

TRANSCRIPT

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

WITNESSES

Andrew Pomeroy, General Manager, Development, and

Barry Hearsey, Manager, Planning and Building, Wellington Shire Council; and

Chris Stephenson, General Manager, Place and Community, and

Chris Wightman, Senior Planning Adviser, East Gippsland Shire Council.

The CHAIR: Welcome back to the Traralgon location of our wonderful inquiry today. I am thrilled to welcome our next panel, the local government panel.

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 comments made outside the hearing, even if you are restating what you said during the hearing.

You will receive a draft transcript of 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 with our committee today. My name is Juliana Addison. I am the Chair of this committee, and I am the Member for Wendouree, representing central Ballarat.

Martin CAMERON: Martin Cameron, Member for Morwell and Deputy Chair of the committee. Welcome today.

Jordan CRUGNALE: Jordan Crugnale, Member for Bass. I have the Bass Coast shire area down to Cardinia and Koo Wee Rup, that area, over to Pearcedale.

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

Wayne FARNHAM: Wayne Farnham. I am the Member for Narracan, and I live in West Gippsland.

The CHAIR: We have apologies today from Martha Haylett, the Member for Ripon, and the recently departed – not permanently but just departed – Member for Croydon David Hodgett. Deputy Chair, would you like to lead off the questioning?

Martin CAMERON: As I said first off, thank you everybody for coming here today. Our regional tour has led us to Latrobe Valley. Yesterday we started in Pakenham, headed up through to Bairnsdale and back through Heyfield, so we have traversed around the state, and it has been interesting.

I will put on the table to you four gentlemen sitting here: be open and very frank with us with things that would help you help the community get more housing moving forward more quickly, because the reason that we are here is because of issues with public housing, affordable housing and mums and dads that are trying to get into the housing market. If I could get you all to introduce yourselves and just give a bit of a spiel of the pressures that you are feeling as councils inside the housing industry at the moment. Do you want to start, Chris?

Chris STEPHENSON: Hi, I am Chris Stephenson. I am the General Manager for Place and Community at East Gippsland shire, relatively new to local government as well; I am out of state government. My observations, being new to East Gippsland Shire Council, are there are some real constraints to social and affordable housing in our LGA. We see that it is almost by good luck rather than good design that we have social and affordable housing available to our community. There are some real things we could touch on today that would assist us, such as reforming legislation to make it compulsory for new developments to have an element of social and affordable housing. I think that would be a great thing for us.

One of the real challenges in East Gippsland, as you know, is it is 75 per cent public land, so the environmental and emergency management risks are significant in East Gippsland. Therefore we would like to see some

consistency around some of the planning required around things such as bushfire management overlay and flood mapping – consistency with those things across the state would help us out immensely – and also just acknowledgement that in East Gippsland, if you are going to build, if you are going to subdivide or if you are going to rezone land, there is a risk with that. We have to be able to accept some of those risks and mitigate those in different ways, rather than simply saying we cannot move forward. We have examples at the moment of growth areas that have been significantly restricted because of some of those overlays. While they are important, we think we need some reconsideration of those to go forward. I might pause there.

Chris WIGHTMAN: Chris Wightman. I am the Senior Planning Adviser at East Gippsland Shire Council. My role is working across both specifically the strategic planning team and the statutory planning team at council, so taking things from very high-level strategic documents like housing and settlement strategies and providing advice on that, but also right through to the nuts and bolts of assessing and implementing planning permits to actually get houses coming out of the ground. I think it is reasonable to say, picking up on some of the points that Chris has made, in East Gippsland the environmental values and the environmental risks present significant challenges to the provision of housing supply for our community. Constantly it is a challenge navigating a diverse range of community views in this space. The community generally are concerned when you go and seek to change what they consider to be an established neighbourhood character or whatever the case may be from their perspective. There is a challenge working with some of our agency partners in terms of the provision of infrastructure and in terms of balancing out environmental risks and environmental values with the need to provide an appropriate level of housing supply for our community, meeting current needs as well as trying to predict future needs of the community.

