

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 Development Victoria;

Paul Younis, Secretary, and

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

Angela Skandarajah, Chief Executive Officer, and

Joanne Wandel, Chief Development Officer, Development Victoria.

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. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for Development Victoria, the Honourable Colin Brooks, and officials from DTP. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will start asking questions.

Visual presentation.

Colin BROOKS: Thank you very much, Chair. For the committee's benefit, in addition to the two officials that were with us before, Paul and Natalie, we have now got Angela Skandarajah, who is the CEO of Development Victoria, who joins us at the table. Thank you very much, Chair.

As a bit of a recap, this portfolio was established in October 2023, recognising the significant economic and social impact that development in Victoria has on our state. It also recognises the key role that DV plays in increasing the supply of affordable, diverse housing in line with the initiatives of the housing statement. Established in 2017, Development Victoria is the Victorian government's development arm. It brings government policy to life through property development and urban renewal, creating great places for people to live, work, visit and enjoy. In terms of its structure, Development Victoria is a public non-financial corporation. It is managed by a board of directors and established under the *Development Victoria Act*, for which I am the responsible minister. Development Victoria delivers against government policy but also must operate using commercial discipline across property development, civic projects, advisory services and delivery of declared projects. Development Victoria also has powers under the *Docklands Act*, and as I said before, which I am the responsible minister for.

Move to the next slide. I will talk a bit more about projects in a moment, but just to give you a sense of the impact, in the last year Development Victoria sold over 200 homes, with 21 per cent of the homes to families and individuals on incomes eligible for affordable housing; 39 per cent of homes were to first home buyers, enabling more Victorians a chance to enter the property market and have a place to call home. This is not achieved alone. Development Victoria works with 20 private sector partners, 22 or more government agencies and departments and 30-plus local councils and communities to deliver its projects. Development Victoria understands and respects the privilege of working on country and works closely with traditional owners on the land which it develops, and it has got strong relationships with seven registered Aboriginal parties.

Next slide. This just gives you an idea of some of the projects that are in the construction phase right across Melbourne and regional Victoria. On the left is Luma in Sunshine North; then going clockwise, Ballarat West employment zone; Riverwalk Werribee; Fitzroy gasworks, which we saw on the photo before that we were talking about; Junction Place Wodonga; Aurora Epping; Central Dandenong; Fishermans Bend innovation precinct; and Docklands.

Next slide. How are we going for time? I am doing okay this time. Development Victoria plays a key role in helping deliver the Victorian government's housing statement and its commitment to creating 800,000 new homes over the next decade. It is well placed to support government to meet these targets and give more people a place to call home by making home ownership possible for more Victorians, with a range of accessible and affordable high-quality options catering for different budgets, lifestyles and people. An excellent example of DV delivering housing in Melbourne's west is the construction of Luma in Sunshine North, which I mentioned before, which is displayed on this slide. While the housing statement mandates 10 per cent affordable housing across projects, Development Victoria of course aims to improve where it can across its portfolio.

I would like to point to examples of homes that are being delivered by Development Victoria in Melbourne's growing areas in Melbourne's west and south-east. Firstly to Riverwalk in Werribee, which is on the left on the screen. It enriches the local area with diverse and affordable homes, outdoor spaces and community facilities. It is a massive transformation of 197 hectares of land on the former Werribee treatment plant site. When it is complete Riverwalk will have 2600 homes for approximately 7300 residents as well as open space, a 1.4-hectare village park, basketball court, water play areas, bike trails, playground, barbecue facilities et cetera. Riverwalk is in the final stage of sales this year, and around 300 land lots are remaining.

The image on the right is Olio at Officer. Development Victoria has partnered with Victorian-based Sienna Homes to deliver approximately 228 sustainable and affordable townhouses, with construction of all 93 homes in stage 1 to be completed by the end of 2024. Construction of stage 2 homes will commence late next year.

Next slide is Docklands, one of the largest urban renewal projects in Australia. It matches the size of Melbourne's CBD. The precinct is home to more than 17,000 residents and attracts millions of visitors annually. Docklands delivers significant housing to Victorians, with 7500 dwellings expected in the next decade, including the mix of build-to-sell and build-to-rent that I mentioned in the previous hearing. The precinct also provides significant community infrastructure, including more than 9 hectares of parks and open space, a new primary school, library at the dock and community hub.

The CHAIR: Thank you, Minister. We are going to go to Mrs McArthur for the first 8 minutes.

