

# **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

## **Inquiry into the 2024–25 Budget Estimates**

Melbourne – Thursday 16 May 2024

### **MEMBERS**

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak



## WITNESSES

Colin Brooks MP, Minister for Precincts; and

Paul Younis, Secretary, and

Natalie Reiter, Deputy Secretary, Strategy and Precincts, Department of Transport and Planning.

**The CHAIR:** I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check, and verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Precincts the Honourable Colin Brooks – welcome – as well as officials from the DTP. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, and this will be followed by questions from the committee. Your time starts now.

**Colin BROOKS:** Thank you very much, Chair. It is great to be joined with Paul Younis, the Secretary of DTP, and Natalie Reiter, the Dep Sec of Strategy and Precincts.

### Visual presentation.

**Colin BROOKS:** I have got a presentation on the screen that you might have in front of you. I will just move through that if that is all right, Chair. Firstly, precincts present an enormous opportunity to leverage existing infrastructure and investment across Melbourne. They allow us to generate investment, jobs and housing in established areas with fantastic services. We want to create places where people have vibrant, livable and sustainable communities, including with affordable housing and importantly also with jobs to help grow Victoria's economy. The government is adopting a strategic approach and a coordinated approach to signalling to the community, our federal and local partners and industry our vision for these precincts and how we intend to move forward with them.

The map on the screen now illustrates the spatial representation of where our priority precinct opportunities in Melbourne are that we are working on as it has been outlined in our housing statement. They are well located within urban areas that will leverage existing and new city-shaping infrastructure and public transport services. Just to pause on the map for a moment, the precincts that I am talking about are the sort of pink-orangey shaded dots on the map, and the red dots are the activity centres that the Minister for Planning is currently working on. We do not always get the opportunity to look at planning in a holistic way and what the future can hold, but with Melbourne growing and changing and the opportunities presented by these precincts we will be able to plan how these precincts unfold.

Next slide. I just wanted to indicate that engagement with the traditional owners of these precincts is an important part of our approach. A good example of that is the *Fishermans Bend Aboriginal Cultural Values Interpretation Strategy*, and we continue to work hard with our traditional owner partners.

Next slide. I will just go to a couple of our key precincts as examples, firstly Arden and Parkville. Only 2 kilometres from the central business district of Melbourne, Arden is just one stop on the new Metro station from the wonderful Parkville precinct. It presents an absolutely stunning opportunity. I sound a bit like a

salesperson because this precinct is about to go to market, but it is a wonderful opportunity to unlock an underutilised area of Melbourne to make it an attractive place to live and to work.

The housing statement committed to activating the precinct as part of our approach to deliver more housing, and our intention, as I just said, is to partner with the private sector, industries and investors to start delivering the Arden precinct, with a particular focus on quality and affordable housing options – so that is build-to-rent and build-to-sell homes that will be eligible for shared equity. We aim to have this housing support a diverse community and no doubt many who will work in the innovation and health precinct at Parkville or in the other direction at the wonderful hospital that is being built at Footscray. The Arden structure plan identifies a space for a primary school and the need for a high school in either Arden or Macaulay. The Department of Education has been funded in the upcoming budget – or the budget we are talking about today – for planning to expand the capacity of primary and secondary school provision in inner Melbourne, and we will continue to collaborate with the education department in relation to the provision of education in that precinct. By 2051 Arden will be home to around 20,000 people who will live in an incredible precinct, as I said before, just one metro station from the booming precinct in Parkville. Parkville continues to grow as a world-leading biomedical precinct, attracting global investment and creating local jobs as more companies choose to make it their home.