There is also a challenge working with the development community. If you look at some of the statistics in East Gippsland in terms of the age profile generally, I think the average age is 52. The average household size is 2.4 people, which is very low from a regional Victoria basis. But if you look at the housing stock and what is being provided in terms of new housing, they are predominantly three- and four-bedroom houses, and you have got to ask yourself the question: where is the disconnect between what the community needs from a demographic perspective as well as a socio-economic perspective, picking up on the social and affordable housing issues, and what is actually being provided on the ground? One of the key challenges from a planning perspective is trying to ensure there is an appropriate level of collaboration across all levels of government with the community and also with agency partners and the development industry to ensure that we can get the right types of houses in the right locations in a timely manner and with an appropriate level of development infrastructure, so the hard stuff – the roads, the drains, the pipes et cetera – but also the soft infrastructure – the community services and the community facilities that we need to grow. I think one of the things with an ageing population we find is the provision of healthcare facilities in East Gippsland is a real challenge, and making sure we collaborate with all partners and get the right balance for future housing supply for our community. Thank you.

Barry HEARSEY: Good afternoon, members of the panel. I am Barry Hearsey. I am the Manager of Planning and Building at the Wellington Shire Council. I have been with council in Wellington for 12 years. Look, I would not disagree with anything that either Chris or Chris has had to say. As a neighbouring council I think we probably share a lot of similar issues. Chris has touched on some of the drivers in terms of housing supply and housing availability for Wellington. We have the ageing population. We have a median population age of 44. When you compare that to the Victorian average of 38 we have an ageing demographic, and obviously that has implications in terms of the housing type that we require in Wellington. And again, like probably most of the state, housing affordability – in many other rural councils across Victoria prices are rising, making it more challenging for families and singles and couples to join the housing market. That is a real challenge in Wellington, housing diversity.

I think given recent COVID events, remote working – in recent years there has been a trend towards remote working, which has attracted new residents to Wellington, and that is either part-time or full-time. COVID-19 has obviously accelerated remote working trends, particularly for professionals and people in the service sector. We are seeing, particularly, lifestyle change and people coming to the shire and looking for properties, so that is another end of a very broad spectrum of housing.

Population growth in Wellington is noticeably lower than a lot of other shires within Gippsland and probably Victoria. It has been around 0.8 per cent over the last 20 years. However, in recent studies that we have undertaken as a shire as part of our growth management strategy, we are forecast to grow by about

10,500 people to a population of 57,000 by 2041. This indicates an increase in growth rate, albeit minor. That is a 1.1 per cent high scenario over the next 20 years.

The other point I would probably like to make is the importance of recognising the difference in the way some of these issues affect the more remote rural shires, which I think East Gippsland and Wellington are because we sit beyond the peri-urban areas, and the difference in the way that we address some of these problems and the impacts that some of these issues have in Wellington, because we are regional/rural. I think in the past there has been a bit of an issue around solutions and responses to issues like housing supply that have tended to be or be perceived as metro-centred rather than regional-centric. I think that is a really important point I would like to make to the panel. In any of the findings from this inquiry, they really have to be cognisant of the different context that we actually operate within in Wellington.

I think particularly from a growth rate perspective, growth rates in metropolitan areas are significantly higher, faster and therefore more risk-free than perhaps the developers that we deal with in Wellington, where the costs and the returns associated with having to provide significant pieces of infrastructure – whether it is a roundabout at \$1.5 million or a set of signals at \$1.5 million, the infrastructure challenges are a lot greater when we are dealing with developers. We also deal with mum-and-dad developers. These are people who have paddocks and want to rezone; we deal with that level of developer – I use ‘developer’ in inverted commas. We have a process, and I think Chris has touched on it, that is highly complex at times and can be quite protracted and detailed. For those not used to the process, I think one of the other issues that we have at Wellington is that from a legislative perspective the actual process to facilitate new housing can be a real challenge. And I think my experience at Wellington is that it is getting more and more complex.

Chris talked about wanting – we want to work in collaboration with our partners, our other stakeholders, statutory stakeholders. But I think the challenges that we are facing with requirements to facilitate rezonings, from a simple rezoning of farming land to a residential use – the standards and the expectations now to support planning scheme amendments are quite significant, but they are also costly, and the viability of projects therefore is heavily challenged in remote rural areas. If you combine that with the requirements for infrastructure, yes, it is a huge challenge.

