

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2023–24 Budget Estimates

Melbourne – Tuesday 6 June 2023

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Paul Hamer

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Ellen Sandell

WITNESSES

Ms Sonya Kilkenny MP, Minister for Planning

Mr Paul Younis, Secretary,

Mr Julian Lyngcoln, Deputy Secretary, Planning,

Mr Terry Garwood, Deputy Secretary, Land Services, and

Dr Jane Homewood, Executive Director, Statutory Planning Services, Department of Transport and Planning;

Mr Dan O'Brien, Chief Executive Officer, Cladding Safety Victoria; and

Mr Stuart Moseley, Chief Executive Officer, Victorian Planning Authority.

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 2023–24 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 Planning the Honourable Sonya Kilkenny and officers from the Department of Transport and Planning. Minister, I invite you to make an opening statement of no more than 10 minutes, and this will be followed by questions from the committee. Your 10 minutes starts now.

Visual presentation.

Sonya KILKENNY: Thank you, Chair and committee members. Can I also add that I have Dan O'Brien from Cladding Safety Victoria and Stuart Moseley from the VPA in the gallery with us as well.

Chair, our priority is a steady supply of affordable homes, an area where Victoria has led the nation in recent years. While interest rate hikes are starting to have an impact, Victoria has consistently outperformed other states in the provision of new homes. In the 12 months to March 2023 nearly 59,000 new homes were approved for construction. Around 12,000 of these homes were houses in regional Victoria.

Nicholas McGOWAN: Sorry, Minister, what was that number? I just missed that.

Sonya KILKENNY: 12,000 homes in regional Victoria.

Nicholas McGOWAN: The one before that.

Sonya KILKENNY: 59,000 new homes. Almost 25,000 were detached houses approved in metro Melbourne, mostly within the growth areas. During the same period, New South Wales saw about 50,000 approvals and Queensland about 37,000 approvals.

On to the next slide, thank you. In less than a decade Melbourne will overtake Sydney as Australia's largest city. By the 2050s you will see we will be home to around about 9 million people. That is the size of London today. That will require about 1.6 million new dwellings by 2056. Regional Victoria's population is also

projected to rise, reaching about 2.2 million by 2056, requiring an extra 400,000 new dwellings. The role of planning is to ensure that we grow in a way that delivers the best outcomes, whether they are economic, environmental or social. Ultimately we want to deliver well-connected, prosperous, vibrant and diverse communities that lead to more productive and liveable cities and regions.

Our commitment to better building and planning and protecting the state's heritage can be seen in this graph, which maps output costs over the last 13 years. As you can see, this government has invested heavily in the planning portfolio. That is a reflection of Victorians' expectations that the places they live be well laid out and that development is handled carefully and strategically. Our \$111 million investment over four years announced in 2020–21 has yielded significant results, including efficiencies in the form of \$233 million holding-cost savings, \$437 million additional state gross value and the generation of over 900 jobs.

We have unlocked \$5.7 billion in private sector investment and slashed approval time frames for these projects from 12 months down to four through the development facilitation program. We have established new planning pathways that have facilitated major rail and state projects worth \$4.4 billion and reduced approval times from around 60 days to 40 business days. We have instituted new planning provisions that accelerate vital works like major transport projects, schools, ambulance stations, disability tram stops, park upgrades, sporting and community facilities and libraries. We have also worked quite closely with councils, helping them to clear planning permit backlogs through initiatives like the Regional Planning Hub and better planning approvals.

Our commitment to planning continues in this year's budget. A key investment includes support for the expert panel to finalise its review into the construction sector. Chair, you might recall that back in 2019 we established the panel with a remit to deliver stronger protection and support for Victorians who buy, build or renovate. The panel has so far made recommendations to improve the practitioner registration scheme, to introduce additional inspections for residential buildings, to incorporate more building standards into regulation and to make it mandatory for carpenters to be registered. The government has endorsed in principle all the panel's recommendations and has begun their progressive implementation. A second discussion paper to be released later this year will seek stakeholder feedback on statutory duties; dispute resolution and prevention; compliance, enforcement and discipline; insurance; new building technology and information; and building maintenance.

In other budget initiatives, we are investing \$3.8 million over three years to champion Victoria's outstanding heritage, including UNESCO World Heritage nominations for the Victorian Trades Hall and Victoria's goldfields. \$23.4 million will make short-term improvements to the existing tools, rules and processes to reduce red tape and deliver more efficient planning processes. We also want to better support councils in identifying opportunities for growth that can quickly increase housing choice within their municipalities. \$9.1 million over two years will help implement a number of key *Plan Melbourne* projects, including encouraging more homes around existing infrastructure, delivering the government's election commitment for planning controls for 13 waterways and funding the Geelong Authority to help revitalise central Geelong. Finally, \$3.5 million will continue the delivery of precinct structure plans to help unlock more housing supply across Victoria. This will assist the Victorian Planning Authority to make more land available across the state to help improve housing supply and affordability. A strong supply of zoned land will help keep downward pressure on house prices.

Plan Melbourne is the realisation of a more compact city that promotes higher productivity, greater social interaction and equity, a more sustainable urban footprint and healthier communities. Its aim is to optimise existing infrastructure, services and access to jobs by directing more homes to established areas of Melbourne. We want to deliver a more compact, livable and sustainable Melbourne, as well as regional Victoria, for everyone. To help this an update of *Plan Melbourne* is underway. The revision will focus more sharply on increasing the number of new homes in established urban areas as well as increasing the variety of housing types and introducing new market delivery models. It will also propose additional government interventions to drive and guide this development.

I mentioned how the recommendations of the expert panel have been key to our reform program. Separately we have also introduced a number of reforms to make it easier and more efficient to plan and build in Victoria. Initiatives like the development facilitation program show the benefits of close collaboration between government and the private sector as a way of supporting investment and job growth. Over the past three years the DFP has streamlined assessment of 52 applications worth a massive \$5.7 billion. We established the regional planning hub program in 2020 to support rural and regional councils to plan and develop their

municipalities and shires. We later expanded this to include a number of metropolitan councils affected by flooding. As of April this year, 249 requests had been approved for support across 46 of the 48 rural and regional councils. This included 35 requests for statutory planning assistance, including seven requests for councils affected by the October 2022 flooding. The better planning approvals program is helping to clear planning permit backlogs, speed up decisions on development applications and significantly improve processes. Maintaining strong working relationships between all spheres of government and the public and private sectors will ensure that all Victorians benefit from future growth and the state remains competitive in attracting investment and stimulating economic activity.

