

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2024–25 Budget Estimates

Melbourne – Wednesday 22 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

Sonya Kilkenny MP, Minister for the Suburbs; and

Paul Younis, Secretary, and

Natalie Reiter, Deputy Secretary, Strategy and Precincts, and

Joel Backwell, Executive Director, Office of Suburban Development, 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 of 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 this evening 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 Suburbs the Honourable Sonya Kilkenny and officers from the Department of Transport and Planning. Minister, I am going to invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will start asking you some questions. Your time starts now.

Sonya KILKENNY: Thank you, Chair. The suburban development portfolio was established in May 2016 and it has played a really critical role in engaging with suburban communities, to understand the issues that matter to them and bring their diverse voices into government decision-making. The Office for Suburban Development has also delivered a range of place-based programs that have left a huge legacy for local communities right across Melbourne. I assumed responsibility for the portfolio in October 2023. Machinery-of-government changes saw the portfolio move into the Department of Transport and Planning alongside my planning portfolio. This has ensured that we are bringing the full weight of my two portfolios behind the delivery of some of this government's most important priorities, the housing statement and the new plan for Victoria. It also reflects our goal to not only build functional, well-planned and well-connected suburbs but to also create liveable, equitable, thriving communities.

Visual presentation.

Sonya KILKENNY: More than 5 million people now call Melbourne's suburbs home. This number will continue to rise over the coming decades. The City of Wyndham is Australia's fastest growing LGA, and the new community developing in Cloverton is expected to be the size of Canberra. The housing statement highlights this government's commitment to increasing the supply of affordable homes and leveraging existing infrastructure and investment to benefit the most people. Building more homes in inner and middle Melbourne makes sense. At the same time our outer growth suburbs will remain important places where people live, work and play. As Minister for the Suburbs I want to ensure we are listening to our suburban communities so that all Melburnians, regardless of where they live, are able to have a say in the future of our great city.

Chair, this slide shows the extent of the investment made through the suburbs portfolio in just the past two years. It represents 487 projects worth over \$260 million. Since its creation in 2016 the portfolio has invested over \$69 million into 589 projects. A further \$435 million has been allocated to local infrastructure projects through the Growing Suburbs Fund, with another \$5 million for the program in this year's budget. Each project

has been co-designed with local communities, supporting place-based economic development and strengthening social capital.

Chair, in addition to the 99 Growing Suburbs Fund projects are currently in delivery, and the 14 projects that I recently approved for funding, the government is investing an additional \$5 million in the Growing Suburbs Fund to deliver critical infrastructure needs for communities in our fastest growing suburbs. Just last month I joined the Member for Pakenham to see the Main Street Pakenham revitalisation program, a project which received \$1 million through the Growing Suburbs Fund 2021–22. It will improve connectivity, accessibility and walkability of the area and provide easier access to services, businesses, public transport and diversity and living opportunities for the community.

Chair, in addition to rolling out the new projects that are being funded in this year's budget, it is going to be a busy year for the portfolio as we deliver hundreds of projects that have already received funding: 61 projects supported through the Living Local Fund, 56 projects across the eight suburban revitalisation boards and 10 projects through the Metropolitan Partnerships Development Fund.

Over the past seven years the suburban development, now suburbs, portfolio has worked closely with people from across local government, local businesses, not-for-profits and community organisations. This deep engagement has underlined the value of collaboration and drawing on local lived experience to design innovative solutions to challenging problems. I want to take this opportunity to thank everyone who has been part of the suburban revitalisation boards and the metropolitan partnerships for their work in the hundreds of suburban revitalisation projects that have been delivered and of course for their dedication to their local communities and for playing such an important role in creating diverse and thriving communities. In particular I want to also thank our local councils for their partnership and the way they have collaborated with the office to deliver so many terrific outcomes for communities across Melbourne. With the release of the housing statement and the development of a new plan for Victoria it is time to refocus the suburbs portfolio on the big systemic opportunities facing our city like housing affordability, like environment sustainability and transport accessibility. The insights we have gained from the portfolio's engagement with suburban communities will put us in a good position, and we will leverage off all of that work.

The CHAIR: Thank you, Minister. The first 8 minutes is going to go to Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Minister. And I am sure the Chair would not have allowed me a point of order before, but I would just like you to clarify something in relation to our suburbs: are you suggesting that we can encourage people to build their granny flat in their house in their suburb and then lease it out?