The Victorian government recently secured an investment for a major animal health company Zoetis, valued at up to \$350 million, and that agreement includes a capital investment to help establish sovereign manufacturing capabilities and the creation of up to 95 jobs in the acquisition of the majority of the former CSL site at Poplar Road, which is at the northern part of that Parkville precinct – so truly a world-leading biomedical centre for innovation and advanced manufacturing. Securing Zoetis Australia in Victoria will enhance Australia's sovereign capabilities both in the health technology sector and also in ensuring that Australia's livestock and domestic animal industries have access to life-saving vaccines, innovative new products and diagnostic tools. Parkville is one of the world's leading health technology clusters, home to companies and researchers paving the way to developing cutting-edge medical and biotechnologies and pharmaceutical products. CSL's operations in Australia and the region continue to grow, with a major expansion of their manufacturing facilities at Broadmeadows and their new head office at Elizabeth Street, at the bottom end of the Parkville precinct.

**The CHAIR:** Thank you, Minister, I will stop you there. The first 8 minutes is going to go to Mr O'Brien.

**Danny O'BRIEN:** Thank you, Chair. Good evening, Minister. Budget paper 3, page 172, indicates that the precinct's portfolio has been cut by 85.7 per cent. Is this further evidence that Labor cannot manage money and these projects are now suffering as a result?

**Colin BROOKS:** The premise of your question is wrong, Mr O'Brien. There is really important work continuing on in the precinct space. Particularly, as I say, the work that we are doing in Arden and Parkville and Fishermans Bend continues to be funded and resourced from within the Department of Transport and Planning.

**Danny O'BRIEN:** It indicates in a footnote that the reduction from \$112 million to \$16 million is an accounting measure from output to asset. Surely you did not suddenly decide, 'We're going to spend a lot of things and now we're going to build a lot of things.' How has this not been picked up before?

**Colin BROOKS:** The Secretary has asked to comment on this one.

**Paul YOUNIS:** Thank you, Mr O'Brien. It gets down to accounting treatments, which I think we both really enjoy. But there is a shift on particularly Fishermans Bend. So Fishermans Bend funding, which was one hundred and – I cannot remember the exact figure; it was over \$100 million dollars – was accounted in the output funding last year and is now transferred to capital, which is the asset funding. If you go to BP4, you will see the difference from a small BP4 asset figure to a larger BP4 asset figure, which offsets that amount. It is essentially an accounting measure of where you put that funding.

**Danny O'BRIEN:** So it is not a change in scope, as the government loves to talk about.

**Paul YOUNIS:** No. That work in Fishermans Bend in particular is targeted for the upgrade works in the innovation cluster for roadworks and other elements and drainage works in the innovation cluster.

**Danny O'BRIEN:** Can I ask: you have outlined the seven precincts. Is there a completion date for each of the seven precincts?

**Colin BROOKS:** We are planning to work on those precincts over a long period of time. I neglected to mention in the presentation earlier that each of those precincts that were in the presentation are at different stages of their development. You will appreciate that a precinct like Docklands is a fairly mature precinct, so that is about 70 per cent complete in terms of development, but East Werribee, in the Member for Point Cook's electorate, is still a greenfield site. There is a different timeframe for each of those particular –

**Danny O'BRIEN:** But do you have a completion date for each of them?

**Colin BROOKS:** Well, it is very hard, for example, to nominate a completion date for a precinct the size of East Werribee.

**Danny O'BRIEN:** Okay. Can you provide how much has been spent so far on each of the precincts by this portfolio?

**Colin BROOKS:** Spent by the department?

**Danny O'BRIEN:** In this portfolio, on each of the precincts.

**Colin BROOKS:** In terms of planning work or investment in capital in those areas?

**Danny O'BRIEN:** Full stop.

**Colin BROOKS:** We can certainly take that question on notice and have a look at it.

**Danny O'BRIEN:** Yes. Can I go to Arden. You did not mention the fact that the centrepiece of the Arden precinct has now been dumped, which is the hospitals. When did you first become aware of that?