Another key reform initiative is actually revolutionising the way we plan, manage and build our state. Digital Twin Victoria is a digital replica of the state that creates an easier and more efficient planning and building process. Digital Twin connects masses of data and information to create 2D, 3D and live data versions of the real world, with detail on buildings, roads, infrastructure, farmland and the natural environment. It brings together more than 4000 local, state and national datasets, making them accessible to everyday Victorians for small and large projects. It can be used for state-significant planning and infrastructure projects, to visualise data, investigate the feasibility of proposals. Importantly, it identifies issues before shovels hit the ground, saving time and money. Digital Twin Victoria allows the industry to build the digital skills needed to support a more sustainable industry, and as well as design efficiencies, it will allow the planning and building industries to virtually manage a development precinct or project area and model things like overshadowing and underground utilities prior to development. The platform will also help fast-track planning for cities and regions, with councils able to bring data together, including things like 3D models, vegetation and population statistics and local sensor data.

Chair, separate to the social dividend that good planning delivers, planning also plays a really critical role in our state's economy. It ensures a pipeline of construction jobs right across Victoria –

The CHAIR: Thank you, Minister. I will stop you there. The first 10 minutes of questions will go to Mr McGowan.

Nicholas McGOWAN: Thank you, Minister, for the presentation. Just following up on that presentation, what was the magnitude of or was there a financial contribution that leveraged the 52 applications, the \$5.7 billion you referred to before?

Sonya KILKENNY: Sorry, what was the first part of the question?

Nicholas McGOWAN: Was there a financial contribution from the state for the DFP program, the 52 applications?

Sonya KILKENNY: So was there a financial contribution? The development facilitation program is a program that is funded by the state to enable a more efficient process for projects that are assessed as being eligible for the program. It sets out various criteria that it must meet to even enter into the program before assessment, so things like areas of priority that the state is looking to develop, whether that is in manufacturing, retail and commercial, it might be defence, also regional housing, social and affordable housing. So to meet eligibility the projects need to be shovel-ready and also meet a financial threshold as well. Once assessed, if eligible – and I guess, coming back a bit, the importance of the program also is that there is an early concierge support, if you like, that works with the proponent to identify early on any issues with the project but also to see whether it in fact is going to meet the relevant criteria to enable it to progress through this program. To date around about I think it is 50 projects have been approved.

Julian LYNGCOLN: Fifty-two.

Sonya KILKENNY: Fifty-two projects have been approved, with an investment value of around about \$5.7 billion.

Nicholas McGOWAN: Yes, Minister. The question was around the value of the profiling of the funding and how much the government actually put into that program.

Sonya KILKENNY: I might need to either take that on notice or perhaps seek some support from Mr Lyngcoln.

Julian LYNGCOLN: Julian Lyngcoln, Deputy Secretary, Planning. The department support for that program – because projects that come through that program, the minister becomes the planning approver for them. There is a team within the department that does that up-front engagement, as the minister said, with the proponents. Resources for that team were funded through the four-year \$111 million planning reform program, and there has been an allocation in the latest state budget as well to continue to develop the facilitation program. There is a reference within that \$23 million amount for planning reform, and then there is also, separate to that front end – we create a separation between that and the statutory planning elements of that. So once they go through that front end, they meet the criteria, they get their proposal ready, then it goes through a normal statutory planning approval process, and we have statutory planning resources which were also funded out of that planning reform program.

Nicholas McGOWAN: Okay, thank you. Minister, what work has been done to provide dwelling forecasts and/or targets for the 15- or 30-year supply – regional, local government and major centre level?

Sonya KILKENNY: A key part of the work that the department does is to look at housing supply, look at projections of population, to ensure that there is adequate supply of land for residential development, both in metropolitan Melbourne but also in regional Victoria. The budget forecast that Victoria's population growth is actually going to pick up. I think that over the past 12 months the population increased by about 1.7 per cent, which is in fact faster than the other states, I understand, and it is forecast to increase to about 1.9 per cent. So the department is preparing detailed population projections in light of this, and there is an expectation that we are probably going to be the fastest growing state across Australia. It is a Commonwealth expectation that that will be the case. And as I said and as you saw from the figures up there before we are heading for a population projection of 9 million for Melbourne and about 11 million for Victoria, requiring obviously additional homes in both metro Melbourne and in regional Victoria. So we need to be able to project out what available land supply there is, and generally we work from about 15 to 20 years supply of land. On current projections I understand that in the greenfields supply there is about 17 to 21 years of available land.

But of course the work that we will be doing with *Plan Melbourne* is also going to be refocusing a lot of the development to ensure that new homes are also being built in established areas of Melbourne. It is really leveraging off the significant investment that has been made in infrastructure around level crossing removals and of course around the Suburban Rail Loop to ensure that new homes are being built where they are close to infrastructure, close to services, close to jobs, so that we are not relying on a further sort of urban sprawl and that we are maximising the significant investments that this government has made in infrastructure.

Nicholas McGOWAN: Will the revision of the urban growth boundary be part of that review undertaken by yourself or also *Plan Melbourne*?

Sonya KILKENNY: So the refocus of *Plan Melbourne* will look more at, I guess, the aspiration at the moment that is the split between where we want to see new homes in established areas versus new homes in sort of the growth areas as well. So the focus will be: how do we guide and support the construction and development of more new homes in established Melbourne? I mean, there is a target in *Plan Melbourne* at the moment of 70 per cent new homes in established areas and 30 per cent new homes in the greenfield or growth areas. So the focus will be on still pursuing that policy objective but looking at: how do we achieve that?

