



# INQUIRY INTO THE SUPPLY OF HOMES IN REGIONAL VICTORIA

Victorian Legislative Assembly Environment and Planning Committee

March 2025

## Acknowledgement of Traditional Owners

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We acknowledge the Yorta Yorta peoples of the land which now comprises Greater Shepparton and we pay our respects to their tribal elders, we celebrate their continuing culture, and we acknowledge the memory of their ancestors.

## Contact information

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## Introduction

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The Committee for Greater Shepparton welcomes the opportunity to contribute to the Legislative Assembly Environment and Planning Committee's Inquiry into the supply of homes in regional Victoria.

## About the Committee for Greater Shepparton

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C4GS is an apolitical, member funded not-for-profit organisation that represents almost 120 businesses, Government agencies and not-for-profit organisations from across the local government areas of Greater Shepparton, Moira and Campaspe.

Our members represent all aspects of our local economy and community. They include primary production, manufacturing, logistics, warehousing, construction and export supply chains, their support industries as well as regional health, education, waste and service providers.

As one of Australia's most culturally diverse communities we are proud to count first nations and multicultural businesses and organisations in our membership.

C4GS is committed to providing a constructive and informed voice for the region that reflects our aspirations for our community and our regional economy.

Across our membership, housing is and remains one of the top three challenges because of its direct impact on our workforce, our community and our region's ability to realise its full potential.

## About Greater Shepparton

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Greater Shepparton is the most culturally and linguistically diverse community in regional Victoria, and it is home to the largest first nations community outside Melbourne.

Shepparton-Mooroopna are two towns that function as one city, and together are the largest city on Victoria's largest river – the Goulburn River.

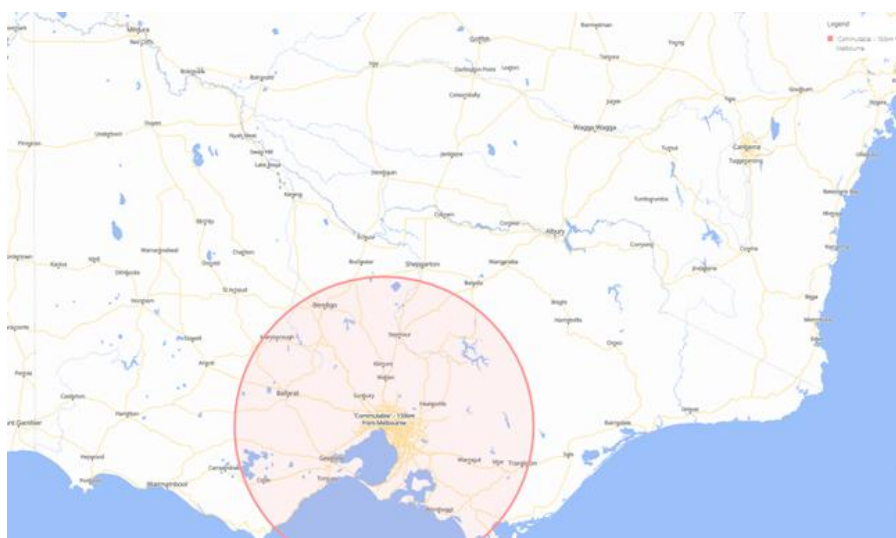
Our regional economy's engine room is value adding and manufacturing, that is largely driven by the region's significant primary production sector but also processes raw product transported to the region. Manufacturing generates \$5.5 billion annually, employs more than 6000 people and injects more than \$500 million of wages and salaries into the local economy. Advanced manufacturing and automation continue to transform the skills and work force employed in this sector.

Health and care services is the largest sector by employment with Greater Shepparton providing a hub for a wide range of health and specialist services to a region that extends from the outskirts of Melbourne to the southern Riverina of NSW.

## Housing demand defines the supply challenge

Greater Shepparton's workforce and skills needs across health and care, construction, manufacturing, education, retail and agriculture are changing rapidly, and this is directly impacting on the housing mix, location and ownership. These demand drivers will continue to influence and highlight gaps in our region's housing supply and the market response.