**Colin BROOKS:** The decision around the relocation of the hospital or hospitals from Arden to Parkville was a decision from health, so it was not a decision that I made. Can I say the centrepiece from my perspective of the Arden precinct is the Metro rail station. It is a station that will open up the precinct and it is the one that I think actually generates interest from the private sector in that precinct because people are able to get, like I said before, one stop to Parkville. It is a very short trip into the CBD or in the other direction to somewhere like the Footscray Hospital. That is the centrepiece piece of infrastructure, and –

**Danny O'BRIEN:** A \$6 billion hospital would have been a fairly big centrepiece.

**Colin BROOKS:** Now I think the precinct, as we go to market, will be able to go to market with a clean slate for the land there, with the market able to come back with a range of opportunities for us. I am very keen to see as much housing delivered in that precinct as we possibly can be. Given that the hospital services are being delivered in the nearby Parkville precinct, we have now got the opportunity to focus on housing in Arden. I think that is a good thing for the Arden precinct.

**Danny O'BRIEN:** Is that now what activates the precinct? I mean, the station is important, but you talked about Parkville having the company – Zoetis, I think it was?

**Colin BROOKS:** Zoetis.

**Danny O'BRIEN:** What is activating Arden? And a follow-on is a housing question: how many houses will be built as a result of the decision not to go ahead with the health precinct?

**Colin BROOKS:** As I said before, we are anticipating up to about 20,000 people.

**Danny O'BRIEN:** Yes, I got that. How many houses will you actually be doing?

**Colin BROOKS:** That is around 9,500 across the entire precinct. I said before, I think the thing that activates the precinct is the station. The thing that activates the Arden precinct is the station.

**Danny O'BRIEN:** When the former Premier announced the Arden precinct – just ahead of the election, actually – he said there had been some substantial planning money already spent. Was that by your portfolio or by health?

**Colin BROOKS:** It was before my time in this portfolio, so I am not sure.

**Natalie REITER:** Thank you. Whilst I do not have the specific number, that investment has been made through this portfolio, principally by Development Victoria. That money has not been wasted at all; that money has been fundamental to understanding the development opportunities of Arden and will go into any market proposals.

**Danny O'BRIEN:** Can I ask how much was spent on that planning?

**Natalie REITER:** I will take that on notice.

**Danny O'BRIEN:** I am after whether there was a single report as well. Was there one planning report done for Arden?

**Natalie REITER:** There was a central Arden piece of work and then a broader piece of work, so two principal pieces of work that informed the structure plan.

**Danny O'BRIEN:** Okay. Could I ask for the names of those on notice, and if we could have copies of them as well, if they are not publicly available?

**Natalie REITER:** They are public. They went through a planning panel process, and they were part of the public exhibition of all of the documentation, including the drainage studies, traffic studies and a whole range of studies.

**Danny O'BRIEN:** Okay. The 9500 homes you have mentioned, Minister, when will they be done? I think the figure of 20,000 was 2050?

**Colin BROOKS:** Yes, that is right. That is a long-term target because that is the entire precinct, so that is a fairly long-term target.

**Danny O'BRIEN:** Right. So 2050 is the 9500 homes.

**Colin BROOKS:** Yes, about three decades.

**Danny O'BRIEN:** Who is going to be building them?

**Colin BROOKS:** That is the point of the market process, Mr O'Brien. We are literally about to engage in a market process to seek a private partner to assist and deliver the housing on the government-owned land parcels in the precinct, and of course then there are privately owned parcels of land in the precinct as well.

**Danny O'BRIEN:** Okay. Can I just quickly move to the Sunshine precinct opportunity statement, which outlines the importance of Geelong fast rail, cancelled; Melbourne Airport link, delayed for at least another four years; western rail plan, still no progress on that; and the Sunshine station master plan, for which there is no funding or timeline. Which elements of the Sunshine precinct plan are actually proceeding and on track?