Andrew POMEROY: Andrew Pomeroy. I am the General Manager at Wellington for Development. It encompasses community and a whole lot of other things as well. I spent 12 years in the growth areas of Melbourne and worked out at Cardinia for quite some time, and I saw developers effectively develop land very quickly. I am talking about 6000-odd lots in Pakenham East, with assurance that when they opened the doors to sell that portion of land, which they would release on a drip-feed process so that they keep their prices high, they would have 24 people knock on the door and probably another 24 people on the waiting list. Regional developers do not have that. There is a two-speed economy here with housing. In the rural and regional areas there is not the demand that enables someone, as Barry was saying before, to put the up-front cost into not just drainage and roadway solutions but it might be pump stations and all the rest of the things. Probably Barry undersold the cost of an intersection – the last intersections I dealt with in the growth areas were sitting around the \$4.5 million to \$6 million mark. For some of ours, if you are looking at working with Regional Roads Victoria, it may take you 18 months just to get approvals for that.

I am probably not going to delve too much into our agencies. What I am going to say is we do a fantastic job at planning permit applications. Our planning permit applications, within 60 days, run to around 93 per cent. We are some of the best planners in the state for planning outcomes. Our frustrations occur when other agencies are involved and they are not as committed.

The other bit and piece that I really would like to highlight is that we have had two red tape commissioners come through and look at planning, and we have had very little on-the-ground results from assisting with other agencies in getting housing to market. I would probably argue that we have actually had the imposition of more red tape. Rather than the bits being taken away, you get four or five new bits coming in. That is a significant issue for any developer. When you, as Barry said, are talking to mum-and-dad developers, they just do not understand what is in front of them.

Both our councils, as well as South Gippsland, were left out of the Big Build and anything to do with housing. Latrobe city, Baw Baw and Bass Coast – yes, they were in. We have got the same constraints and the same sorts of growth rates that we are staring at – probably not as much as Baw Baw, I will give them that. But I

suppose, for land availability, they are on the same sort of scale, and to not have that injection of funds coming into those areas has really left our region behind. I suppose everybody else is behind – we are behind even further because that investment has not been there.

I think there is a bit of tension with developers and taxation, absolutely. That land tax puts more imposition on them, more holding costs. If I was a growth area developer, I could deal with that; I know I am going to sell those lots. But if I am a rural and regional developer and if I have got to shift 48 lots and it is going to take me three years to shift them, you know, I am pretty nervous. Will I make that investment? Possibly not.

Probably the other thing that Wellington will deal with in the next three to five years is renewable energy. The amount of workers that we see down at Barry Beach marine terminal, which will house in the vicinity of maybe 1800 workers by 2032, means we have got to start the planning scheme amendment six months ago. We have not started it. We have not received one dollar of funding from any state government department to go towards that, whilst we have asked. We see a massive gap between what we see as government policy – trying to get through a net zero outcome and putting wind turbines in our neck of the woods, and we are talking about transferring the energy provision from Latrobe Valley into offshore wind. There is 9 gigawatts offshore by 2040 – that is 750 wind turbines. Those 1800 jobs are not just the 1800 jobs from a housing perspective. At an average of – what did you say – 2.3 people per household in East Gippsland, and we are pretty similar, at 2.4, that is 4000 people. So 4000 people are going to call Barry Beach home, or that region, and it includes South Gippsland and ourselves, and Foster has got some issues in relation to planning, bushfire management overlays and all the rest of it. Yarram, the other major centre down there, has got some massive drainage issues, and we have got to do amendments to enable more land.

These areas have not had any investment for, let us be honest, probably 50 to 60 years, so the infrastructure is not there. For some parts of Yarram there is no kerb and channel and drains going underneath, it is just spoon drains along the road. Sewerage – those types of things – cannot cope with any further capacity in those towns, so it is not just the housing stock. It is the upgrade of the sewerage treatment plant; it is not enough kindergartens. We are staring at, we think, around \$4.7 million worth of planning work that we need to do to enable someone to work in that area by 2028. If you look at the, I would say two years to get a planning scheme amendment over the line, plus another year and a half to do a development overlay, plus another year to get any sort of grader or bulldozer on that land to release a housing block, we are now six months behind, and that will affect government policy.