- Greater Shepparton has long been recognised as an affordable housing market. This has worked well for individuals choosing to temporarily or permanently relocate to the region 'one by one'. Today however, Greater Shepparton's affordability translates as a lower return on investment (sale prices and rental income) and is a fundamental barrier to attracting large scale investment - particularly in the build to rent and build to buy segments.
- Greater Shepparton has a much greater need and reliance on a liquid and active rental markets to house the workforce who cannot commute. Greater Shepparton is located almost 200 km from Melbourne. It is outside the 'commutable zone' that is described by the Reserve Bank of Australia as locations within a 150km radius of a state capital. The regional cities of Bendigo, Ballarat, Geelong and La Trobe are in the commutable zone which allows them to access Greater Melbourne's much larger skilled and qualified workforce pools.



- Greater Shepparton's undergraduate training options are limited to teaching, nursing and social work. It is the only major regional city in Victoria that does not provide local undergrad degrees in allied health, and it does not offer engineering or agriculture to support its larger industry and manufacturing sectors. As a direct consequence Greater Shepparton employers are at a significant competitive disadvantage because they must attract talent to the region and away from their established communities and networks. Coupled with the distance from other major centres, access to housing is a critical immediate and ongoing impediment to workforce attraction and retention.

- A significant proportion of the workforce relocating to Greater Shepparton relocates as part their longer-term career path. Evidence and anecdotal reports continue to show many will stay for their contracted term and then relocate to secure the next rung in their career – if the position is not available locally. As a result, the talent requires medium term accommodation options.
- Most employers provide housing for relocating professionals usually for the first 3 months. However, this length of time is repeatedly shown to be inadequate and creates a significant risk in the recruitment process. Relocating professionals regularly cite housing uncertainty as their reason for leaving their new role. Extending employer provided accommodation delays recruitment of further staff and adds considerable costs to the recruitment process however the alternative is increased staff turnover and workforce-constrained health, education and business operations.
- In an extremely competitive employment market, providing the right type of housing can determine whether an employee relocates. C4GS's Community Connector Program has supported employers relocate almost 800 professionals to Greater Shepparton. This data pool shows that around 90% of relocating professionals do NOT want a free-standing house in a new estate. They are seeking high quality, higher density accommodation that is located close to work and the CBD and allows them to take advantage of the natural environment that is on their doorstep.
- Greater Shepparton is seeing extremely modest growth in higher density development. The Key Worker Accommodation grant program has provided welcome support to several developments however most have been associated with health service providers who are able to directly link their application to their large (>2000 FTE) workforce. Greater Shepparton's largest non-government employer has less than 450 FTE. Recent data indicates higher density dwellings (apartments and townhouses) represents approximately 10% of all Greater Shepparton's housing stock – well below the regional city average of 25%.
- C4GS has actively engaged with Future Homes and similar initiatives to explore potential higher density development pathways to support regional employers. As part of this process, C4GS has highlighted the mismatch in assumptions around what is an activity centre in an outer regional city – it is not the train station, it is the hospital, employment precincts and the CBD.
- The region's agricultural sector's housing needs are transforming in line with the changing ownership models, automation and skills lift. For example, intensive dairy operators have called for housing options within 4-5km of their properties for their staff work split shifts (morning and night). Changing ownership models and farm aggregation has increased the number of professional highly skilled farm managers who 'commute' to work rather than live on farm. There has also been a significant uplift in the need for technical skills to support automation and more sophisticated farm and orchard management. These trends suggest opportunities for local small towns to reinvent their

lifestyle offer to attract and service these industries – beginning with housing but supported by other key services such as childcare and healthcare.

- C4GS Community Connector Program is enabling Greater Shepparton to more effectively optimise its current housing stock. The Program provides a local resource to work with relocating individuals and families to best match them with appropriate housing and to access alternative solutions for example by fostering connections amongst relocating professionals the CCP has enabled house shares. The Program does not receive funding from any level of government and yet its economic impact is in excess of \$50 million per annum in addition to its material improvement in the city's use of its housing stock.