Sonya KILKENNY: So the granny flats provide an opportunity for people to, say, house their children, their parents, or it could provide a second income.

Bev McARTHUR: Okay. So they can lease out their second property. That would be free of land tax, would it?

Sonya KILKENNY: I will not be able to go into much detail on that, but certainly the granny flat provisions mean that there is no permit required if it meets certain siting conditions and it is within 60 square metres and in a residential zone as well. But what this is doing is unlocking hundreds of thousands of lots that are available for a small second home for people who need it and in areas where people want to live as well, in some of those established areas of Melbourne, again being really close to transport, good access to services and to jobs.

Bev McARTHUR: And it could be for short-stay accommodation – short-stay accommodation in the suburbs in your granny flat?

Sonya KILKENNY: Well, the granny flat is there for people who want to provide housing choice and housing diversity for families.

Bev McARTHUR: Don't let us tell the Treasurer there might be another form of –

Mathew HILAKARI: Mrs McArthur, are you about to do some building works?

Bev McARTHUR: We all are. There is clearly a –

Mathew HILAKARI: Fantastic.

Bev McARTHUR: tax loophole here. That will be good.

Mathew HILAKARI: It would have to be all electric.

Bev McARTHUR: Minister, according to budget paper 3, page 75, the Growing Suburbs Fund is funded to \$5 million. So in last year's PAEC hearings your predecessor described the suburban development portfolio as one to help suburban communities to thrive – I think you might have even mentioned that today – and she espoused the virtues of the metropolitan partnerships program. Page 71 of budget paper 3 of the 2023–24 budget indicated in 2023–24 this was funded to \$10 million. Additionally, the item listed as 'Support for our suburbs', which was the funding for the metropolitan partnerships program, is not funded this year. This represents a 73 per cent reduction in funding in the suburban development portfolio, doesn't it, Minister?

Sonya KILKENNY: Thank you for the question. The Growing Suburbs Fund will be receiving funding of \$5 million to continue the important work that it does to fund those projects in our growth areas that go to support community cohesion, go to support community infrastructure – the facilities that those communities need. I have seen firsthand the impact that some of the smaller projects can have on communities in our growing suburbs to really drive that livability, to enhance connectivity and to instil a sense of pride in community about the projects and amenities that are there for the community to enjoy.

Bev McARTHUR: Well, let us go to, as I mentioned, the metropolitan partnerships program. It seems to have been ended. Why is that, Minister?

Sonya KILKENNY: As I said in my opening presentation, I want to thank obviously everyone who has been part of those metropolitan partnerships –

Bev McARTHUR: So it has ended?

Sonya KILKENNY: There will be no more funding from this year as the portfolio refocuses now to better align and support this government's priorities with the housing statement and with getting on and building 800,000 homes over the next decade and then importantly with the work for a plan for Victoria.

Bev McARTHUR: So we have got rid of metropolitan partnerships under your area. Are we getting rid of regional partnerships too, just while you are on the job?

Lauren Kathage interjected.

Bev McARTHUR: The Secretary might know; it is probably one other ministerial area.

Sonya KILKENNY: It is not our portfolio.

Paul YOUNIS: It is not in my portfolio, Mrs McArthur –

Bev McARTHUR: He is in charge of so many people; I cannot work it out.

Paul YOUNIS: so no, I cannot answer that.

Bev McARTHUR: Oh, gosh. No, that is okay.

Paul YOUNIS: I would love to be able to.

Bev McARTHUR: Anyway, that will be interesting. We will find that out soon. Anyway, they were operating and no engagement has been undertaken since 2021, despite the members of each partnership still being listed. What is going on?

Sonya KILKENNY: As I said, from June this year there is no funding for metropolitan partnerships, but I want to acknowledge all of the work that has been undertaken by those partnerships and all of the time and the contributions and commitment made by members who have participated in that. The depth of knowledge that was provided, the insights, really went to help form some of this government's policy, certainly around things

like homelessness, family violence, dealing with older women who might be fleeing from family violence and mental health in schools. I even remember attending a metropolitan partnership meeting myself –

Bev McARTHUR: Some time ago, Minister.