What keeps me up at night? That is the problem that keeps me up at night. I firmly believe that people in Yarram will be pushed out of their homes by high-paying jobs, so those people that work in the hospitals and cafe and those sorts of things will not be able to remain residents. We saw that happen at Wonthaggi, and Jordan, you know all too well that very issue. While we will probably see that happening again, we can learn from the past. We just need the investment now.

We have asked the federal government for \$4.7 million because we could not find it out of the state. We have had nothing but ‘Thank you. Yes, this is good,’ and both the planning minister and energy minister in the state government wrote us letters of support, which is fantastic, but it is not just a federal issue. This is an everybody issue, and we need to all row in the same direction in relation to this. If we do not get that over the line, if we do not get those planning scheme amendments, we will end up with some massive issues down there as places that have not had any investment for a long period of time – and we know it is going to occur.

The CHAIR: Jordan, did you have a question?

Jordan CRUGNALE: Yes. Thank you, everyone, for coming along today. I will just jump straight to Andrew with the offshore wind and housing and Yarram and that whole area. Are the two councils and through One Gippsland kind of looking at what the radius is around this whole energy transition and where we will need housing and what is appropriate? Will it come up as far as here in Traralgon and Morwell, given the line will come in as well, or are those 1800 jobs just for Barry Beach alone?

Andrew POMEROY: In talking to the renewable energy operators, every one of them say for about 2 gigawatts worth of power they will need around 350 to 400 jobs offshore, and that is just in operations and maintenance. I am not talking about building them, so I am just talking about the operations and maintenance effort.

We see the build things happening at Hastings and Geelong and Bell Bay in Tasmania and everywhere else, so we are probably not too concerned about the build, to be honest. There are probably ancillary jobs that will flow from that activity, so 1800 is probably undercooking it. They are probably the direct jobs that we know about, but if you put 1800 people down there in high-paying jobs, there are probably going to be more of what I will call flow-on effects through a consumption and industrial effect that you would see in normal economic policy that would drive other job creation through those activities. So 1800 is probably conservative in my mind – and I am talking about 2036 by the time 1800 comes on board – but we are probably looking at at least 400 to 1000 by 2032. And by 2028 you will need at least 500, so that is probably 1500 people in total – kids, schools, kindergartens, childcare centres, all the other bits and pieces that we need to deliver. We have got no ability to do that.

Every other renewable energy installation in Victoria that happens on land is attributable to PiLoR, which is a payment in lieu of rates which goes to the local government to enable them to provide for infrastructure and other pieces to support that industry. Because this is offshore turbines, PiLoR, from a state perspective, cannot be applied, so we are caught in this. With every other renewable energy installation in Victoria, the councils get a benefit from it; we have got no ability to forward fund infrastructure. If PiLoR was attributable, we would probably start investing now, as we would know by 2032 that there would be \$4.7 million or something like that coming into our coffers. We would be able to do the roads, do the drainage and probably even help the state out with a school, to be honest. But PiLoR is not attributable, and to give you an idea of the quantum that local government will miss out on in this, it is around \$332 million over 20 years. So this is a massive issue for us, in being able to provide for that community.

Effectively. Yarram has got, what, 1400 people, Barry? Foster is probably about the same. If we are going to put 2800 people there and we are going to put 5000 people there, we will have some massive issues. We know about it; our renewable energy and readiness study points it out really clearly. We have done our mapping. We have done our consultation with every single developer. We know on average how many they are going to be putting through. This is Victoria's biggest energy transition. This is the thing that is going to keep the lights on for people in Melbourne. This is 9 gigawatts worth of power; this is not insignificant from a state perspective. We are getting to the point where we are feeling like we are being listened to, but the investment is not there. The investment should have happened a year ago or maybe even longer. So we are looking at it going, 'Oh, we can see this problem here.' But getting in front of that is costly. Yes, we get it, but we think it is absolutely necessary to enable that industry to pop out of the ground.

From a perspective of where they will travel to, we send one of our councillors home before our council meetings at this time of year, outside of daylight savings. Garry Stephens is his name, a beautiful man. He will leave our workshops, he will drive home to Yarram and he will dial into our council meetings. There are too many kangaroos on those roads; it is absolutely fraught. I think we have had maybe two council cars in the last 18 months written off from people travelling that road at dusk, so they are not great roads to be travelling and traversing. To get from the Latrobe Valley to there, Sale to there or Leongatha to there is fraught with danger.

