

**Public Accounts and Estimates Committee**  
**Inquiry into the 2022–23 Budget Estimates**

**23 May 2022**

**PORTFOLIO: Housing**

**Witnesses:**

- Mr Richard Wynne MP
- Mr Ben Rimmer
- Ms Nicola Quin
- Mr Andrew Minack
- Ms Brigid Sunderland
- Ms Sherri Bruinhout
- Ms Brigid Monagle

**QUESTIONS ON NOTICE**

**QUESTION 1**

**a) What is the cost envelope for the Big Housing Build, what is it actually going to cost?**

**Mr NEWBURY:** I do note the minister's answer to an earlier question of 4.2 per cent for a quarter in price increase and 15 per cent over the year, which might be a little bit higher than that. With that in mind, I guess I am leading to the question: **the policy announced was \$5 billion for 12 000 houses. How much is it actually going to cost?** Or noting this increase—I mean, you have noted and acknowledged the increase and I think we all acknowledge the increase—the policy announced was \$5 billion for 12 000 houses, but what is it actually going to cost?

**Mr WYNNE:** I mean, in fact we will do better than the 12 000. We expect over the four years to build in the order of 15 400 to 15 700 properties.

**Mr NEWBURY:** So would it be fair to say that if it was \$5 billion, it would be at least 20 per cent more?

**Mr WYNNE:** I do not think you can necessarily make that calculation, because I just want to explain to you why it is actually a higher figure. Because of the way that we have been managing to partner up with other organisations, particularly as it relates to things like land, so if for instance a local council comes along and says, 'We want to put our land into a partnership with you', that completely changes the equation in terms of the \$5.3 billion because you are getting the land component.

**Mr NEWBURY:** And I do appreciate that. I just am on fixed time and I am trying to work out—you have said it will be more than 12 000. No worries. What is the cost?

**Mr RIMMER:** Mr Newbury, the current cost per dwelling is tracking exactly as per forecast. There are some projects that are a little bit more expensive, some projects that are a little bit less expensive than we expected when the policy was announced.

**Mr NEWBURY:** So if there are 3000 more homes than expected, then there will be an equivalent increase in the \$5 billion cost?

**Mr RIMMER:** No, I would not describe it like that, Mr Newbury.

**Mr NEWBURY:** Could you take that on notice? It is a fair question.

**Mr WYNNE:** No, no. I do not have a problem with your question.

**Mr NEWBURY:** Would you mind taking that on notice: **what will the cost envelope be at the end of the day?**

**Mr WYNNE:** Of course we will take it on notice, but to be frank, Mr Newbury, some of that is going to be speculative, isn't it? We just do not know what the economic setting is going to be looking like in two years time. I mean, you do not know that. I do not know that. We really have to see how that goes. The important point I wanted to make too is, yes, 100 per cent, there is no question the industry nationally is facing a serious problem in terms of supply chain and escalation, which I have already articulated through the very excellent work of Rebecca Casson's group, the master builders. The dynamics in this are about where other partners come into the game and are able to assist in terms of being able to spread the \$5.3 billion far more widely than what we have at the moment. The \$5.3 billion assumes that you do not have those forms of partnerships, and they are coming in all the time from the philanthropic sector and from local government as well.

*Hearing Transcript, p. 8–9*

**Name of Committee member asking question: Mr Newbury**

## **RESPONSE**

### **Answer:**

The Victorian Government has provided \$5.3 billion for the Big Housing Build to deliver more than 12,000 new homes—9,300 new social housing properties and 2,900 affordable homes as part of the largest single investment in social housing development ever seen.

Work is underway on thousands of homes across Victoria and will have started on all dwellings by 30 June 2024 and be completed by financial year 2026–27, generating an estimated \$6.7 billion in economic activity.

The Victorian Government is committed to ensuring the Big Housing Build is delivered on budget and on time while renewing and substantially expanding Victoria's social and affordable housing stock. There continues to be close and careful monitoring of the current conditions impacting the construction and building industries, however it should be noted that the likely trends driving the supply chain disruptions are difficult to predict.

## QUESTION 2

**2. Provide current data on how many builds have been completed, at what cost, and whether that meets the targets for the: Big Housing Build; Building New Homes to Fight Homelessness; Public Housing Renewal Program; and first Ground Lease Model Project.**

**Mr D O'BRIEN:** Okay. No distractions, Minister; let us be serious for a moment. Just following up, and this is perhaps to Mr Rimmer, I just want to clarify, from Mr Newbury's questions, the minister said we are getting probably 3000 more houses. Prices are going up by something like 30 per cent, and yet we are not going to spend any more money. How is that? Is that basically what you are saying?

**Mr RIMMER:** Mr O'Brien, Homes Victoria has a range of programs underway that all fall within the wider umbrella of the Big Housing Build. There is a \$5.3 billion commitment—

**Mr WYNNE:** The thousand houses.

**Mr RIMMER:** There is also the thousand homes commitment, or I think in the budget paper it is called 'Building New Homes to Fight Homelessness', there is also the public housing renewal program and there is also the first ground lease model. I think when you start talking about those larger numbers of homes you are starting to bring in some of those other programs as well. The overall portfolio of construction activity that Homes Victoria has underway at the moment or in the near future is that larger number that the minister talked about, 15 000, but today—

**Mr D O'BRIEN:** Is that still within the \$5.1 billion?

**Mr WYNNE:** No. It is separate to it.

**Mr D O'BRIEN:** No, okay. Right, so—

**Mr WYNNE:** It is separate to it—

**Mr D O'BRIEN:** So for the \$5 billion, we still expect to get 12 000—

**Mr WYNNE:** We will get our 12 000 for that. Do you want to go through the other—well, anyway. I think the Director of Housing has indicated that there are other programs. The thousand homes is one of them. Anyway, I will not repeat his—

**Mr D O'BRIEN:** Yes. Okay, no, that is good.

**Mr WYNNE:** So that gets us to the 15 000.

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**Mr D O'BRIEN:** Okay. Can I get, Mr Rimmer, on notice, **what the actual numbers are as at now under those four programs that you talked about in terms of how many builds there have been, what the cost has been and whether that is meeting the targets so far set for all those programs?**

**Mr WYNNE:** Yes, absolutely. We can do that.

*Hearing Transcript, p. 11; 12*

**Name of Committee member asking question: Mr O'Brien**

## RESPONSE

**Answer:**

The programs currently underway are tracking towards their agreed targets within budget parameters, specifically:

- The **Big Housing Build** (including **Building New Homes to Fight Homelessness** which has been formally incorporated into the Big Housing Build as reflected in 22-23 Budget Paper 4, page 130) is an investment of \$5,509 million. The program commenced 1,174 new homes in 2020-21, above the target of 1,100.
- Furthermore –
  - 1,300 homes have been completed as of 30 April 2022.
  - 3,383 homes are currently under construction as of 30 April 2022
  - this collectively represents a committed investment of \$2.45 billion
  - by 30 June 2022, at least 6,300 homes will have been completed or will be underway
  - there will be an additional:
    - 5,000 new homes commenced by 30 June 2023
    - 1,200 new homes commenced by 30 June 2024.
- **Public Housing Renewal Program** is on target to deliver approximately 1,200 new dwellings with the social housing component to be completed by 2024. This represents an investment of \$185 million.
- **Ground Lease Model Project** is on track to build 1,110 new dwellings by 2024. The project is valued at more than half a billion dollars, including a \$50.5 million investment through the Big Housing Build to support the development in Flemington. The half a billion dollar construction cost will be covered by private investment and through ongoing Homes Victoria Quarterly Service Payments over the 40 year operating term of the project.