Sonya KILKENNY: a long time ago – where mental health in schools was raised as an issue, and you could see –

Bev McARTHUR: Could you perhaps help us out here, Minister? Could you provide the cost of each project, its research activity and its completion date – that they did do?

Sonya KILKENNY: I am sure –

Bev McARTHUR: Perhaps on notice is fine.

Paul YOUNIS: There are hundreds.

Sonya KILKENNY: I think there are hundreds and hundreds and hundreds –

Bev McARTHUR: Well, there you go – on notice will be fine.

Sonya KILKENNY: of projects and initiatives.

Mathew HILAKARI: I think you should read those projects right now into the –

Sonya KILKENNY: I think I have set them out, some of them, just for the last two years actually in my presentation, but –

Bev McARTHUR: You asked, Mr Hilakari. Get it. He will ask.

Sonya KILKENNY: It goes into millions and millions of dollars of projects funded and probably pages of spreadsheets that I am sure the department would be –

Paul YOUNIS: I have seen the spreadsheets, and there are a lot of spreadsheets.

Sonya KILKENNY: very happy to hand over.

Bev McARTHUR: Thank you, Minister. You are very kind. In 2022–23 under the Growing Suburbs Fund around 50 projects were funded; in this financial year only 14 were funded. Given funding has been reduced in this program by 50 per cent, how many programs do you anticipate will be funded in 2025 under this program?

Sonya KILKENNY: I think we would probably need to go to the performance standard in the budget paper. But to your question – I think it is probably best answered in there – this is a fund for growing suburbs, and it is for projects that are put forward by local governments that go to meet certain criteria around place making, around supporting local community and around supporting community cohesion. They might be play spaces or just improving local amenity for local communities and instilling, as I said, that sense of pride in community and meeting the demands of those local communities as well from a lived experience point of view.

Paul YOUNIS: There are five estimated further projects. There are still quite a few to go. There are still nearly 110 projects to be completed.

Sonya KILKENNY: As I said in my presentation –

Bev McARTHUR: Can you give us that in writing, Mr Secretary? That would be helpful if you can provide it.

Paul YOUNIS: Yes, we can get that.

Sonya KILKENNY: it is going to be quite a busy year, completing quite a number of the projects that are already underway.

Bev McARTHUR: Fantastic. Thank you. We will get it on notice.

The CHAIR: Thank you, Minister. Mrs McArthur, your time is up. We will be moving forward to Mr Galea.

Michael GALEA: Thanks, Chair. Welcome again, Minister, Secretary and Ms Reiter. Thanks for coming back. Minister, I would also like to ask about the Growing Suburbs Fund. Can you outline how this program has been helping and supporting growing outer suburban communities such as the ones that I represent?

Sonya KILKENNY: Yes. Thank you. Thank you for the question. As I have said, in the recent budget \$5 million has been allocated for the Growing Suburbs Fund, and that is to support demand for local community infrastructure projects. It is a grant program to relieve pressures being experienced by growing communities, but importantly it invests in local priority community infrastructure projects to ensure that local communities have the facilities that they need. As I mentioned, some of the examples were play spaces, parks and community and sporting facilities. These are just some of the types of infrastructure projects that this fund has supported. I can tell you that the Growing Suburbs Fund has funded \$435 million in projects over nine years to provide that critical local infrastructure. As I mentioned earlier, I announced 14 additional projects through the 2023–24 allocation. That means now that the fund has supported 360 projects but also created a lot of local jobs.

In terms of just local to your electorate too, I note that the Upper Beaconsfield Scout pavilion project has been a recipient of the Growing Suburbs Fund –

Michael GALEA: A very good project.

Sonya KILKENNY: and I am delighted. Hopefully we will hear that the community is enjoying that investment and the Scouts are enjoying their pavilion as well. But it is –

Bev McARTHUR: What about the Guides?

Sonya KILKENNY: Fair enough. It is a fund that goes to support these very critical projects for community to really support communities. In relation to the Upper Beaconsfield Scout pavilion, I want to acknowledge the volunteers and the committee who support those young people in your community. These investments go to the very heart of that to encourage young people to get involved, to get active and to get engaged in their local community.