**Colin BROOKS:** As you know, or you might know, Mr O'Brien, again the Metro rail tunnel will service both the Albion and Sunshine stations, which are key components of the Sunshine and Albion planning and precinct. There is a funding allocation for works at the Sunshine station, and we will continue to work with the local community –

**Danny O'BRIEN:** So that is the main thing for the Sunshine precinct now, the station?

**Colin BROOKS:** Well –

**The CHAIR:** Apologies, Mr O'Brien. We are going to go in the next 11 minutes to Mr Hilakari.

**Mathew HILAKARI:** Thank you, Minister. And thank you to the Secretary and staff for being here today. I will actually pick up on where Mr O'Brien was around the Arden precinct. There are always challenges with any large area that we are developing, but I am really actually interested in the opportunities and what comes next and what our plans are for that area now.

**Colin BROOKS:** Yes, thank you very much for that question, Mr Hilakari. As we were just talking about, one of our key priorities in the precincts is activating the Arden precinct to transform the area into a place where people can live close to that wonderful transport service that the Metro Tunnel entails but then be able to access the wonderful job opportunities and education opportunities in places like Parkville. I still think it is difficult for many people to comprehend the significant change this is going to make in the way our city operates and the opportunities that will open up for many people who want to live in inner Melbourne and be able to access all of those wonderful education and employment opportunities.

As I mentioned before, it is not in my portfolio but it is important to note, and I think it has been raised a number of times, that the government is absolutely committed to delivering that stage of the hospital project at Parkville. The health minister will be appearing here at a later time and will be able to talk more about the benefits of that decision. The solution to consolidate the hospitals in Parkville, both the Royal Melbourne and the Royal Women's Hospital – as I said before, both those hospitals have welcomed the decision, and it brings an incredible opportunity in Arden to prioritise housing, as I was saying, and other essential infrastructure.

So let us just set the scene a little bit here for this precinct. In January this year we announced the construction completion of the Arden Metro station. I had the opportunity to go down and visit the station with the minister and the Premier – the first of those five new stations that will be delivered as part of the Metro rail tunnel. I think it was just yesterday or the day before that the Premier went out and visited the new Parkville station as well, which became the second of those Metro stations to reach completion. That is due to be delivered and opened ahead of schedule late next year, so that is going to provide that critical link between Arden and all those other stations along the line and of course into the city. It also places Arden only a few stops from Footscray, as I said. I do not think we should underestimate the impact of the \$1.5 billion investment in the new Footscray Hospital as well. There will be a need for key workers to be able to live close to both those hospital precincts, and Arden would be a great opportunity for exactly that. Arden to Parkville – that is a 2-minute train ride on the new Metro, so that is a very convenient way to move around the inner part of the city. It will still remain a pretty attractive place for people to invest in biomedical, health and innovation investment as well. So while we are focusing on housing, I am sure there will be some investment opportunities for people in those sectors. You can imagine someone going to work in Parkville and then being able to go to bed in Arden at night, a very easy commute.

The Arden precinct is an important future site. It represents a huge opportunity to be transformed into a job and housing centre, and as I said before – and it has been highlighted in the housing statement – we will very soon be commencing a private process to fast-track delivery of the housing in that precinct.

**Mathew HILAKARI:** And in terms of the broader benefits to the city of Melbourne, broader Melbourne and then statewide, are you able to outline some of those?

**Colin BROOKS:** Yes. This goes a little bit to the point that I think Mr O'Brien was raising before, and the Premier has talked about this and the housing statement goes to this, but by the 2050s Melbourne will be home to about 9 million people, the size of London today. It is the reason that we as a government have really started to have this conversation about housing and to set out in the housing statement how we want to manage that growth. I know that the Minister for Planning, my colleague, is doing some really important work on how we grow our state. Due to its location, Arden I think offers a wonderful opportunity to deliver affordable housing, quality housing, to those people who live and want to work in that particular part of Melbourne.