## Rental supply

- Greater Shepparton's rental market is dominated by 'mum and dad' investors. This investor group does not typically have access to large equity, sophisticated design and project management skills, and investment support to enable larger scale higher-density development.
- The growing suite of increasing taxes coupled with the real and perceived changes in the balance of landlord / tenant rights is contributing to landlords exiting the rental market. While this provides an immediate boost to properties available for sale it does not increase the total housing supply, and it is fundamentally at odds with the workforce needs of the region.
- There are multiple anecdotal reports of employers relocating significant parts of the business operations into Melbourne or other regional cities because of the cost and challenges of attracting and housing workforce.
- The Community Connector Program and broader industry regularly report their talent is forced to accept what is available and this is often not what the talent would prefer (location, typology & size). For example, single tenants are 'rattling around in a four-bedroom family home', GV Health is renting more than 80 properties at any time, and the partners of relocating talent feel isolated by the location of their housing and the lack of transport connecting them to the city and activities.

## Housing supply

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- Land release processes are too slow and driving outcomes that are out of step with market dynamics. Councils and approval authorities are not immune to the workforce challenges and are currently operating with inadequate resources, however inadequate technology and systems appear to contribute to avoidable delays.
- The involvement of additional non-local resources presents new challenges. For example, a local Precinct Structure Plan (PSP) has been moving through the process of approval for almost 20 years. Its most current version provided for feedback would have increased the costs of land parcels by more than 60% above the next most recent land release – and well above the market’s capacity to pay. These outcomes will have no material impact on the amount of land available because it is priced outside the market’s capacity to pay.
- Approval processes that require ‘frequent fliers’ (practiced, professional, locally networked developers) to follow the equivalent processes as ‘once in a lifetime’ developers are a missed opportunity to leverage local knowledge and commitment to the region.
- While all councils, water corporations and power companies face challenges in keeping up with housing growth, these challenges are not equivalent or homogenous across regional Victoria. The capacity and reliability of energy and water networks vary substantially across regional Victoria. It is not unusual for regional developments to trigger substantial augmentation of supply (e.g. water storages) and of the network (energy and water) required to service the growing footprint. These agencies require timely access to capital, workforce and resources to address these challenges before development can begin. In some instances, these upgrades may require acquisition of easements or additional land which introduces yet further due process, costs and delays.
- ‘Affordable Housing’ is a misnomer in Greater Shepparton’s housing market. Greater Shepparton’s median family household income and the median individual income are below the Victorian Government’s published definition of ‘Affordable housing’ for regional areas. It can be argued that developments that reflect these market dynamics will naturally fall into the category of affordable housing as defined by the Victorian Government. For this reason, we recommend removing the distinction and distraction this terminology creates.
- Insurance is an increasingly fraught consideration for homeowners and developers. Time and again the quality work of local CMAs, built into the upfront design of new housing estates has demonstrated the ability to manage flooding risks – and yet this same data is not relied on consistently by the insurance sector.

## Recommendations

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### Optimise supply

1. Optimise existing housing supply by providing multi-year funding for regional city settlement services modelled on the successful C4GS Community Connector Program. This program is estimated to require \$150,000 per annum to provide a one FTE that is supported by the industry and community networks, resources and management of C4GS.
2. Explore incentives such as capital gains tax discounts for property owners who downsize by investing in new higher density accommodation in the same LGA.
3. Include public transport reviews into development planning to ensure transport routes, timing and frequency are matched to housing growth and workforce needs.
4. Incentivise and resource servicing authorities to develop long-term strategies ahead of population growth to ensure serviceability, sustainability and integrated water management practices.

### Policy design

5. Victoria's regional housing policies need to recognise and have explicit regard for inner and outer regional markets and ensure interventions reflect and are tailored to these differences.
6. Develop a suite of 'market demand and market failure' indicators and use these to level the playing field by precisely targeting, limiting, and phasing out housing development incentives provided by government.
7. We strongly discourage the use of demand levers to address a supply side problem. Reduced first homeowner deposits and cash incentives continue to inflate house prices while not addressing the fundamental costs to build that are driven by workforce, materials and approvals processes.

### Streamline community consultation and approvals

8. Support LGAs to work with industry, government agencies and community stakeholders to set housing and housing mix targets for larger regional cities, as well as small towns and hamlets that reflect local industry trends, local activity hubs and service needs. These processes will improve knowledge of the city's growth needs, and the diversity of housing that is required to attract and retain workforce and industry in the regions.
9. Continuously build regional communities' awareness of new housing typologies. For example, the Future Home's 'Open house' involved full size floor plans projected onto the floor of a local sports stadium. Community members were invited to walk the floor plans and build their understanding of the design intent and execution.
10. Aggressively target approvals processes and resourcing shortfalls that delay processing of land release and development and building applications.