Michael GALEA: Absolutely. Thank you, Minister. That project in particular has been a really good one to see coming through. I acknowledge your support for that as well, particularly as we had the council request for a variation this year which has now gone through, so they are going to be starting those works in just a few months in the new financial year, which we are looking forward to. Also, the recreation reserve as part of that – that will benefit too. When I got to visit the project we saw that the boys change rooms could only be accessed through the kitchen and the girls change room only through walking around the outside of the building, so it is going to be a really, really big change for the Upper Beaconsfield community.

Bev McARTHUR: So the Guides are going to be accommodated, Mr Galea?

Michael GALEA: The Guides are absolutely going to be accommodated, Mrs McArthur. There are a thriving number of community clubs in Upper Beaconsfield, so I know they are very excited. Thanks again for your support on that project.

If I can ask you to go through some of the other projects that are being funded currently by the Growing Suburbs Fund, what are some other projects that are currently in the works?

Sonya KILKENNY: Certainly. Thank you. Well, there are plenty of examples to go off and great examples of how local communities have really benefited from these investments, and sometimes, as you know, the smaller investments have the biggest impact as well. I note here that the Jamieson Way Community Centre and reserve master plan project in Point Cook received \$2 million in funding. The Mount Atkinson Children's and Community Centre in Truganina received \$800,000 in funding.

The CHAIR: We have received many, many rounds out there in our growing suburbs.

Sonya KILKENNY: And the Worcester Park in Bundoora –

The CHAIR: I love this fund.

Bev McARTHUR: I cannot hear what the minister is trying to say. Have another go.

Sonya KILKENNY: The Worcester Park in Bundoora –

Mathew HILAKARI: You can start again on Point Cook. More on that, please.

Sonya KILKENNY: I know, that is all right – which received \$275,000 for bushfire regeneration. I actually recently visited, and that is in your area, the Worcester Park, Bundoora?

Aiv PUGLIELLI: Bundoora is, yes.

Sonya KILKENNY: Yes. So I recently visited there. It is a beautiful park.

Bev McARTHUR: Where was Aiv's invitation?

Sonya KILKENNY: I know. But it is thriving now, from the regeneration work that has been funded through the Growing Suburbs Fund. But again I come back to the point that sometimes it is the smaller investments that have the biggest impact, and that is a terrific example of how that has really brought that community together. It has rejuvenated and regenerated that beautiful parkland area there too. I am really pleased that the portfolio is going to continue investing in the Growing Suburbs Fund over the next year with \$5 million of investment, and of course we have still got a lot of the projects that are still in the delivery pipeline that will be progressed this year as well. A lot of happy communities are going to be cutting ribbons on a lot of terrific projects in their local areas.

Bev McARTHUR: Are we going to be cutting ribbons in the suburbs in the country, Minister?

Michael GALEA: I think that is the regional development portfolio and many things that we would have covered last night.

The CHAIR: Come to my ribbon cuttings.

Michael GALEA: Back to suburbs, Minister – I note that, from your presentation and also your answer to one of Mrs McArthur's previous questions, budget paper 3, page 171 refers to those references you have made about the transition from 'suburban development' to the portfolio being called 'for the suburbs'. Could you outline a bit more about what that is going to look like?

Sonya KILKENNY: Yes. Thank you for the question. As I said, last year our government released its housing statement, where we have committed to building 800,000 homes over the next decade, and that really reflects a priority of this government and recognises and acknowledges the housing crisis. It is important that we get on and that we build those homes – the homes that are needed. But in building those, in building functional centres, it is also important that we create and maintain livability, that the areas are thriving as well. In fact if you look at our plan for Victoria – and I mentioned there are five pillars that are guiding that – one of those guiding pillars is on thriving and livable suburbs and towns. It is really important that as we build and as more homes come into areas that we maintain that livability for current residents but also for future residents as well.

The suburbs portfolio is refocusing. It is going to have a renewed focus on the policy commitments in the housing statement as well as the work that is going to take place with the new plan for Victoria. Of course it is really important to acknowledge that all of this is a whole-of-government exercise. It is a whole-of-government strategy. It is setting into action what the state is going to look like over the next five years, 10 years, 15 years and out to 2051. It will focus on more housing – more housing near jobs, more housing near public transport and services, essential services – but ensuring that our communities remain vibrant, they remain livable and they remain sustainable. The suburbs portfolio will certainly leverage off so much of that work that has been built up to date – so much of that knowledge, so much of that lived experience, the relationships that have been fostered through all of that work as well – using all of that to then feed in to the next policy priorities around the housing statement, around delivering those 800,000 homes in the next decade and then of course the plan for Victoria as well.

