another challenge is also recognising perhaps – and this is getting into a more controversial space – whether we can have more trades and experienced people from overseas coming and working in Australia.

Wayne FARNHAM: Just on that, Keith, the problem we have there, my assumption would be, is we have different standards and tolerances to what they do overseas.

Keith RYAN: Yes.

Wayne FARNHAM: Like, if you have ever seen an electrician in Thailand, you would shudder if you had them wire your house. So how would you overcome that hurdle?

Keith RYAN: Yes, you are right. We need to be very mindful that we have our safety regulations and standards for very good reason. That said, you do not necessarily have to have that person doing the entire job. You can look at ways to have workers who are contributing to the process but not necessarily doing the final completion and sign-off; delegation is probably not quite the right term to use, but essentially recognising that you can bring people in to provide support work and build on what they do and give them the chance to get the experience, to get the right skills and then be able to become licensed or registered in Australia. That would be a good start.

Wayne FARNHAM: I am just wondering what Caroline's thoughts are.

The CHAIR: Caroline, do you want to respond to workplace shortages?

Caroline SPEED: Thank you. In general I agree with Keith's points, and he actually made some points that I was going to make. We recently met with our regional sector committee, and Stuart is the chair of our regional sector committee. The feedback was that particularly with regard to apprentices, they were interested but there was a lack of accommodation available, and the accommodation that was available was too expensive for the apprentice wage. So if the government could provide some form of subsidised accommodation for apprentices, that would assist. It seems to me – and Stuart would know – there are apprentices who are interested in working regionally and cannot find accommodation. Stuart, is there anything you could add to that?

Stuart ALLEN: Yes, I can take over for a minute. I think early intervention into schools for apprentices is major. I think there is still a stigma around trades, and there is a push for people and for kids be taken into universities rather than taking on a trade. I think if we can do something in that space, it would be great.

Wayne FARNHAM: Bring back tech schools?

Stuart ALLEN: Yes, bring back tech schools. I think there is still an issue, and we are still feeling that. Can I just go back to an earlier comment on the older demographic of builders. We know that the industry is not replacing fast enough the builders that are leaving it. Can I just say it would be great to have some sort of pathway for the people that want to still stay in but maybe want to get off the tools. We are lacking building surveyors, and we are lacking people in that industry, but we need the people that have the skill set to be able to stay in. If government could work something around that, it would be really positive.

The CHAIR: Keith would like to jump in as well.

Keith RYAN: Yes. I totally agree with Stuart. Our members make the same points. The other point also is that it is not just the skill sets, it is the experience and the understanding of not just how the building process works but how people work. They are also very important. So yes, we do need to find ways to encourage our – I hate to say it, but sorry – ageing workers with ways to stay, because they do have so much to contribute besides just the technical skills.

Martin CAMERON: Could that also flow on to these older builders that want to get off the tools becoming our teaching workforce throughout TAFE as well? Obviously there are lines in there where the teachers are stretched. As you said, we need that hands-on experience of being able to teach the new apprentices coming through. Could that also be a flow-on effect? I ask Stuart.

Stuart ALLEN: I can jump in. That would be great. I know a lot of builders that would be happy to go into that teaching space, but they do not really have the other skill set – the computer skill set and everything else. So if there was a combination where you could go in and be the teacher but not necessarily another part of that educational process, that would be very handy.

The CHAIR: I agree with that, Stuart. My husband is a fitter and turner, and he is still on the tools. He would be an excellent mentor for young apprentices coming through in metalwork, but at this stage he does not have the skills to teach and do all the computer stuff and the assessment.

Keith RYAN: If I could add to that, we are a registered training organisation, so we obviously hire trainers and find them, and it is extremely difficult. It is also the requirement to have the formal qualification, the certificate IV, to become a trainer. That is something which would be ideally refined and if possible subsidised to help people to enter, because that would make a difference as well.

The CHAIR: That is a good point. Jordan, did you have a question?