Another key part of this that I think is really important to consider is the shift to build-to-rent at the moment. If people have the opportunity – if they have not – to see how some of these build-to-rent proposals work in operation now, it is relatively new here in Melbourne and Australia but in many parts of the world this is a very common way that people live. It is a really strongly performing part of our development sector here in Victoria at the moment, with many of the developments kicking off being build-to-rent.

I do not think I can overstate the importance of the location of Arden – its unique proximity to the city, to the west of Melbourne and the rest of the state. It will open up business and residential use and I think also help to drive further investment and opportunities in that Parkville precinct.

**Mathew HILAKARI:** And 20,000 residents – I think we mentioned earlier one of the important things is community infrastructure and assets, education, you know, beyond just the housing. So what are we seeing planned for that area?

**Colin BROOKS:** Yes, that is right. The structure plan sets out really well the sort of community infrastructure that will be needed, and a growing population and the sort of population that we are talking about in a place like Arden will naturally need a place for students. We are factoring that into our planning. The structure plan allocates space for a primary school and an early education centre within the precinct to serve the needs of the precinct but also the broader community, just bearing in mind that people from the precinct might also use schools just outside the precinct and vice versa. But the precinct structure plan also notes that it is anticipated that an additional school will be required to meet the demand as population grows in the precinct, and the education department are working together with my department on the timing and delivery of a new proposed school in Arden and to plan for the future needs of a secondary school in the area.

Part of the planning for the Arden precinct is an emphasis being placed on outdoor spaces for the community as well, so making sure there is great open space. We recognise that building a great place to live is more than just about the homes that will be provided there as well – so major new parks celebrating First Nations culture, a network of green open spaces, really good pedestrian and cyclist friendly areas in the precinct as well. And it is important to remember that there are limited places of this scale that are available, so it is a unique opportunity: 14 hectares of state-owned land surrounding the Arden station. It is a wonderful opportunity for us to create a great precinct that leverages transport infrastructure and maximises the high value of that land as well.

Another aspect I should mention is that there are 17 university campuses and 31 research institutes within a 5-kilometre radius of Arden. That is a symbol of the incredible richness of the innovation and education part of that precinct, 2 kilometres away from Parkville and from Arden – so the unique opportunity to connect with the knowledge economy as well.

**Mathew HILAKARI:** I am going to take you to something that is part of the community that I represent and close to my heart. I appreciate the attention that you and the department and your ministerial staff have paid to East Werribee, and I would just like to get a bit of a progress report. We had a great announcement yesterday on that district.

**Colin BROOKS:** Yes. Thanks very much. I thought I might get this question from you, Mr Hilakari, because I think we spent the best part of a day in the car driving around that particular precinct.

**Mathew HILAKARI:** It is a huge area – 775 hectares.

**Bev McArthur:** That is favouritism.

**Mathew HILAKARI:** That is right.

**Colin BROOKS:** He is the only one who has asked, Mrs McArthur. He is the only one on this committee who has asked me to visit his electorate. And I know I am probably wrong there –

**Danny O'BRIEN:** The Treasurer was giving him a boost-up too. Are you a new factional player or something?

**Mathew HILAKARI:** I am just trying to be a great advocate for the community. That is what I try to do every day.

**Danny O'BRIEN:** Oh, yes. That would be it, yes.

**Colin BROOKS:** It is a great precinct, the East Werribee precinct. I think one of the great opportunities there is the scale of the precinct opportunity, the scale of that site, but also the anchor tenants that are already there. You have got the University of Melbourne, Victoria University – and it is well located. We have listened really carefully to the local community and understood that whilst housing will be a key component of that



precinct, as you know – I am probably telling you things that you already know, but for the benefit of the committee – there has been a key call from the community about employment opportunities in that part of the western suburbs, and so we are determined to ensure that there is a great opportunity there for employment opportunities as well.

**Mathew HILAKARI:** And there is already a massive anchor tenant there, really, in the largest law courts outside of the CBD being built right now, and we hope to see those opened over the course of the next year.