Nicholas McGOWAN: So just to be clear then – I am just trying to understand moving forward and for certainty obviously for the sector but also for the community – in this term of government there is no proposal to look at or change in any way the urban growth boundary?

Sonya KILKENNY: So as I say, right now what we are doing is work on a review or a refresh if you like of *Plan Melbourne*. I should add too that at the moment *Plan Melbourne* is very much the metropolitan blueprint, and I think it is important to acknowledge that our regional cities are also experiencing obviously population growth but pressure on homes and affordable housing as well. So part of the review and part of the work that we will be doing will be looking at regional communities to see how we better support those regional communities to ensure that there is a pipeline of housing, of homes and housing for key workers importantly but affordable and social housing in the regions also.

Nicholas McGOWAN: Thank you, Minister. The property council has completed two pieces of independent analysis – October 2022 and November 2022 – focusing on the supply of future housing and

industrial land for jobs and productivity. The analysis found that the median multiple of an average housing lot to income has grown from 2.6 to 3.1 in five years without adding the escalated costs of construction, demonstrating the affordability pressures that prevent more people from having access to housing. What strategies do you have to counter these affordability pressures?

Sonya KILKENNY: That is a really good question, Mr McGowan. Obviously, the work is very important. We know that housing affordability and housing choice is a really significant issue for all Victorians, and for future Victorians as well. I think there is not a day that goes by that we do not see in the media some report about the pressures on housing and the fact that so many people are being potentially locked out of the market – particularly young Victorians as well, who might be staring down the chasm of just never being able to afford a home. It is obviously an issue that is going to require interventions at all levels of government, and I am really proud to say that this state government is working hard to address this issue. I think it is easy for many people to say it is just simply an issue of supply – you just need more homes, more homes, more homes. Of course, yes, the number of homes is obviously going to have an impact on the cost of those homes, but it is a bit more nuanced and complex than that. It is important that –

The CHAIR: Minister, if I can just stop you there – apologies. I am going to hand over to Mr Galea, who has 9 minutes. Thank you.

Michael GALEA: Thank you, Chair. Good afternoon, Minister and officials. Thank you for joining us. I would like to start by talking about building reforms, and I refer to budget paper 3, page 96, table 1.21, and also page 97, which references the investment that you intend to make in building reforms. Minister, can you please explain this investment and how the government is delivering greater protections for consumers?

Sonya KILKENNY: Thank you, Mr Galea. I guess to start with, by way of background, we have a *Building Act* that is now quite old, and the building regulatory system has really not been comprehensively reviewed since the early 1990s. Obviously in that space of time there have been quite significant changes to design and construction practices, and what we have seen is that these changes have actually led to a bit of a disconnect between the regulatory framework and industry practice. And what we have seen recently is a number of high-profile industry failures in Australia and of course around the world. Unfortunately that is reducing the public's confidence in the building regulatory system, and it is doing it at a time when we actually need more homes. We want to enhance that confidence in the system as well as really enhance consumer protections.

Part of what we have seen has been that really significant issue of combustible cladding, which led to the 2014 fire at the Lacrosse apartments down in Melbourne's Docklands, the 2017 Grenfell fire in London and more recently the Neo200 building in Melbourne's CBD. The financial cost alone of the combustible cladding crisis has been substantial, and that does not even take into account the personal toll on those landowners and those Victorians who are in homes where there is high-risk combustible cladding. We also know that major defects in residential buildings are costing Victorians a staggering \$675 million each year. So the 2023–24 budget provides \$3.7 million to continue the really important work of the building system review expert panel. This is in addition to the \$27.8 million provided in last year's budget to deliver on those key reforms to the sector, which includes implementing the recommendations from the building system review expert panel in their stage 1 report. This \$31.5 million investment provided over the last two budgets includes funding for a state building surveyor, establishing the new role of the building monitor and of course strengthening the building approvals process.

I should add that it also supports a substantial program of reform to the building system. I might just quickly touch on those initiatives: things like introducing continuing professional development for building and plumbing professions, introducing a new registration and licensing scheme for building trade subcontractors and employees, expanding practitioner registration, enhancing building approvals and quality assurance processes and improving information-sharing arrangements. Already a really substantial package of reform, but we are well aware there is much more work to do, and we are continuing to engage with stakeholders through the expert panel to continue to look at reform opportunities.

Michael GALEA: Thank you, Minister. I would like to take a bit more of a deep dive on that. You mentioned combustible cladding, and you mentioned some examples too of some of the really heartbreaking things that can happen when things go wrong in this space. Minister, can you please explain how these reforms will be improving oversight in the building system?

Sonya KILKENNY: Thank you again. Delivering greater oversight is obviously key to ensuring Victorians have confidence in the system as a whole, and as I said, it is really important that we have that building confidence at a time right now when we need more homes built. It is why the majority of people in the building industry are really supportive of the reforms and the work that is ongoing, because we know the overwhelming majority are doing the right thing, and we want to weed out those that are not and weed out those that are giving the industry a really bad reputation. So the building system review has looked at this issue closely and found that a key issue was a lack of coordination between regulatory bodies and regulatory players in the building industry. There is duplication, there are gaps in oversight and the expert panel also found there is often poor documentation prepared for maintenance of completed buildings, particularly three-, four- or five-storey buildings where owners corporations may not have access to the building manuals for the building, for example. That can lead in turn to issues and difficulties with monitoring and enforcing compliance with ongoing essential safety measures and the like.

As you know, we recently passed legislation, which received royal assent today actually, which was the Building Legislation Amendment Bill, now Act, which delivers on foundational recommendations from the expert panel, and this includes improving that information sharing between regulatory bodies and agencies. It also creates the power for government to introduce a requirement for building owners to be provided with a building manual. It is really important useful information for those current owners but also for future owners as well. And that will be a condition for a building surveyor issuing an occupancy permit. We know that it is not every building that is going to need this, and that is why the focus has been on apartment buildings, because they carry greater health and safety risks if things do go wrong. The building manual that I was talking about will be a digital record describing how the building is intended to operate as well as all the relevant documentation relating to essential safety measures. And this is really important because this is about the life of the building as well and making sure that we have got accurate and complete information about the building.