Bev McARTHUR: Thank you, Chair. Thank you, Minister. I will go to budget paper 3, page 75, 'Output initiatives'. The Ballarat saleyards was a declared Development Victoria project and was meant to host the Commonwealth Games athletes village before becoming 300 social and affordable homes. What is happening with that site?

Colin BROOKS: Thank you, Mrs McArthur. The Ballarat saleyards is one of the four sites that were slated for Commonwealth Games villages, and Development Victoria is working through delivery pathways for all four of those sites, including the saleyards site. As has been mentioned many times by many members of this place, the Ballarat saleyards site is a contaminated site.

Bev McARTHUR: Contaminated.

Colin BROOKS: Yes, absolutely, and as part of the work that Development Victoria will do it will seek to decontaminate that site at significant cost and provide development on that site. In terms of the exact status of that development I might pass over to Angela to maybe give an update.

Angela SKANDARAJAH: Thanks, Minister. We are in the process of undertaking further due diligence on the remediation of that site and working with council in terms of the long-term planning that will need to be undertaken in relation to that site. It is early days at this stage.

Bev McARTHUR: Have you started the decontamination works?

Angela SKANDARAJAH: No, we have not started the decontamination works. We are still in the due diligence and planning phase of that work.

Bev McARTHUR: How long is it going to take? I mean, you were going to put athletes in there a little while ago.

Colin BROOKS: Can I just jump in? One of the advantages, Mrs McArthur, of having the time now and not rushing the games process is that we are able to plan these sites for the long term – whether they be for housing, like the Waurm Ponds site that the Premier announced recently, with 400 homes, 72 of which will be social or affordable homes, and the Ballarat saleyards site the same – we can carefully plan through with the local community and deliver them for the appropriate need.

Bev McARTHUR: So you were potentially going to put athletes on a contaminated site, but now you have got time to decontaminate it and put people on it eventually. Is that what –

Colin BROOKS: Well, we are working through a process to develop the site, decontaminate it.

Bev McARTHUR: How long do you think working through the process will take?

Angela SKANDARAJAH: We are hoping that we could start on site for remediation works later this year subject to obtaining all of the necessary approvals to do so.

Bev McARTHUR: It has got a King's caveat on it, hasn't it, from the cement processing business just across the road? How is that going?

Angela SKANDARAJAH: The King's caveat has been removed from the site, unlocking that site for remediation works to enable it to be used.

Bev McARTHUR: So you are relocating the cement business to BWEZ?

Angela SKANDARAJAH: There is nothing on the saleyard site at the moment.

Bev McARTHUR: No, no, but that business has to be relocated, doesn't it? It cannot operate there any longer.

Colin BROOKS: Is that our responsibility, or –

Angela SKANDARAJAH: No, it is off the site.

Bev McARTHUR: It is off the site, but it will not be able to operate once –

Angela SKANDARAJAH: That is part of the longer term planning for the area, and I said, we will be working with council to achieve their vision for the longer term planning of that whole area.

Bev McARTHUR: So when would you envisage the 300 social and affordable homes would be delivered on that site?

Angela SKANDARAJAH: At this stage I cannot give a timeframe for that, and I do not think there were 300 social homes planned for that site – for the village. It was to be temporary housing on the saleyard site because of the issues to do with the surrounding development,

Bev McARTHUR: Okay. Let us go to Central Pier. Nearly five years after collapsing, much of Central Pier is still standing, with demolition works ongoing. Perhaps the Secretary can answer this: when will the whole structure finally be demolished?

Colin BROOKS: Can I just jump in quickly?

Bev McARTHUR: Sure.

Colin BROOKS: I am happy for the Secretary to comment, Mrs McArthur, but I think the most important part of Central Pier is that –

Lauren KATHAGE: On a point of order, Chair, was there a budget reference for that?

The CHAIR: On the point of order, Mrs McArthur, did you have a budget reference for that one?

Bev McARTHUR: Yes.

Danny O'BRIEN: What do we need a budget reference for? The minister was halfway through answering the question.

Lauren KATHAGE: So I can play along with my –

Danny O'BRIEN: Sorry, we are not here for your benefit.

The CHAIR: Mr O'Brien, I am asking for the budget reference.

Bev McARTHUR: I am just here to listen to the minister.

Colin BROOKS: We were all getting along so well.

Mathew HILAKARI: We are here to interrogate the budget.

Bev McARTHUR: Yes, yes, let us keep going, Minister.