The CHAIR: Do you have a question, Daniela?

Daniela DE MARTINO: Yes, just about the planning scheme amendment process: how can it be better streamlined in your eyes to be more cost-effective and time-effective, would you see?

The CHAIR: We will start with Wellington and then we will go to East Gippsland.

Barry HEARSEY: I think one of the first things that comes to mind is the relationship with the strategic work that is required to support a planning scheme amendment. I do not think it is recognised to its full potential in terms of how it supports an amendment. I think there is probably scope, or we believe there is scope, for planning scheme amendments that have the support of detailed strategic planning work and can provide a justification. It has been through a process and the structure planning process is highly consultative. With the impact on the need or otherwise for exhibition, where it is, for want of a better term, a no-brainer, I think there is probably scope for the amendment process to take account of work that has been done to take out parts of the planning scheme amendment process. There is nothing worse than going into a meeting with a prospective proponent when the first question they ask is 'How long is this going to take?' and we have to sit there and say, 'On average, 12 to 18 months. If you get an objection, then another six to eight months for a panel.' So I think there is probably scope to give greater credit to previous strategic work that has been done.

I think a second initiative that is attractive is very much the same as VCAT with the panel hearing process and the ability to have discussions on whether an amendment should go to a panel. I think there are new provisions, or an intention, coming into the Act shortly that deal with vexatious or mischievous submissions. In the way that the VCAT process has a consultation meeting before it determines if it should go to a full hearing, I think something as simple as that in the planning panel process would go a long way, because we have actually experienced planning panels with a single objector and we have had to fund a panel. The example I am using, committee members, is for a heritage overlay on a building – it was actually in Yarram. We had to go through a full planning process for one objector, who turned up on the day and withdrew his objection. In an example like that, albeit quite simple, the principle behind it is quite significant. When we are talking about issues that are stymieing the process that are resource-related, that was a great example of where time and cost – it is unnecessary. They are just two right off the top of my head that I believe would be simple to impose and would have a significant impact on the process.

Daniela DE MARTINO: Thank you.

The CHAIR: Chris or Chris.

Chris WIGHTMAN: Thank you for the question. I would completely concur with everything that Barry has just said. There is some low-hanging fruit, I think, when it comes to the processing side of planning scheme amendments that could really save time and cost for council and proponents and provide greater certainty for all parties involved in the planning scheme amendment process.

Something that East Gippsland finds particularly challenging is – and I think Barry touched on this earlier on with his introductory comments – the volume of work that you have to do in order to justify a planning scheme amendment. That must include issues relating to the environmental risk: bushfire, flood, coastal inundation, which is particularly an issue for some of our amendments. We have got an amendment going through the system at the moment in Paynesville for the Paynesville growth area where we as council are having to invest significantly in justifying a future residential rezoning based on the potential impact of sea level rise. It is completely relevant; I am not disputing the fact that it needs to be considered. But why does each and every individual council and each and every individual proponent or planning scheme amendment need to justify it when it is the same issue that we are facing – with some local circumstances – across the whole of the state?

One of the things that we have got as an action in our housing and settlement strategy is advocating that when you come into issues of environmental risk there are standardised processes and better collaboration between agencies and between council and agency partners to have a really clear understanding of who is responsible for those environmental factors, which form a very fundamental and very important part of the planning scheme amendment process. So how can we actually get more certainty into the planning scheme amendment system in order that, if we do have to do a bushfire assessment, we know the methodology that we have to follow? It is very challenging, I think, sometimes to try and understand that.

Council does not have the in-house skills – we certainly do not; I suspect Wellington would not either – to assess that really important piece of work, and it is really challenging when there is no certainty as to how you actually go about that work in certain circumstances. You are looking at a landscape assessment of bushfire risk or, as I mentioned, coastal inundation and what that looks like for a specific parcel of land. So getting some certainty and consistency and getting it on a regional or even, I think in some instances, a statewide basis that can really assist with councils in addressing some of those really fundamental principles of whether a piece of land is appropriate for future rezoning for future residential development would massively assist.