Jordan CRUGNALE: You have all spoken about the cost of domestic building insurance – I think that was you, Keith –

Keith RYAN: I think Caroline also mentioned it, yes.

Jordan CRUGNALE: And Caroline as well, yes – which prevents some regional builders from taking on multidwelling developments even though they may have the capacity to do so. I was wondering if you could comment more on the cost and suitability of domestic building insurance. That could be a question for all of you.

Keith RYAN: Okay. Domestic building insurance is a product which is absolutely critical, and despite a lot of the bad publicity over the last few years because of Porter Davis and other builders going to liquidation, it is important to acknowledge that people have been put into their homes eventually. It has not been perfect, and I do not want to say that it has been a great experience for those consumers, but it has done the job of getting them into their homes eventually. It is something that, unfortunately, once you get above three storeys, you do not get. That will in part be changed by the buyer protection Bill, but it is an important product. It is very regulated. There are realistically two mainstream providers of domestic building insurance at the moment. We do have the government body, the Victorian Managed Insurance Authority. They are between 80 per cent and 90 per cent of the market, depending on how you measure it. There is also a private company at the moment called Assetinsure, who provide between 10 per cent and 20 per cent of the market. It is a private company which is mainly based in Sydney but operates in Victoria, and it has a fairly significant pool of builders, including regional builders, on their books at the moment. They get those builders because they have been able to be more flexible than the VMIA has been at times.

Now, with the buyer protection Bill, Assetinsure will be required to exit the industry. That would happen potentially 1 July next year, or it could happen sooner. If it happens sooner, that will be very messy. The reason for that is domestic building and building insurance eligibility, which is the right to buy policies, is a precondition of being a registered builder. If you lose your eligibility, you lose your right to build. You cannot buy policies, you cannot sign new contracts, you cannot start new jobs.

At the moment, as Caroline mentioned, quite rightly, costs have gone up 30 to 40 per cent in the last few years.

Jordan CRUGNALE: Of insurance?

Keith RYAN: No, the costs of just building, sorry. The cost of insurance is much worse; it has been 53 and then 63 per cent over the last couple of years for detached homes. They are dramatic increases, and yes, we are still slightly less expensive than New South Wales, but it is still a cost that gets borne by consumers when homes are built for them.

But with the insurance eligibility, you get limits. You get limits on the size of jobs, individual jobs, you can sign but also limits on how many jobs in total you can do by monetary value. Those caps have either stayed as they are or in fact, if a builder has been unlucky enough to ask for an extension, have even at times been cut back. So we now have builders who have less capacity as we are being asked to build more homes. They have got less capacity to actually take on new jobs and build homes for clients, and that is really squeezing a business. If you are a businessperson who wants to keep your business going, the last thing you need is to be told, ‘You now have less capacity to sign up new jobs.’ That means not only do you have to start tricking back your business, which means less work for trades and less employees, but it also means obviously less flowthrough to the rest of the community with the benefits of those businesses. I am not sure if you want to add to that.

Stuart ALLEN: Keith’s was a great answer on insurance. Insurance has been a problem in the industry for 20 or 30 years at least, and there are thoughts right now that instead of insurance going as last resort it is going to first resort, which a lot of builders are really concerned about. The biggest issue I think is what Keith was saying: it becomes a restraint on trade, depending on how the insurer views your business. That is a real difficulty, and that is one of the reasons that builders are getting out of the industry.

The CHAIR: Very good. Daniela, do you have a question you would like to ask?

Daniela DE MARTINO: Thanks, everyone, for joining us today. I really have an interest in modular homes or prefab homes. I am just wondering: do you have many members in this space, Keith?

Keith RYAN: We do have a number of members. I cannot give you the exact number. They tend to be at times hard to identify; they can overlap a bit. But yes, we have members, and so do the master builders.

Daniela DE MARTINO: What role would you see for the state government in increasing the market share of these types of constructions? I will throw it out to the three of you.