The CHAIR: Have you got a budget reference?

Bev McARTHUR: The budget reference is –

Danny O'BRIEN: BP3, page 75.

Bev McARTHUR: Yes. Keep going, Minister.

Colin BROOKS: I am in the hands of the committee, Mrs McArthur.

Bev McARTHUR: They are just wasting my time, actually.

Danny O'BRIEN: Yes, correct.

Colin BROOKS: In relation to Central Pier, the key public safety issue was identified, and Development Victoria is taking action to decommission the pier. A Heritage Victoria permit was issued, a demolition permit has been issued and demolition work of the pier – which does take some time because you are working in a very dangerous environment. I imagine it would be a very difficult process, especially over water, for that pier to be removed. I am happy if the Secretary wants to add to that, or if that is enough.

Paul YOUNIS: Actually, the minister has covered all of the areas. That Central Pier area and that whole area of Docklands is an important part of the future development. We are continually working, and DV have got the responsibility for that under their Act and continue to work with all the partners around there, to develop that site. But I think the minister has covered the issues with Central Pier.

Bev McARTHUR: How much will Development Victoria be spending on demolishing Central Pier?

Colin BROOKS: I am not sure if there is a figure for the full demolition project at the moment.

Angela SKANDARAJAH: I do not have that number. Development Victoria is funding the demolition of that pier. The works are underway. I do not have the value of that contract on me, so I can take that on notice. But the works will take probably two to three years because, as the minister has pointed out, it is a very sensitive area working within the marine environment. So that is the timeframe for the demolition.

Bev McARTHUR: Are you able to tell us how much funding has been allocated to develop Central Pier and the adjoining waterfront area?

Colin BROOKS: At the moment Development Victoria has undertaken consultation in the local community with key stakeholders to determine the community's vision for what replaces Central Pier and what form that

takes. The shape of Central Pier is an important part of the heritage of that Docklands area. I should take the opportunity, if you do not mind, Mrs McArthur, just to say at the moment that Docklands receives a lot of negative press, and it would be very easy for me as a Labor minister to sink the boot into the Kennett government for their work there. I do not do that because I think, despite the fact if you could get in the time machine you might want to do things differently, Docklands is a very successful precinct. We see really strong residential demand in Docklands, and it is a great place that people want to live. So I am very positive about the precinct.

Bev McARTHUR: Fantastic. Minister, why has the Vision and Place Principles document been delayed?

Colin BROOKS: As I say, the consultation with residents has occurred and there has been publication of the feedback that we received from the community. I think that is actually up on the Development Victoria website as we speak.

The CHAIR: Apologies, Mrs McArthur. Your time is up. We will go to Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister and officials. I refer to your presentation and note the section on DV delivering more homes for Victorians. Can you please provide further information to the committee on how DV is contributing to the delivery of the housing statement?

Colin BROOKS: Thank you very much for that question. We talked about the housing statement before and the ambition to deliver those 800,000 homes over the decade. With the creation of this portfolio and the work that DV does, I have certainly now understood just how important a role Development Victoria has played and will play in terms of the government delivering on those targets. To provide some further context to that, under the *Development Victoria Act* the organisation has been appointed with general functions and powers to carry out property development and social and economic capital works projects, and they are in accordance with government policies and strategies. DV can also undertake and manage declared projects, and in doing so represents the government – the Crown effectively – and this gives Development Victoria access to a range of additional project powers, including land assembly. Land transactions can accelerate housing and their project delivery and support policy outcomes such as affordable housing per the targets we have set out in the housing statement.

It is important to note that, apart from Homes Victoria, Development Victoria is the only entity specifically established with the functions and powers to deliver housing, including affordable housing, on behalf of the government. Development Victoria is currently delivering 20 residential housing projects, as I said in the presentation I think, across metropolitan Melbourne and regional Victoria, together with precincts and projects including Docklands – incredible work is happening there; Fitzroy Gasworks – there was a photo on the start of the slide presentation; and Arden, which we talked about earlier on. These projects will deliver more than 17,800 homes, including some of those big precincts that I mentioned, including a significant portion of affordable housing.

Housing projects in the pipeline would add a further possible 12,000 homes in metropolitan Melbourne and regional Victoria over the next three to 15 years, and the organisation is investigating options to rapidly deliver affordable housing rental through models such as build-to-rent in partnership with registered housing organisations. So we recognise that there is much more work to be done, and the government is going to continue to work through agencies like Development Victoria to explore ways we can better utilise Development Victoria's powers and abilities and knowledge to help us deliver on the housing statement.