Daniela DE MARTINO: There is potential for AI in this space as well. I just launched at Yarra Ranges council myLot, which is the first AI tool in planning, for residences only – so non-commercial developments – to help streamline. It is going to potentially save months, because it is capturing all the information before it even gets shot out to a town planner. It is always going to have human eyes look over it, but do you think AI has got a role to play in this and streamlining across the state as well?

Chris WIGHTMAN: Absolutely. I am not an expert on AI, so I am not going to comment in any detail. But it is something that council is investigating as to what opportunities there are to have technology assist that assessment process not as a replacement necessarily, as you have rightly mentioned, for that human understanding and the consultative aspects of the planning scheme amendment process and ensuring the

community rightly have their say with these processes, but certainly there are some opportunities from a technical perspective to assist the process.

Daniela DE MARTINO: Great. Thank you.

Andrew POMEROY: It would be great for that AI tool to be – as Chris was talking about before, whether it be in relationship to sea level rise or whatever that might be, for mapping floods or bushfires or whatever it might be, if it was state-based, everyone is then working off the same tool. They have the same rules. Because if councils go and implement it by various iterations of it –

Martin CAMERON: It will be different

Andrew POMEROY: You will have a piecemeal approach across the whole state. Things will be different. Trust in the system will fall down, because you will have one council implement it well, another council use a different system and another person coming into that realm with a poor system and a cheaper model, which some rural councils will have to rely on because they do not have the money and effectively will then be using an inferior system. So for consistency – and we are talking about the state planning system from a consistency perspective – I think a tool like that if it came from the state would mean we are all then working from the same hymn book. I think that is really important from a state planning policy perspective.

Chris STEPHENSON: If I could just say, Chris mentioned the Paynesville growth area identified over 10 years ago as the growth area. It has taken us until now to get it to the planning panel.

Chris WIGHTMAN: There is a directions hearing on Monday.

Chris STEPHENSON: So over 10 years. There are some other elements there that are obviously coming into effect. But one that has also popped up in our minds recently is, yes, AI would be great, but with the constraints in resourcing across the state in other departments and that as well we are very nervous about extensions to time and that now with resource limitations. If we are using the same systems and the same people or even less people, we are nervous that agencies will not have the capacity in a referral sense and that too to meet our needs. So it is a real challenge.

Barry HEARSEY: I think it is fair to say one of the biggest criticisms of the planning system is the lack of consistency. And that is one of the challenges I think we have been facing in Wellington, particularly with statutory agencies – getting consistent approaches in the advice that we get combined with the length of time sometimes it takes to get the advice. It can be conflicting advice, and I think there is probably an issue around education within statutory authorities if I am honest. Because from different people you will get different responses.

The level of detail that we have been asked to provide in a simple rezoning from the CFA – we are talking about fire hydrants in a rezoning from farming land to residential. Once that is lodged as part of the exhibition process, we have a duty to follow that response up. The time it can take to work through what we are actually able to do within the scope of an amendment – because we are getting referral responses that actually take it outside the scope of what we are trying to achieve, but we still have to address it and it takes time. And that is just another nail in the coffin of that whole time resource and dragging out the process. We are then left to face upset and disgruntled proponents and have to explain. That is a real challenge for officers at times, because we see the frustration, they see the frustration but our hands are tied because of process and the legislative process that we have to follow.

Wayne FARNHAM: I just want to follow on from what you were talking about. I think here is a challenge for the discussion at this table. We have sat back here, and we have said we want consistency in the planning scheme, which I agree with. But then we have other people coming in and saying that we need to treat regional Victoria different to metro. So if we are asking for consistency in the planning scheme yet we are asking to be treated differently in regional Victoria than we are in metro Melbourne as far as the planning scheme goes, how do we get the consistency?

Andrew POMEROY: Can I just say the consistency is not from a metro–regional perspective that we are after. The consistency is in – if I take Barry's example from the planning scheme – when we go through a planning scheme amendment, and the referral agency is the CFA, we send it off to CFA and they have nothing

to come back with. The next time we send it off, they want to know about fire hydrants, which is about five steps later in the process. The consistency is not necessarily in what happens, it is probably more from the referral agencies asking and doing an overreach within each process. They are asking for things that could be done at development overlay or other bits and pieces that happen later, but they are asking for them in the up-front information before you have done the detailed design work. Then effectively they are asking us to go back through a scheme amendment process to do all the development work, which is actually the next step. It is people's consistency in not understanding where they are at in the process and then imposing that into the process that we have to respond to, because that is the direction. It is more about that consistency. I absolutely understand what you are saying. As I said before, there is a two-speed economy here: one has got certainty, and one has just got costs and risk.