- a. Make greater use of risk-based assessments of the application and applicant to recognise experience and performance.
- b. Introducing statutory time requirements for authority approval post planning permit receipt.
- c. Actively embrace AI and similar learning technologies that can streamline processes, approvals and improve consistency and predictability of outcomes.

## Financing

11. Establish an LGA Windfall Tax Reinvestment Fund that ensures windfall tax is reinvested in the LGA it came from. The WTRF would be used to incentivise infill higher density development and offset specific costs of bringing major land releases to market including enabling and community infrastructure and costs currently borne by 'pioneer' developers.
12. Reward 'first movers' to develop higher density developments in regional centres using incentives such as loan guarantees, and faster approvals processes. Importantly these developments would not be limited to a particular segment e.g. affordable or social and instead focus on increasing the supply of mixed, higher density development in regional cities.
13. Adapt the first right of refusal process on the sale of surplus public land to incentivise public landowners to explore public-private partnerships to develop housing in combination with industry and business needs.
14. Support councils and CMAs to complete regional flood studies and similar reviews that improve data and risk assessments by insurers.

## Workforce and skills

15. Housing peak bodies and education providers develop a placement/training program that simplifies access to a wider suite of building technologies and housing typologies. For example, providing regional apprentices with placements on higher-density development projects – with bursaries or scholarships to offset the cost of relocating for the placement.
16. Prioritise stackable apprenticeships and traineeships that recognise qualifications 'on the way through'. For example, qualified framers, fixers and para-planners could deliver specific components of the building and approvals processes – as they work their way through to their full qualifications.

## Additional statistics and data

### Regions are not homogenous - comparative data snapshot

Source: <https://dbr.abs.gov.au/>

Description	Shepparton	Bendigo	Wodonga	Wangaratta	Ballarat	La Trobe	Australia
<b>Distance from Melbourne</b>	191 km	153 km	322 km	251 km	122 km	140 km	
Estimated resident population (no.)	69,135	124,174	44,276	30,002	118,137	78,154	26,648,878
Working age population (aged 15-64 years) (%)	61.3	61.4	62.2	58.1	62.7	60.9	64.9%
Estimated resident Aboriginal and Torres Strait Islander population (of LGA population)	4.91%	2.65%	4.02%	2.24%	2.10%	2.65%	3.69%
Persons born overseas (of LGA popn)	17.15%	9.44%	11.08%	8.98%	10.87%	12.62%	26.38%
<b>House Prices</b> Median price of established house transfers (\$)	\$ 455,000	\$ 555,000	\$ 554,500	\$ 515,000	\$ 575,000	\$ 412,000	\$ 730,000
<b>House Prices</b> Median price of established house transfers compared to national	-\$275,000	-\$175,000	-\$175,500	-\$215,000	-\$155,000	-\$318,000	\$ 730,000
<b>Income</b> Median total (excl. Government pensions and allowances) compared to national	-\$5,517	-\$1,958	\$160	-\$5,488	-\$1,571	-\$1,977	\$ 52,338
<b>Rent payment</b> Median weekly household compared to national	-\$115	-\$80	-\$85	-\$115	-\$78	-\$139	\$ 375
<b>Mortgage Payment</b> Median monthly household (\$) compared to national	-\$563	-\$446	-\$384	-\$513	-\$386	-\$650	\$ 1,863

## Undergraduate courses offered on campus in regional Victoria

Source: VTAC

		<b>Albury Wodonga</b>	<b>Ballarat</b>	<b>Bendigo</b>	<b>Shepparton</b>	<b>Gippsland</b>	<b>Geelong</b>
Business	Accounting						
Engineering	Civil						
	Electrical						
	Industrial						
	Mechanical						
	Mining						
Construction							
Allied Health	Physiotherapy						
	Occupational Therapy						
	Podiatry						
Nursing	Nursing						
	Nursing/ Midwifery						
Social work							
Science	Biomedical						
	Agricultural						
	Environmental						
Education							