Meng Heang TAK: Thank you, Minister. If I could focus on some of Melbourne's more rapidly growing communities, could you outline for the committee where some of those communities are and what work DV are doing to deliver housing in those areas?

Colin BROOKS: Yes, and there may well be a personal interest there for you. We know that there are growing communities in many parts of Melbourne, including in Melbourne's south, and I have been out recently to Olio at Officer. I went with the local member. And we know that Coomoora in Springvale South as well is an important project that Development Victoria is running. In Springvale South the Coomoora development, where all the townhouses and all 16 lots have been sold, shows the demand for housing at the moment. The development offers a mix of land-only lots and townhouses and unlocked high-quality community open space for residents to enjoy for many years. The construction of the 47 townhouses at that

estate is well progressed, as you may know, with Creation Projects appointed to deliver these new homes on behalf of Development Victoria. The townhouses are due for completion in 2025, so not too far away. The 16 land lots have also been sold to individual purchasers who now have the opportunity to build their own homes to their own specifications.

In Officer – as I said, I was out there not too long ago with Emma Vulin, the local MP – that is a two-stage delivery of a project. It is being rolled out. Stage 1 includes the delivery of 93 homes, with 35 homes already officially completed, and the final homes for stage 1 are set to be completed in late 2024. As part of stage 2, civil works has begun to prepare for the construction of 135 homes, and a key feature of the development is close proximity to Cardinia Road station and the Pakenham line. I will just highlight the point that in relation to these sorts of developments, and when we were at Olio in Officer talking to the builders there, the importance of the government's Social Housing Growth Fund meant that they were able to receive funding through the Social Housing Growth Fund to deliver social housing within that development. I suppose further to the point that was raised before about the inclusion of social and affordable housing in these projects, that Social Housing Growth Fund that the Victorian government runs is allowing people that are doing these developments through Development Victoria, the builders, to apply for funds to offset the costs and deliver homes for people who are needing homes on a low income, so a really good outcome, dispersed through a broader residential community. So a really good outcome, and I am sure it is a model that many developers will be looking at in terms of not just the Social Housing Growth Fund at the Victorian government level but also with the Housing Australia Future Fund round, which will be announced later this year. The development of these sites meets our objectives of delivering different sizes of homes for different lifestyles and different budgets close to transport options.

Meng Heang TAK: We are certainly looking forward to accompanying the minister to the Springvale South site.

Colin BROOKS: I will make an effort to be there soon.

Meng Heang TAK: Minister, could you also detail, for the committee, what the pipeline of projects looks like for DV, and if you have further information of when these projects will commence or when jobs are projected to be created?

Colin BROOKS: Yes, I am sure the CEO was always looking for more work to do. But we have got a very strong pipeline of projects. That means we are activating unused land, some of which I talked about before. Just as we have got a range of residential developments in the construction phase, we have also got a range of developments that are going through the planning phase. In Melbourne's north-east we are unlocking the land at the old Ivanhoe tank site on Upper Heidelberg Road to transform it into a residential community there as well. That project is set to deliver 275 much-needed homes, featuring a range of designs to suit a variety of households and budgets. It is also, importantly, going to feature a new 2000-square-metre park. I should be careful how I say it – I was out there with the local member of Parliament, so I will have to make an effort to get to your electorate. But the Member for Ivanhoe was there, and there was a consultation process that has just been completed with the local council engaging with communities, which follows a previous consultation process, so we are really making sure we are taking the community with the high-quality development. As I say, there is a 2000-square-metre park, which is something that the community really were keen to see, making use of a disused government land site right at the top of Burgundy Street in Heidelberg, where you have got the Austin Hospital basically across the road, the Mercy Hospital for Women and then the train station at Heidelberg there. It is a great area for development at that scale.

In Melbourne's east we are creating a vibrant new neighbourhood at Knoxfield. Again, I was out with the local member not long ago at that site at the Burwood Highway. That was formerly used as a horticultural research facility and is now a wonderful opportunity to deliver around 400 homes in that community, enthusiastically supported by that local member of Parliament as well. An important part of that development, I should say, is the new wetland system; I know that was a key part of some of the concerns raised by the community. There has been a lot of work done to ensure that we work with the experts in that area to deliver what I think will be a better outcome environmentally for the flora and fauna in that area as that development proceeds. We are expecting to commence construction there in 2025, so next year. It is really pleasing that we are not just delivering homes, we are seeing things where developments are finishing, just like part of that development in

your own electorate. But also there are lots of projects still coming through the pipeline and there will be a lot of housing delivered over the future years.