Barry HEARSEY: I think you can achieve that consistency by understanding the drivers. I spoke in my introduction about the different drivers between metropolitan areas and development in rural regional areas. It is the drivers and just being cognisant of those. I think that would help you achieve consistency in the thought process and the decision-making process, just having that degree of separation that we actually operate under a different set of circumstances and a different set of drivers to metropolitan growth scenarios. They are very different – strikingly different.

Wayne FARNHAM: One of the two Chrises – I cannot remember which one – was talking about overlays earlier and the amount of overlays we have. We have got heritage overlays and all the rest of it. What do you think reform around that looks like?

Chris WIGHTMAN: In what context?

Wayne FARNHAM: We will talk about flood overlays, for example. This is always one I bring up. We are going through flood overlay reviews in various places at the moment. Do you think these overlays are extending too far? Part of the problem I see with flood overlays, for example, is we do not clean our drains enough; therefore our flood areas become greater because the drainage is not right. What does overlay reform look like to you?

Chris WIGHTMAN: I think, for me, when you are talking about certainty, I think there are certain fundamental environmental risks, be they flood or bushfire. It should be based on a technical assessment of the risk based on the circumstances. Take the flood overlays as an example there. The catchment management authority will have a very good understanding of flows and AEP rates and a whole range of different things that, technically speaking, are undisputable – they are a scientific fact. I am going to take the maintenance and operational stuff away from it for a moment. Whether you are in East Gippsland, Wellington or on the other side of the state, that information should be achievable and should be implemented in order to give certainty to the community that, based on the scientific evidence, there is a risk of flood in this location and it should or should not be considered for future residential growth. The implementation of that, whether it is on a regional basis or a statewide basis, would get all local government organisations on the same – picking up on Andrew's point – playing field. We all know where we stand. The science is proven, and we can move ahead with a degree of confidence.

At the moment, as it stands, East Gippsland will work with the CMA in preparing river flood studies or coastal inundation impacts or whatever the case may be, and we will be expected to work in isolation of the stuff in Wellington, even though chances are the catchments actually overlap and they do not stop at a municipal boundary. While we cannot actually have certainty and consistency on that regional basis and to work collaboratively with the state government and the community, there is local knowledge that will always assist in this regard, and that could relate to if you cleaned your drains out, it would not affect me, and the council can then go, 'Well, okay, that's part of our maintenance regime.' But I think at that overarching level, where the overlays will be defined and justified, there is an opportunity to provide more certainty and more consistency across the board. There is a range of overlays and controls in the environmental risk space that potentially would benefit from that clarity.

Chris STEPHENSON: Even the ability, I think, Chris, to keep things up to date is critical. We often get challenged over objections because people do not believe our data is current. If we could be fed that data and it became more current, that would give some confidence to the community that we are using the best available data. Even things like – I come from an emergency management background – the bushfire management

overlay. It was brought in for good reason, but that does not necessarily mean that it does not need to be looked at again and it does not need to be challenged. Because if you look at East Gippsland, I can give you some examples at the moment where we are having a debate between the CMA and the CFA about what is required in a new development. The CMA is saying they are requiring something and it needs vegetation brought into those creeks and gully systems for increased health of the waterways, yet the CFA are saying that introduces a fire risk by planting them, therefore we have to increase buffers to the introduced plantings, we lose yield and we make a whole area potentially unviable. Yet 2 kilometres up the road is state forest. My knowledge would tell me that the real risk is a major fire 2 kilometres up the road spotting onto houses, yet that is not what we are considering. I would say house design is the way to protect a new development, not necessarily creek systems, but it is that kind of stuff. We are dealing with what we have got, but it is holding us back.

Wayne FARNHAM: Good point.