Another key element of the legislation and one I want to touch on is the role of the state building surveyor and making it a statutory role. The state building surveyor is the principal source of technical advice for the industry and for practitioners, but beyond that the state building surveyor will also monitor the performance of the building surveying profession and provide support and guidance to improve industry practice.

And then the third element, which I think again is a really important element of the legislation and the reform, is making sure that the building regulator – the Victorian Building Authority – is fit for purpose. I am pleased that we announced recently a new CEO of the VBA, which is Anna Cronin. Anna was previously the commissioner for Better Regulation Victoria and comes to the new role with great skills. I know that she will be someone who will be looking to implement what is needed to make sure that our regulatory bodies are fit for purpose. Again, we know there is more to do, and the expert panel work will continue to inform our reform program around compliance.

The CHAIR: Thank you, Minister. I will stop you there.

Michael GALEA: Thanks, Minister. Thank you, Chair.

The CHAIR: Mr O'Brien, you have the next 10 minutes.

Danny O'BRIEN: Thank you, Chair. Good evening, Minister. Can I just start on cladding. The budget papers indicate on page 327 the building output. For a start, for government buildings it indicates that there was a target of 18 to undergo cladding rectification works last year. There were 28 done. There are only two targeted for this year. Why is that?

Sonya KILKENNY: Thank you for the question, Mr O'Brien. Obviously the cladding rectification program – a world-leading, world-first program – commenced in 2019–20 with a budget of \$600 million over five years, and that part of the program was to fix private residential buildings that were high risk with combustible cladding and at the time established Cladding Safety Victoria. At the same time, there was a cladding rectification program for government buildings, and I believe that works on 110 government-owned and community housing buildings has taken place. That includes 40 portable school buildings, 15 TAFE buildings, 12 public housing buildings, 15 hospital buildings and eight in-scope police stations. They have all been completed. With regard to the budget paper, page 327, and the in-scope government buildings, the target was 18.

Danny O'BRIEN: Achieved 28 – but there are only two next year.

Sonya KILKENNY: Yes, that is right. We have done 28, so we have actually exceeded the number.

Danny O'BRIEN: Is that because the money is running out this year, or are there no more buildings in scope?

Sonya KILKENNY: No, so we have actually completed more than we were going to over the past year.

Danny O'BRIEN: I am talking about the year going forward.

Sonya KILKENNY: Pardon?

Danny O'BRIEN: I am talking about the year going forward. There are only two targeted for next year.

Sonya KILKENNY: I think we have conducted the audit and have established that of the audit there are no further buildings that are part of this program that need to be included in this program.

Danny O'BRIEN: Okay. So there are literally only two government buildings left that require –

Sonya KILKENNY: That is what is going to be happening in this next financial year.

Danny O'BRIEN: Sorry, just to be clear: are there only two government buildings left that require cladding rectification?

Sonya KILKENNY: That is my understanding. Is that correct? I might ask Mr O'Brien, the CEO of Cladding Safety Victoria, who is here with us.

Danny O'BRIEN: Danny O'Brien to Dan O'Brien, thank you.

Dan O'BRIEN: It makes it easy, doesn't it? Mr O'Brien, the good news is that the government program in terms of removing combustible cladding from public buildings will be complete by the end of this calendar year.

Danny O'BRIEN: Okay. And there are literally no more that are of concern?

Dan O'BRIEN: Correct.

Danny O'BRIEN: Okay. Likewise, while you are there, Mr O'Brien, of the private buildings which the minister referred to, there were 109 expected to be done this year but only 80 targeted for next year. Is that for the same reason?

Dan O'BRIEN: Yes. We have got a number of private residential buildings that need to be completed. We have completed 227 to date, which is around about 12,000 apartments. So we are making very, very good progress, but as the year goes on and the next couple of years go on, we will continue to focus on removing the cladding on the high-risk buildings.

Danny O'BRIEN: Okay. How much money is left for cladding rectification, both public and private?

Dan O'BRIEN: In terms of how much money –

Danny O'BRIEN: Sorry, I will make it clearer – for 2023–24 and beyond.

Dan O'BRIEN: Yes. At the moment we have spent around about \$370 million that has been allocated to buildings. That is around about 300 buildings that have funding agreements in place.

Sonya KILKENNY: And I think, Mr O'Brien, 227 have reached practical completion, so it is quite a significant number.

Danny O'BRIEN: Yes. Three hundred buildings – private and public?

Dan O'BRIEN: We have funded up to 300 buildings. There are more buildings to be done. We think –

Danny O'BRIEN: Sorry – just to be clear, 300 is public and private?

Dan O'BRIEN: No. Three hundred is private.

Danny O'BRIEN: It is just private. Okay.

Sonya KILKENNY: I have got the actual numbers here, Mr O'Brien.

Danny O'BRIEN: Excellent.

Sonya KILKENNY: So, Cladding Safety Victoria has approved 359 buildings for rectification funding. Rectification works have commenced on 300 buildings, and 227 of these have now reached practical completion.

Danny O'BRIEN: Okay, and there is literally –

Sonya KILKENNY: Then with the government buildings, the program approved 131 government and community housing buildings for funding.

Danny O'BRIEN: I think you said you have done 110.

Sonya KILKENNY: 110, yes.

Dan O'BRIEN: Eighteen underway.

Danny O'BRIEN: Eighteen underway.

Sonya KILKENNY: They are completed.

Danny O'BRIEN: Well, 18, or 28 in the budget papers?

Dan O'BRIEN: Well, there are 18 currently underway in construction.

Danny O'BRIEN: That is 128, two to go next year.

Sonya KILKENNY: Yes.

Danny O'BRIEN: That leaves one.

Dan O'BRIEN: Yes, well, that is a –

Paul YOUNIS: Rounding error.

Dan O'BRIEN: rounding error. We will take it like that.

Danny O'BRIEN: Could you take on notice where that one is, or what is missing, if there is something wrong there? Thank you. That is one of the most helpful answers I have ever had from a minister. Thank you, Minister. Now, what can we do that you will not be able to answer?