Michael GALEA: Thanks, Minister. As part of that as well I note that the portfolio has been moved into DTP, which means that, Mr Younis, you get to join us for one more PAEC session – it is very good to have you here again. But, Minister, what opportunities does that present by having suburbs in the same department as planning?

Sonya KILKENNY: Thank you for the question. Machinery-of-government changes took place earlier this year that saw the suburbs portfolio move to the Department of Transport and Planning, and that was certainly because we recognise the need to refocus the portfolio to ensure that it is supporting delivery of the housing statement and then supporting development of a plan for Victoria. It is about bringing the full weight of this portfolio as well as my other portfolio of planning behind the delivery of those government priorities. It is about looking at a more coordinated approach, a more systemic approach, to housing affordability, to transport accessibility and to environmental sustainability and, as I said, leveraging off the work that has been done, working with and across government through collaboration with other portfolios to share insights and evidence informed by lived experience of suburban communities that help ensure that there is that alignment between infrastructure services being delivered by all tiers of government right across the suburbs to ideally drive better outcomes for communities.

Michael GALEA: Thank you, Minister, and as you say, that connectedness of transport and other things as well is so important when we have a big, growing population – as you say, the size of London by the 2050s. To have those connections is all the more important. My time is about to expire, so I will leave it there. Thank you.

The CHAIR: Thank you, Mr Galea. We will go straight to Mr Puglielli for the last session.

Aiv PUGLIELLI: Thank you, Chair. Good evening again. Last year the government announced it would deliver an additional 60,000 homes in 10 chosen activity centres. I have just got a few questions, really data driven, probably for the department about those centres. How many development applications have been submitted in this activity centres?

Sonya KILKENNY: This is the suburbs portfolio, and the portfolio of the suburbs is obviously going to support the policy and policy priorities of the housing statement. The housing statement, obviously, as one of its initiatives sets out the activity centre pilot for 10 activity centres to drive state-led planning to drive the delivery and development of around about 60,000 homes across those 10 activity centres. That work is taking place right now. That work is using the expertise of the Victorian Planning Authority with the Department of Transport and Planning, working very closely with local government to pick up on work that they have already undertaken in terms of their planning strategies –

Aiv PUGLIELLI: I appreciate the collaboration. How many applications though?

Sonya KILKENNY: From a suburbs portfolio point of view, I am talking about what the suburbs portfolio is doing to support the delivery of more homes in those areas.

Aiv PUGLIELLI: Are you saying it is not within your capacity in this session to answer the question? Is that what you are saying?

Sonya KILKENNY: Well, the suburbs portfolio is being refocused to support the policy priorities of government through the delivery of the housing statement, and that housing statement includes as one of its initiatives the pilot for the 10 activity centres.

Aiv PUGLIELLI: Yes, you have just canvassed that.

Sonya KILKENNY: That work is underway at the moment, so those planning controls are being developed in consultation with local government and local community right now, so there has not been any announcement on any planning controls. We had indicated a time frame of 12 months from the housing statement, but the VPA, with the department, is working very closely with each of those local governments that are responsible for those activity centres to leverage off work that local governments have already done in terms of their planning strategies to work with communities. In fact community engagement has opened on the activity centre pilot work, and I think the response has been extraordinary, particularly from –

Aiv PUGLIELLI: How many responses have you received?

Sonya KILKENNY: The VPA is coordinating that engagement, but the responses in particular from culturally and linguistically diverse people have been overwhelming, and that is feeding into the work of the VPA and the department.

The CHAIR: Thank you, Minister.

Minister and officials, our time this evening has come to an end. Thank you very much for appearing before the committee. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

I thank all ministers and officials who have given evidence to the committee today as well as Hansard, the committee secretariat and parliamentary attendants.

I would also like to thank the hospitality, security and cleaning staff who have looked after all of us today.

The committee will resume its consideration of the 2024–25 budget estimates tomorrow, Thursday 23 May, at 8:30 am.

I declare this hearing adjourned.

Committee adjourned.