Keith RYAN: Caroline, I am happy to give you a chance to answer first, if you like.

Caroline SPEED: Thank you. We have been hosting site visits and having numerous discussions about modern methods of construction in general. From our perspective, modular – if you imagine, you can build a small house in a factory and then take it to site by truck – is one aspect of modern methods of construction. We have been more recently looking at panellised construction as well, where a registered builder signs a contract with the consumer and they engage a manufacturer to essentially pre-make the walls, floor and roof of a house.

That can all be done in a day, and then that gets taken to site by truck and bolted together onsite in about two and a half days. You can get from manufacturing to lock-up in five days with that process.

There are benefits to both. They are the two that we see at the moment as being the faster methods to build whole houses. I suppose there are pros and cons of both. Modular – or building a whole house in a factory – tends to have a different aesthetic, and we know that that aesthetic appeals to some consumers. The flat-pack version, if you like, can replicate aesthetically houses that are built onsite, so if you go through a greenfield development, you would not be able to tell the difference.

They have a product that they can build onsite and they have a product that they have manufactured in a factory and brought to site and essentially put together in a couple of days. The consumer would not know the difference between a townhouse that is built onsite or a townhouse that was manufactured in a factory and brought to site.

Daniela DE MARTINO: That is good to know. And can I, because we are on this – I hope you do not mind, Chair – ask a question about 3D printing.

The CHAIR: Please do.

Caroline SPEED: 3D printing – very interesting. I am fascinated by 3D printing. I think in terms of our regulatory system, particular our permit and prescribed inspections system, it requires – and Keith, please feel free to add to this –

Keith RYAN: I am happy to jump in if you like, Caroline – your bandwidth is dropping off. There are significant challenges with 3D printing but also modular prefab building with the current legal regime we have – the *Building Act* and the *Domestic Building Contracts Act.* Those bits of legislation are essentially designed to deal with traditional building methods, which means that when you start to move into more innovative construction methods, the legal process, the regulatory process, breaks down and does not really work. At times we have to have creative regulatory solutions being used by regulators and by the regulated. Sometimes that works fine and there is no harm; other times it does cause problems. We know that the Victorian government has been very actively looking at ways to improve that regulatory framework, so that is important to acknowledge, and in fact we have recently been working on a paper that has come out from the government – I am sure the Master Builders have had the same opportunity – and we have identified a number of things that can be done. The inspections are critical – having a process for allowing for the inspection process to accommodate both offsite as well as onsite.

We also need to review the way the contracts work. You may be aware that recently the Commonwealth Bank announced that it would develop a contract which would allow for recognition of prefab. Ironically HIA and, I suspect, Master Builders have had one of those for many, many years, but it is still nice to know that a bank sees it as being an important thing to do. That said, the *Domestic Building Contracts Act* at the moment imposes a mandatory progress payment scheme which applies to everything, including in fact high-rise apartment buildings, which is nonsensical. We are expecting the government will move soon to start to fix that, and that is good – we welcome that – but it will be important that government be mindful that the legislation that they impose today needs to be flexible enough to cover the future. The reason why we are in so much trouble at the moment is because we have legislation which has been done by set-and-forget, particularly in the case of the building contracts laws. So there are some challenges there, but the government is looking at it and we are looking forward to seeing some action in that space.

The CHAIR: Thank you for your involvement in that as well. Caroline or Stuart, did you want to add anything?

Caroline SPEED: You go, Stuart.

Stuart ALLEN: Just with the modern methods of construction, we need to be mindful of time restraints. There is a lot of investment needed to be able to set this up, and if you start talking robotics and all that sort of stuff, and the programming, and there is time, some people talk about years of being able to set it up properly, because we are in an environment at the minute where we have got shortages now. We need a little bit of long-term, but we need a bit of short-term relief.

The CHAIR: Sure. Other questions?

Wayne FARNHAM: You have mentioned in your submission about taxes and taxes on the building industry – sorry, on your website. Just do not say ‘all taxes’, because that is not going to ever happen, but what are the most important taxes that you think we should get rid of so we can make housing more affordable, cheaper?