I will go back to what the Deputy Chair was talking about before, which is the Property Council independent analysis of land availability. There were two reports, and one of them found that greater Melbourne currently only has four years of zoned industrial land supply remaining and that bringing forward rezoning and servicing requirements for unzoned land could create up to 35,000 jobs. I am just wanting to know what strategies you have in place through this budget to increase the supply of industrial land.

Sonya KILKENNY: Thank you for your question. Obviously, a part of the role of planning is not just looking at residential homes but also about planning for jobs and for industry, and part of the work that we do – and I will just find the name of the program; is it MICLUP? Have we got that here?

Julian LYNGCOLN: MICLUP is correct.

Sonya KILKENNY: I cannot for the life of me remember what the acronym stands for. Can someone –

Julian LYNGCOLN: *Melbourne Industrial and Commercial Land Use Plan* for the south-east of Melbourne.

Sonya KILKENNY: Thank you. Yes. So, the work is undertaken to refresh those plans and to work with stakeholders, with industry, with local council as well, to identify land, and that is based on projections of population growth as well, to ensure that we have an adequate supply of land that will be zoned commercial and industrial, to be able to support our population but also to be able to do it in areas that are close to homes and that are most efficient –

Danny O'BRIEN: Well, hopefully industrial land is not too close to homes.

Sonya KILKENNY: Well, yes – but most efficient in terms of being able to transport goods in and out of them as well.

Danny O'BRIEN: Do you have a target over the next four years as to how much industrial land will be rezoned or released?

Sonya KILKENNY: I think it was earlier this year, in March 2023, I approved a planning scheme amendment which actually incorporates this plan, MICLUP, which I have just referred to, into all Victorian planning schemes, so it gives it statutory effect, which means now that councils need to consider that as part of their planning scheme and part of their process as well in terms of how they plan for land use over time. That is going to obviously vary between local government areas as well. But it is important, obviously, working closely with stakeholders and industry as well.

Danny O'BRIEN: With that, though, is there a target for the next four years as to how much land will be released for industrial use?

Sonya KILKENNY: The Victorian Planning Authority also has a role to play in this as well, because part of its remit of course is developing the broader precinct structure plan, which sits –

Danny O'BRIEN: Sorry, Minister. I am running out of time. I am just wanting to know: is there a target? It is fine if there is not; I just want to know if there is one.

Paul YOUNIS: We are monitoring it –

Sonya KILKENNY: Yes, I think that is right. We are currently monitoring that, but of course these plans can be amended to ensure that there is adequate supply and there is adequate zoned land to meet future projections in population growth.

Danny O'BRIEN: Okay. In the short time I have got left can I switch quickly to residential land. Are you able to advise, or perhaps take on notice given the time I have got left, of the number of residential lots released by the government since it came to power in 2014 and how many have impending structure plan approvals, ideally via each growth area if that data is available?

Sonya KILKENNY: I do have that information in here in terms of the number of PSPs that have been completed and gazetted, and I will take that on notice.

Danny O'BRIEN: Thank you, Minister.

The CHAIR: Minister, I will stop you there. Thank you, Mr O'Brien. I will now hand over to Ms Kathage for the next 9 minutes.

Lauren KATHAGE: Thank you, Chair. Minister, officials, thank you. We have spoken a bit about *Plan Melbourne* this evening, and in budget paper 3, page 96, we see funding for *Plan Melbourne* implementation. I guess the implementation is what I want to hear a little bit about – what the implementation funding will be used for.

Sonya KILKENNY: Yes, thank you. Thank you for the question. Obviously, an important piece of work that we have been doing is the implementation of *Plan Melbourne*. *Plan Melbourne* is the strategic blueprint for planning in Melbourne. You would have seen from my presentation before that the government is investing a

further \$9.1 million to implement *Plan Melbourne*, which is our 30-year strategy to guide the growth of Melbourne towards a more equitable, affordable and sustainable life for all Victorians. The strategy sets out the various actions that we need to undertake to achieve that and how we are going to achieve it and how we are going to support at the same time jobs as well as housing and transport while also building on what makes Melbourne really unique and livable and why we all love living here.

It is a whole-of-government responsibility, the implementation of *Plan Melbourne*, and it has five-year implementation plans, if you like; we are just at that five years now. There were 113 actions to be delivered by a range of agencies across government. I know that last year here in PAEC the then Minister for Planning Richard Wynne spoke at length about how long-term strategic planning works to improve everyone's quality of life. I want to acknowledge obviously the work that he did in his role as planning minister for 7½ years, I think it was, the work that he did really and his commitment to wanting to improve the lives of Victorians through good planning, because that is what good planning does, or that is what its objective is really: to enhance and improve lives and opportunities for Victorians.

The actions that we have completed in *Plan Melbourne* over the past five years are very diverse. Place making and living locally have been a really big focus of that. We have introduced urban design guidelines, offered an urban design advisory service to local government – which again is really important, to provide that support to local councils – and improved streetscapes. One of the I guess key projects or programs under *Plan Melbourne* is the 20-minute neighbourhood, and that now has a whole-of-government approach. We have reviewed residential development provisions and implemented the *Better Apartments Design Standards*. Again, this is really, really important work. These standards first came in in 2017 and then were updated in 2021 – again, about just enhancing the livability and quality of life of occupants. What we are seeing now, today, in the design of apartments is so much better because of these better apartment design standards that were implemented first in 2017 and then updated in 2021. We have also introduced planning reforms for social and affordable homes, and obviously that is very important work as well.

We have facilitated a range of major transport projects, and I have no doubt that the Deputy Premier will be very pleased to speak about all of those projects when she is before you next week or whenever that is. We are also paving the way for strategic corridors for cycling and for walking. We are making improvements in the metropolitan bus and tram network. We have introduced a new policy to protect significant industrial precincts, planned for employment growth, ensured a pipeline of urban renewal projects and of course prepared new precinct structure planning guidelines. Again, these are important as well – these new guidelines – because they are about better identifying and sequencing the implementation of the precinct structure plan and the development of housing with the necessary infrastructure that kind of cements and holds all that together.