I would like to take you, in the limited time left, to education and the work that we are doing to uplift education in that area, getting those facilities in early, even ahead of the community being built.

**Colin BROOKS:** Yes. You would be aware that we have got a commitment to build a school in the southern part of the precinct.

**Mathew HILAKARI:** Two in fact – one in this budget, one in the budget before.

**Colin BROOKS:** We are away with some planning work. You will have noticed in the budget there is \$20 million for enabling works to ensure that the infrastructure is in place as that school gets delivered, and it will be no doubt over the years one of many schools in that particular community, because it is going to be a large development, the scale of development in that precinct. I neglected to mention before the investment that has been made into that area through the Mercy Werribee hospital, the Sneydes Road interchange works – you mentioned the law courts, the police station – significant government investment, government land and again a great opportunity to provide homes and jobs for people in your community.

**Mathew HILAKARI:** And where those schools are going currently there are literally right now sheep grazing there, so it is just an incredible development waiting to happen right in the heart of Melbourne's growing south-west, so I thank you for the attention that you are paying to this area.

**The CHAIR:** Thank you, Mr Hilakari. Your time is up. We are going to go to Mr Puglielli for the next 3 minutes.

**Aiv PUGLIELLI:** Thank you, Chair. Thank you for being here. Just to go to budget paper 4, page 79, regarding the Arden precinct redevelopment, I understand that the expanded precincts program is one of the mechanisms that is being considered by your government to increase the supply of housing in the inner and middle suburbs. So just for the committee, could you please advise if any affordable housing requirements for future precincts will be mandatory rather than the voluntary targets we currently have for the precincts like Arden?

**Colin BROOKS:** Arden, we have a commitment for 10 per cent affordable housing in that precinct, so I am certain that was in the housing statement. That is on government-owned land, of course. For the privately held sites where development applications meet the criteria for the development facilitation pathways, so separate to the precinct work, there is a 10 per cent commitment requirement for affordable housing there as well through the planning process.

**Aiv PUGLIELLI:** Thank you, Minister. Precincts like Arden and Fishermans Bend are set to be sizeable residential neighbourhoods. The predictions I have here were for 15,000 residents and 18,000 residents planned for each – in the presentation I think I just saw 20,000 by 2051 for Arden – each having a voluntary target percentage of affordable housing. The percentages that you have listed really are not enough in the current scale of the housing crisis we are experiencing. Will you ensure that these targets are made mandatory and set significantly higher in future precinct redevelopment?

**Colin BROOKS:** I know that my role in the hearing today is on precincts, so there is a narrow focus on the precincts, and I will come back to those two precincts that you have mentioned. But it is important to remember that outside of the precincts – within the precincts, but outside of my portfolio – there is a power of work being done in terms of delivery of social and affordable housing by this government. Again, not my portfolio, but looking at the budget papers through the week, I think there is \$1.3 billion in the budget papers for new and existing housing projects. So whether it is the Regional Housing Fund with 1300 homes or the Big Housing Build, which is still going and providing more homes to ground lease models which are delivering newer and better homes for people and more of them, there is a significant amount of housing being rolled out by this

government. On top of that there is the housing statement, which is all about boosting supply to take pressure off prices, whether it be rentals or purchase prices for homes. So there is a mountain of work being done to increase supply to provide public and affordable housing right through the state, including in precincts. In relation to Fishermans Bend as an example, this government – so predecessors to me in this ministerial portfolio, and in the planning portfolio – have stepped back from the planning mess that was left.

**The CHAIR:** Apologies, Minister. I am going to keep to time as we are coming towards the end of the day.

Minister and department officials, thank you very much for appearing before the committee today. The committee is going to follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is now going to take a very short break before beginning its consideration of the Development Victoria portfolio at 5:35 pm.

I declare this hearing adjourned.

**Witnesses withdrew.**