Keith RYAN: Okay, look, the obvious one to mention is the transaction tax: stamp duty. One reason why we have people having to stay in their old homes and not move is the fact that there is this massive barrier in the form of stamp duty. It is obviously difficult to replace it. There is a need for the revenue, and we acknowledge that. There is currently a new system being developed for commercial and industrial land, and we will be looking forward to seeing how that progresses, and that may well be a model for homes in the future.

The other tax which is probably having the most impact at the moment is the windfall gains tax, which is really a big dampener to investment and discouragement. It is no secret that, unfortunately, despite its many attractions, Victoria is seen by many investment bodies as being an undesirable place to do business at the moment. There are better places to invest, and without wanting to be disrespectful to places like South Australia and Western Australia, they are seen as being better places to go at the moment, a better bet. Now, that is disappointing, because Victoria is the largest home-building market in the country still. We are bigger than Sydney, we are bigger than Queensland, and we really should be doing better. So there are potentials there. But the windfall gains tax and stamp duty would be the two I would mention as needing the most attention.

The third one I will mention just quickly is the disincentive on foreign investment. We have a series of taxes that are designed to discourage foreign investment. I understand there is a desire to ensure Australians have homes, and no-one really would disagree that we want everyone in a home. However, to get homes built, we need the investment, and at the moment these foreign tax settings do discourage foreign investment in getting homes built, which can then be occupied by people living in Australia.

The CHAIR: Did anyone else want to add to that?

Caroline SPEED: I agree with Keith. I would also add, I was involved in some research a couple of years ago that quantified the percentage of a new residential lot in greenfield areas that was paying taxes and charges to authorities, the state government and the local government, and in the worst-case scenario, it came to 53 per cent. I think in the best-case scenario it was about 35. Data that I have seen recently is landing at around 40 to 45 per cent.

Keith RYAN: Yes.

Caroline SPEED: It is not so much there is one single tax or charge that needs to be reviewed; it is the sum of the parts at the moment, and the incremental increases in a whole range of those charges add up to quite a lot at the end.

The CHAIR: Certainly. I am conscious of the time. I want to say thankyou very much for being here, but if there was anything else that you wanted to add before we wrap up this session, we would certainly welcome any additional thoughts or issues that you would like us to consider in our deliberations.

Keith RYAN: I think the only point I would like to add is that we understand the Victorian government’s desire to deal with the urban sprawl. They are now looking at doing that with Bendigo, Ballarat and Geelong. Yes, there is going to be an evolution of how people choose to live and where they want to live. But we also need to be mindful that, ultimately, homes get built because people pay for them to be built; they order them to be built. Consumer choices can be nudged, but they cannot be forced upon them. There was a story this morning in the *Age* about the fact that there are 8000 unsold apartments in Melbourne. Now, I do not want to be disparaging about a particular segment of the industry, but it does indicate that consumers are making choices. We still know that consumers want their block of land or at least something very close to it and they want that ability to be able to move around and that is something which is going continue to be important for the future.

The CHAIR: Thank you, Keith. Caroline?

Caroline SPEED: I will offer the closing comments to Stuart. Stuart, what would you like to add?

Stuart ALLEN: I will be quick. My theory is if you want increased productivity, I think there needs to be flexibility in red tape, there needs to be flexibility in insurance and there needs to be flexibility in the contract.

The CHAIR: Excellent, very succinct. Thank you, Stuart, and I will just put the hand of friendship out to you: do not be a stranger. If there is anything at a local level you would like to raise, as your local member my door is always open. I am happy to shout you a cup of coffee. Caroline, thank you very much for your time today, and I am sorry there were a few technical glitches but you have really added value to this session, and we appreciate it. And Keith, thank you for being here in person. As always, you provide us with a really strong perspective, so thank you very much.

Keith RYAN: Thank you very much.

Witnesses withdrew.