The CHAIR: Interesting. We have got 3 minutes left in this panel. Are there any priorities? What we have been asking all our panellists today – all our evidence-givers – is: what are the top three strategies that the Victorian government should be taking to ensure the supply and mix of housing forms in regional Victoria to meet demand? Does East Gippsland have three suggestions for us, and does Wellington have three suggestions for us? Obviously we will take everything we have just talked about, but are there three takeaways you would really like us to consider, or three priorities?

Chris STEPHENSON: I think we touched on a couple in our introduction. One that we have put on the table – and I am sure others have – is the need to legislate or mandate in new developments a diversity of affordability and size, whatever that is, to encourage cheaper forms or social housing, and even alternative forms. We are trialling some at the moment – smaller properties, things that we can encourage our elderly community to move into and make other properties available. That was a key one for us. Chris, did you want to –

Chris WIGHTMAN: We touched on the environmental risk issue, I think, so I will not repeat that. The other aspect of development relates to funding for infrastructure. We have not really touched on it as part of this panel, but development contribution policy does not work in regional Victoria for a whole range of reasons – the scale, the pace of development, a whole range of reasons. East Gippsland Shire Council is currently going through a process to remove one of its development contribution plan overlays because it simply did not work. Again, this is where the nuance comes with metro and regional contexts, I think. Development contributions in metro and growth areas, yes, but put it into the context of Bairnsdale or Paynesville or Lakes Entrance, it is not going to work. Looking at development contribution mechanisms and linking that with issues of taxation that we have also talked about to actually incentivise developers to get houses coming out of the ground – there are so many disincentives in a regional–rural context at the moment. Windfall gains tax and the ability for councils in a rate-capped environment to actually generate revenue to work on some of these services and infrastructure, be that development infrastructure or social infrastructure, is a real limitation, and we would certainly recommend that that be looked at very closely by the committee members.

The CHAIR: Thank you. Wellington?

Andrew POMEROY: That was the basis of our submission. It was three key things that we spoke about. I will just touch on them. One was around that legislative process that Barry spoke about, so I will leave that alone. The infrastructure funding is an interesting one. We have got our own policy to help developers actually activate land. We have got two offers out to current developers at about \$1.5 million that are to be paid back to council once the development is over a certain period and they have released enough lots, and that is upon agreement with the developer. That is us helping with what I would say is the infrastructure that is not attractive for a member to come out and open. I do not see too many politicians coming out and wanting to open a sewerage pumping station or drainage basins. If you do, fantastic; we love it. Keep going.

Wayne FARNHAM: Ring Danny O'Brien.

Andrew POMEROY: But it is not something that we typically see funding allocations put towards, so we are sort of doing that off our own back in a constrained environment where we are actually pulling back services. Like every other rural council, we are now going, 'Okay, what are we stopping doing?' Obviously the cost shifting and rate capping and all the rest of it is really putting a squeeze on our budgets, so much so that we

are now saying, 'Okay, if we need to do this, what do we stop doing, and let's start paring it back.' So that is where we are at.

That infrastructure fund is really left to us. It would be great to see a mechanism where the state is involved in that to facilitate. And it is about the ability to forward fund the holding costs of that. I am not saying the state should not reap the benefit in that. I think there is a mechanism there where the state can possibly charge an interest or have a role and relationship in the development itself so that it has some guarantee and also the money coming back. But that up-front cost over a longer period of time with less lots than what we see in metropolitan Melbourne is, I think, the key blocker to bringing housing online. And I think there is a mechanism there for governments to play in that space. We are playing in that space, albeit with a very limited budget to be able to put it towards it, and that is about as much as we will do. One of those developments is in Yarram; the other one is in Warwick. We see those as key developments to try and get in front of some of our key issues that I spoke about before, and we have touched on the financial issues. Our key themes are in our submission, and we see them as solutions. We wanted to bring you solutions that you could consider rather than the problems that we face.

The CHAIR: Thank you very much. It has been really great for us to spend a couple of days in Gippsland, and we have got some more visits tomorrow that we are really looking forward to, but I really want to say thank you for making the time to come and participate in this inquiry. If there is any additional information that you would like to provide, we are more than happy to hear from you. We will be tabling our report in November in Parliament, and then the government has six months to respond. But when we do table our report, you will get an electronic link or copy of that. Thank you very much.

Witnesses withdrew.