Between 2016 and 2021 there was an 85 per cent increase in homes being built in locations guided by *Plan Melbourne*, so that is a good outcome. *Plan Melbourne* is working to the extent that 85 per cent of those new homes are actually being guided by what we have set out in *Plan Melbourne*. Again, thinking back to what the focus of that is, that is about ensuring that that going forward we are creating livable, connected neighbourhoods and providing equity of access to infrastructure, to transport, to services, to schools and to the things people need to really live good, healthy, connected lives but also share in the value and benefit of our investment in various infrastructure projects that we are delivering across Melbourne and of course across Victoria.

There is a reason I keep talking about this policy and *Plan Melbourne*, because I think it is really important going forward. We want people to have choice about where they live and to be able to choose not to be sitting in congested traffic and to be able to spend that more valuable time doing things they really enjoy and to be able to live close to family and friends, to be connected, to live in connected communities, to live in communities that are sustainable – that we are making sure that urban footprint is setting us up to be a more resilient city and state as well – to be able to address climate change and to take climate action. *Plan Melbourne* is a really key strategy document, and as I said, we are now at that five-year implementation period, where it is time for the review, for the refresh. I think it is a really important opportunity now, that we take that time to review it and to see now, based on our future population projections, how we are going to accommodate all these new people and all these new homes and make sure that we maintain the real distinctiveness of Melbourne and Victoria – the livability, everything that we truly enjoy and we are proud of here in Victoria.

Lauren KATHAGE: Thank you, Minister. Just at the end there you sort of touched on what I wanted to ask about next, and that is the need to deliver housing in outer growth areas, like parts of the areas I represent, as well as established areas. How can this be achieved, and what can be done to deliver more affordable housing in places people want to live?

Sonya KILKENNY: Yes. It is such a good question, because as I said before, providing affordable homes and housing choice is a priority for this government, and it is the refresh of *Plan Melbourne* which is going to allow us to come together with a whole-of-government response to this very issue. We saw during COVID that a number of reforms were implemented to make sure that we had streamlined pathways for the Big Housing Build and we had pathways to therefore provide more social and affordable homes across Victoria. But we know that since the pandemic obviously the housing crisis has deepened and, as the Premier has foreshadowed recently, we are going to be doing everything we can to pull all the levers we can as a government.

The CHAIR: Thank you, Minister. The next 8 minutes will go to Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Minister. I am on an inquiry at the moment that is looking at stamp duty and property taxing, and we have received evidence that suggests that your windfall gains tax is severely impacting the ability of developers to produce a housing supply. How can your housing supply be greater in the next few years while these taxes are imposed? Also, the other problem we have got is that it is not hypothecated, so the infrastructure required around a housing development to ensure there is the quality of life that you talk about et cetera has to come out of consolidated revenue. Do you accept that the windfall gains tax is going to impact on housing supply?

Sonya KILKENNY: I think this comes back to what I was talking about before, Mrs McArthur, and that is how important it is that we are doing all we can to support housing affordability, housing choice and housing supply in the sense, as I said, not just of supply for supply's sake but the supply of new homes in the right locations – and the right types of homes as well. We need that real mix, and when we talk about amenity and livability what is so important is that refreshed focus of building those new homes in established areas where we have invested significantly in infrastructure, where there is public transport and where there is access to services, access to jobs and access to schools but also making sure that those homes are quality homes. Using the intervention of government and in planning is about guiding and supporting the construction and the development of those new homes in those particular areas.

The department, as I said, is obviously conducting work on projections and availability of land supply, and obviously part of *Plan Melbourne* is this focus on new homes in established areas. At the same time, it is also about housing choice. The greenfields growth areas are also going to be an area for new homes. I think, as I said before, the department calculates that in metro Melbourne greenfields land, there is land for over 300,000 lots, which equates to about 17 to 21 years of supply. I think in that sort of environment with the levers available to government, the refresh and refocus of *Plan Melbourne* is very much directed at: how do we address this housing crisis? How do we support the construction and build of more new homes – the right types of homes in the right locations – to be able to tackle housing affordability for all Victorians as we look out to 2056.

Bev McARTHUR: But, Minister, we cannot all live in the parts of Melbourne that you are suggesting you are planning for. There are areas well outside those sorts of areas and indeed in regional areas where you require developers to get the project off and running, but they are saying that these taxes are a major impediment to furthering that activity. Why wouldn't they just sit on the land?

The CHAIR: On a point of order, Ms Kathage.

Lauren KATHAGE: On a point of order, Chair, I do not think a question asking a hypothetical about a mooted point of view of somebody not present is an appropriate question for the budget estimates hearing. I think we should ask the member to come back to the budget papers with a specific reference and ask questions of this year's budget.

The CHAIR: Thank you, Ms Kathage. Mrs McArthur, if you could please limit your questions to the budget estimates before us – and questions that are relevant to the inquiry before us, please.

Bev McARTHUR: Sure. Well, I mean, if you are talking about increasing housing supply, you have got to look at the impediments to it, don't you?

Sonya KILKENNY: Yes.

Bev McARTHUR: And where does a tax come into it, in that case?

Sonya KILKENNY: In terms of planning, the work that we are doing is kind of multipronged, if you like. I earlier spoke to the \$23.4 million investment which is part of our 'Delivering the investment, infrastructure and services Victorians need', and that is about looking at what levers are available to us to guide and support development. You touched on before that we cannot all live in established Melbourne, and in fact not all of us want to live in established Melbourne.

Bev McARTHUR: Some of us like living out in the country.

Sonya KILKENNY: Many people like living out in the country, and in fact we saw during COVID that the number of people relocating to the regions grew. So in planning for the future of Victoria it is important to plan not only for metropolitan Melbourne but also for regional Victoria as well. On the slide previously I spoke about the support that we are providing there with the regional planning hub support for local councils, and that is to provide support to councils to be able to prepare for more homes. As I mentioned, they are also experiencing the challenges of housing affordability and housing availability as well, and for them in particular I think it is not just the social –

Bev McARTHUR: We are just about out of time, Minister. I wonder if I can just raise something that is very important, and that is local government. What consultation did you have with local government before the government's press release of late April declaring that you would take more powers off local government to achieve greater density in existing urban areas?