Meng Heang TAK: Thank you, Minister. If I can take you back to Docklands, back to the city, you have referenced urban renewables at Docklands in your presentation. There has been a fair bit of negative commentary around Docklands, and perhaps this, as you already said, may not be fair. Could you please tell the committee more about DV's involvement with facilitating developments at Docklands?

Colin BROOKS: The longer I have been in this job, the more I like Docklands. 'Love' is a strong word; I love where I live, but I really like Docklands. I have come to learn that Victorians love to do three things: we love our AFL team, we love good coffee and we love bagging Docklands. I do not know why, because it is a great precinct, and the people who live there love living there. I do not think it really matters whether the Ferris wheel is spinning at the moment or people cannot buy bulk toilet paper at Costco. I think when you walk around that precinct and spend time there, it is a great place. And strangely enough, in winter on the water in Melbourne, it is windy. I think it is a great place, and the thing that I think proves the point that it is a successful precinct is that the residential sales there are still going really, really strong. All of the developers in that precinct are moving forward and bringing forward development. The CEO might be able to go into more detail than I am, but I think Lendlease, along the Collins wharf area, are bringing forward a development. We were recently out with the planning minister and the Premier at an AsheMorgan development. I think there are over 900 apartments at that site – another build-to-rent. So there is significant investment there, and our challenge as a government is to make sure we are providing the right social services in that precinct for people and around that precinct, and we will keep doing that work. But it is a great precinct and a lot of opportunities – some challenges no doubt with the COVID impacts on people who work in the precinct. That has had an impact on local businesses, but overall a wonderful place for people to live.

The CHAIR: Thank you, Minister. We will go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Thank you all. Last year at PAEC the department told us the number of people expected to live in the new Arden precinct was between 15,000 and 20,000. We have seen evidence given earlier today that it is 20,000 by 2051. Now that the two hospitals are not going to be built, as the budget states in budget paper 4 on page 9, that means that more housing can be built. On what basis were these population estimates revised upwards, and do you anticipate them to rise further?

Colin BROOKS: I have thought about this issue for some time. I think what I want to do as minister, given that we are so close to a market process, is to see what comes back from the market in terms of development. The structure plan is out in the public domain. It is better for us to go to market soon and see what we can deliver in terms of housing.

Aiv PUGLIELLI: Last year the department said that extra schools were not going to be planned for Arden because Arden was mostly to be built to house key workers for the hospitals, thereby implying it is more likely to be young people, either singles or couples, rather than established families. Now that the hospitals are not actually going to be co-located there, that logic really does not quite hold water anymore, so has the department revised its views on the mix of people and demographics that are likely to live in Arden?

Colin BROOKS: I think the key thing is, as I mentioned in the precincts hearing, that we are working with the education department, for example, around schools. The structure plan sets out the one school and the early childhood centre. I am keen to explore this with the education department, because there is further need given the number of people who will be living in that precinct. There has been funding, as I mentioned in the presentation earlier, provided in this budget for the education department to do some planning on school needs in, I think it was, inner Melbourne – inner Melbourne or inner northern Melbourne – but it certainly takes in the precinct. So we are working really closely with the education department to determine exactly what the needs of the local schools are. We do not want to prejudge that work, because it may be that schools are provided outside the precinct but for the people who live in the precinct or it may be the other way round, but we are certainly going to do that work.

Aiv PUGLIELLI: Right. Thank you. What is the department doing to ensure that family-sized homes are offered in the area rather than just small apartments?

Colin BROOKS: That will be one of the things we are looking at through the market process. There is definitely, I feel, a need for larger apartments, for larger household sizes, because many people now are choosing to live in apartments with families. We see that in Docklands, and the market generally responds to that, understanding that people with children may want to live in an apartment in the inner city whereas in the past not as many did. That opens up opportunities for the way apartments are designed to cater for children. It needs to also encapsulate government, making sure the services are there for families as well.

The CHAIR: Minister and department officials, thank you very much for appearing before the committee today. 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.

The committee is now going to take a very short break before beginning its consideration of the portfolio of creative industries at 6:10 pm.

I declare this hearing adjourned.

Witnesses withdrew.