Sonya KILKENNY: Thank you for the question. In fact local government, local councils, have a really important function in the planning environment, if you like. They obviously make most of the local planning decisions, and the government actually works very closely with local councils, providing direct funding, policy support to councils –

Bev McARTHUR: Did you want to take more powers away from them?

Sonya KILKENNY: Well, the reform that we are talking about actually directly supports council planning officers and councils to enable them to make better decisions and more timely decisions, and in fact many councils seek out and ask for this support. When I mentioned the regional planning hub, I think it is about –

The CHAIR: Thank you, Minister.

Bev McARTHUR: Thank you, Minister.

The CHAIR: Apologies for interrupting. Time has expired. We will now go to Mr Hilakari for the next 9 minutes.

Mathew HILAKARI: Thank you, Minister, and thank you, officials, for your attendance this afternoon moving into evening. A moment ago, Minister, you mentioned 'Delivering the investment, infrastructure and services Victoria needs', a \$23.4 million program on budget paper 3, pages 96 and 98. Can you provide some details on what this funding will be used for?

Sonya KILKENNY: Thank you, Mr Hilakari. Yes, I am pleased to answer this, because Victoria is making unprecedented investment in infrastructure to keep pace with our growing population. We have seen the pipeline of works from the Big Build and just the significant positive impact that that brings to communities, which is why it is really important that we have got efficient planning approvals in place. The Victorian government is committed to ensuring that the planning system supports investment over time, supports sustainability, supports our cities and regions being resilient for climate change and of course supports development of land in Victoria. The planning system is really the key tool for state and local governments to manage all of this growth. So with the \$23.4 million investment, which is part of our 'Delivering the investment, infrastructure and services Victorians need' initiative, these are the very things that we will be

addressing. It will enable us to implement a range of reform initiatives that will support the delivery of infrastructure and that will support the delivery and rollout of services and the creation of jobs and just really make sure that Victoria is seen as a good, safe, reliable place to invest, because ultimately we want that. The investment that we have announced for this budget is also about ensuring that our planning system is efficient; that it provides certainty, which is really important for all stakeholders, whether that is industry or whether that is community; and most importantly, it is about ensuring that we are able to provide Victorians with housing affordability.

The reforms that this budget investment is going to address will be both short term and long term. In the short term there will be improvements to some of the existing planning tools and processes – looking to reduce red tape, to minimise and eliminate duplication and to deliver more efficient processes, faster decisions, support for councils, greater certainty and consistency. As I said before, it is about providing direct support to councils as well. We know that councils often struggle with this work and do reach out for support, so this is about supporting those councils to identify opportunities within their local government areas to deliver more housing to help with housing affordability and housing choice. The package will also look at implementation of various legislative reforms as well, and that is going to support the planning and delivery of future precincts and streamline the assessment of state significant projects as well.

Then finally the investment also includes the continuation, for two years, of the development facilitation program, which supports major development and infrastructure projects and supports jobs. It also really helps us deliver social and affordable housing, and I have got one example which is a bit unique. It is very recent, but the development facilitation program was used to support a project that went into a vacant building – I believe it was an aged care facility – to deliver crisis accommodation for women fleeing family violence. It is a really good example of how the DFP was able to support the streamlining of that project and development to help people most in need to be able to get secure housing. Of course that is just one example. Development facilitation is used on many projects that have met those certain eligibility criteria, but it is also helping us, particularly in the regions, to provide more housing and more social and affordable housing as well.

Mathew HILAKARI: I think that housing choice is really important, particularly in regional areas. It was interesting to observe the officials here. They were nodding when you mentioned that councils require support and reach out to government for planning support. You have mentioned some of those direct supports, but I was wondering if you could go into a bit more detail about how councils can access it and the supports that they will be looking for.

Sonya KILKENNY: Thank you, Mr Hilakari. It is really important. Again, it goes to that question Mrs McArthur raised about working with councils and being able to support councils, because they do make the majority of decisions down at that local level and have that direct impact on communities. The funding provides direct support to councils to identify opportunities for growth that really can quickly ratchet up housing choice and housing affordability within their municipalities. I think that is really important because municipalities are different – they are all different – and so this is about enabling councils to be able to go out and do that work within their municipality, to identify those areas that are going to work within their municipality to be able to deliver that additional housing, which ultimately then impacts on housing affordability and housing choice. I keep talking about housing choice, but I think it is always good to keep that in mind. Again, I come back to it not just being a question of supply, it is a question about where you build those new homes and the types of homes as well. It is no good just building one-bedroom apartments and saying we have met the 1.6 million additional homes, because we know that is not everyone is going to need a one-bedroom apartment. In fact you need housing choice within your local area so you can either downsize or upsize and still stay within your local neighbourhood, because that is where you choose to live – you want to be close to your family, your friends, your school, your support networks, your job, whatever it is – but being able to enable that.

But coming back to the councils, obviously in regional Victoria we are going to continue to work with them closely through the regional planning hubs, and that has been a really successful program. I cannot remember the number of councils –

Jane HOMEWOOD: 263 projects and 47 of the 48 councils.

Sonya KILKENNY: There you go – 47 of the 48 councils have reached out and have used this program. It is a pretty good indicator of success, and also the number of projects that have been able to be supported through this, so that is excellent.

When these local councils develop housing strategy it needs to ensure that the regions and their settlements are planned in accordance with their regional growth plan or of course *Plan Melbourne*. And that means thinking through how to accommodate and project population trends over a 15-year period and where residential land should be, so really enabling those councils to map that out. And again that comes back to providing that pipeline, providing certainty and getting councils to really focus on this and focus on why we need more homes, how we going to do it, where they are going to go, why they should go here and what types of homes as well. Important work and important that the department continues to work closely with local councils to make sure that housing strategies are identified and that opportunities are identified, and not only identified but translated into planning schemes.

The CHAIR: Thank you, Minister. We will go to Mr Hamer for the last session of questions.

Paul HAMER: Thank you, Minister, and thank you, staff. I would like to turn your attention to budget paper 3, page 96, ‘Championing Victoria’s outstanding heritage’, which you mentioned briefly in your presentation. I was wondering if you could expand on what that funding will be allocated to.

Sonya KILKENNY: Thank you, Mr Hamer. This is actually really exciting. The \$3.8 million is over two years, and it is actually to progress to separate UNESCO World Heritage nominations; one for the Victorian Goldfields – which is important for so many reasons, but also given the Commonwealth Games that are coming up and the opportunities that that is going to enliven – and the second World Heritage nomination is for the Victorian Trades Hall. Both of these sites are examples of world’s best cultural and natural heritage. Australia currently has 20 properties on the World Heritage List. Two are in Victoria, and you would know them: one is Budj Bim, the cultural landscape, and the other is just here, the Royal Exhibition Building and the Carlton Gardens.

Back in 2022 the government agreed to progress the World Heritage listing for the central Victorian goldfields, and that was to recognise its value and to improve jobs and tourism prospects in the region. Just a couple of weeks ago I actually met with the bid team and confirmed that the nomination has now been broadened to include all of the Victorian goldfields, not just the central goldfields, so part of the work they will be doing now is actually identifying which sites. I think Mr O’Brien might be quite happy to hear that it is going to pick up some of the sites in his region as well, and I am just trying to think what which site that is, is it Walhalla, potentially?

Danny O’BRIEN: Not quite – Narracan.

Sonya KILKENNY: Oh okay, maybe just outside your electorate then – as well as Beechworth, which will be included.

Nicholas McGOWAN: You can change the boundary, though.

Sonya KILKENNY: What this would do, if ultimately this bid is successful, is it would achieve international recognition that the Victorian goldfields were created by one of the most significant gold rushes of the 19th century. Both the Australian and Victorian governments have committed to progress World Heritage listing for Melbourne’s Victorian Trades Hall. And again this is another fabulous nomination. It is actually being run by Denmark.

Nicholas McGOWAN: Trades Hall?

Sonya KILKENNY: So the nomination is being run from out of Denmark. It is part of the transnational effort being led by the Danish project team, and this will see both projects sort of on a similar time frame. So they need to go onto what is called tentative listing first, and that will happen hopefully by about sort of January next year. They then sit on tentative listing for about 12 months, and they need to get material together to then make the leap to get the nomination for World Heritage, and we are hopeful that will be in about February 2026. If that happens, it is perfect timing for the Commonwealth Games as well because it means we can say the Victorian goldfields are on the nomination list for World Heritage UNESCO recognition.

Members interjecting.

Sonya KILKENNY: Anyway, pretty significant –

The CHAIR: Excuse me, Minister. Mr Galea on a point of order.

Michael GALEA: I would appreciate it if the minister could be allowed to answer the question.

Sonya KILKENNY: I should add that there is a lot of economic and social benefit that comes from and is enjoyed with World Heritage listing. The economic assessment, for example, on the Victorian goldfields finds that expected over the 10-year period is an additional 2.2 million visitors to the region based on that nomination, an additional \$440 million spent in the local economy, and growth in visitors related to the World Heritage bid alone will lead to 1750 additional jobs. Regional income would increase by \$150 million – so significant investment in the region from the World Heritage listing but also just terrific recognition of what a valuable part of history that is and the story that that provides as well.

And as I said, with the timing of the Commonwealth Games and the focus on showcasing Victoria's beautiful regions, we really want to maximise this nomination and showcase it to the world and then, sort of off the back of the Commonwealth Games, have people then visit the regions and visit the goldfields as well – so really good synergy with the Commonwealth Games and then also legacy outcomes as well following the games.

Paul HAMER: Thank you, Minister. I was just wondering if you could elaborate a little bit more on the Trades Hall bid. Obviously it is a very important part of not only the labour movement but of Labor history and the whole history of this state, whatever side of politics you come from, because of the significance of the labour movement to how politics has evolved in the state. So I was just wondering if you could maybe talk a little bit more about that.

Sonya KILKENNY: Thank you, Mr Hamer. Yes. So I think whatever side of politics you are on, the Victorian Trades Hall is significant in Victoria. It is – I did not quite know this – the oldest existing workers assembly hall in the world. I knew it was one of the oldest, but it is the oldest. And it has been the home of trade unionism in the state of Victoria since 1874. In fact the original building was built in 1859, and as you have rightly said, Mr Hamer, Trades Hall has had a profound involvement in shaping not just Victoria but Australia as well and has had a significant international influence too, notably with the 8-hour working day. And the building itself – and for those who have not been there, take a look – is architecturally significant, with its early construction date, continuity of use, intactness and scale, making it a really substantial contributor to the transnational nomination, which I mentioned before, being run out of Denmark. For context, the building actually predates Government House, the Royal Exhibition Building and Melbourne town hall. So there are many causes which the Victorian Trades Hall is associated with, but it particularly highlights Australia's role in achieving the 8-hour working day in 1856. And for context, this was a world first at the time.

To provide a brief history, on 21 April 1856 stonemasons working on the University of Melbourne downed tools and marched to the Belvedere Hotel demanding an 8-hour working day with no loss of pay, and they won. And they celebrated their achievement on 12 May that year with a march and dinner, which is still celebrated today of course as Labour Day. But of course the labour movement is not just confined to the 8-hour day. There is so much more that the labour movement has contributed to the life of everyday working Victorians and Australians: fair pay, penalty rates, workplace safety, superannuation, annual leave, long service leave, sick leave, carers leave, maternity leave and workers compensation, and of course they have made a substantial contribution to equal rights and social justice movements, including recently standing in solidarity with the marriage equality campaign as well as the current campaign for a First Nations voice.

The CHAIR: Thank you, Minister, for that very interesting trip down memory lane. That brings questions to a close, unfortunately. Thank you, Minister and department officials, 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, very short break before beginning the consideration of the final portfolio for today – outdoor recreation – at 6:10 pm.

I declare this hearing adjourned.

Witnesses withdrew.