



LOCAL GOVERNMENT
ASSOCIATION
OF QUEENSLAND INC.

Supplementary Submission

Productivity Commission - Discussion Draft

First Home Ownership Inquiry

Local Government Association of Queensland Supplementary Submission Productivity Commission Discussion Draft - First Home Ownership

The Queensland Local Government Association (LGAQ) is generally supportive of the broad discussion, key points, conclusions and policy implications which relate to the role and operation of local government within the planning and development system. There are however a number of responses and clarifications which have been identified and are detailed for consideration and inclusion in the final “First Home Ownership” report.

1. Policy and Resource Support for Councils addressing Housing Affordability:

Queensland Local Government have recognised that housing affordability is increasingly becoming a problem in local communities. Councils from small rural communities, to regional centres and to South East Queensland have identified and commenced strategies to address the impacts of a lack of affordable housing. In addressing the issue Local Governments have developed and implemented a range of innovative projects including the establishment of housing companies, the granting of in-kind support and financial subsidies to community housing groups and the direct construction and provision of housing.

Local Government policy regarding affordable housing is:

Local Government will work with the State Government to ensure adequate financial assistance and training is made available to those Councils that wish to identify the need for and the provision of affordable housing in local communities.

It is suggested that the final report recommend:

- Additional support and resources be provided to Local Government to develop and apply innovative local responses to issues of housing affordability, and**
- A cooperative policy and resourcing approach to housing affordability from all three (3) levels of government.**

2. Local Government Planning Responsibilities, Infrastructure Charging and Building Regulation

The draft report identifies three (3) areas in which Queensland Local Government play key roles, which potentially impact on housing affordability. The specific chapters in the draft report are:

- Chapter 6 Has supply got tighter?
- Chapter 7 Are infrastructure charges excessive?
- Chapter 8 Are industry performance and building regulation appropriate?
 - 8.3 Building regulation

Specific comments, responses and recommendations are provided for consideration in finalising the report.

Chapter 6 Has supply got tighter?

Key Point 2 states;

- Land release requires long lead times and needs to be informed by strategic planning in all jurisdictions. Such planning should involved public scrutiny of key assumptions about costs, benefits or different options.*

LGAQ Comment:

The Queensland planning system as prescribed in the *Integrated Planning Act 1997 (IPA)* and the practice of Local Government ensure strategic plans at both local and regional level are transparent and provide opportunity for scrutiny and review.

The planning scheme preparation process as stipulated in the *IPA* requires a rigorous process of community consultation to ensure stakeholders including the development industry or any interested party are able to view and comment on draft planning schemes.

Two opportunities for scrutiny exist within the scheme preparation process, the first early in the process to allow debate and consideration of strategic direction of the planning scheme and the second when a draft-planning scheme has been prepared. At both stages in the process scope exists to identify and demonstrate any significant shortage or arbitrary restriction in land supply or the utilisation of incorrect assumptions regarding the predicated population growth and housing mix.

In addition to public scrutiny strategic planning documents are reviewed by the Queensland State Government to ensure that the planning scheme complies with all State requirements. This again provides an opportunity for consideration and review of issues such as land supply.

In addition to the statutory planning schemes, all centres of significant growth in Queensland are involved in regional planning processes. The regional planning process while voluntary is likewise transparent with a number of opportunities for stakeholders to provide input and comment. In addition the regional plans actively consider and incorporate land supply for all appropriate land uses, some regional plans have sought to identify land supply for a 25-year period.

In summary Queensland Local Government have invested considerable resources into rigorous, comprehensive and transparent planning processes at a local and regional scale both of which analyse and seek to provide adequate land supply within the constraints of the physical environment and community expectations.

It is concluded that the key point and discussion relating to this issue does not relate to the Queensland system and as such be reflected in the report.

Key Point Dot point 4.

- *Planning approval processes appear to involve excessive 'red tape', duplication, inconsistencies, unnecessary delays and lack of transparency, all of which warrant detailed review.*

LGAQ Comment:

Queensland Local Government have since the introduction of the *IPA 1997* conservatively spent \$25 million dollars in the preparation of IPA planning schemes. This process will result in all 125 Local Governments having IPA compliant planning schemes by July 2004.

In addition to preparing new planning schemes Queensland Local Government has actively supported and been involved in reforms to the Integrated Development Assessment System including legislative change and reforms undertaken through the Queensland Red Tape Reduction Task Force all of which have addressed the structure and operation of the development assessment system.

In summary Queensland Local Government in being responsible participants in the development process through preparing planning schemes, and in participating in wider reforms have sought to continually reduce time delays, needless assessment, excessive red tape and duplication.

While ongoing reforms and improvements are necessary it is not held that major review or comprehensive reforms of the Queensland development assessment system is warranted.

Apart from the planning approval process it is recognised that two issues identified in the draft report are resulting in pressure being placed on the development assessment process. The issues identified are;

- Skill shortage, and
- Need for lower cost dispute resolution.

Queensland Local Governments are experiencing a significant shortage in skilled staff across the entire development assessment function including, land use planners, environmental scientists, engineers and building certifiers.

Councils extending from rural to major urban centres are operating development assessment processes under staffed and as such increased pressure is being experienced in maintaining statutory timeframes and standards for development assessment.

The lack of experienced staff has been recognised as a major focus for LGAQ in 2004. It is anticipated that a number of policy and project responses will be required to commence addressing the skills shortage in Queensland Local Government.

The current dispute resolution system results in lengthy delays and increased costs for both Councils and the development industry. Within the Queensland system the primary avenue for resolving disputes within the development assessment process is the Planning and Environment Court.

In seeking lower cost alternative dispute resolution Queensland Local Government have adopted the following policy positions:

Local Government supports creation of alternative dispute resolution mechanisms to provide more effective, responsive and lower cost resolution of planning disputes.

Undertake an investigation into implementing a lower cost dispute Resolution System for resolving Planning and Development disputes.

Annual planning and development court costs have now become prohibitive for councils even for the larger, better-resourced councils of the southeast corner. The court based appeal process now costs many millions of dollars each year and cost, borne by the community is escalating. Over recent years councils have called for the introduction of alternative, lower cost dispute resolution processes similar to those operating in other states for many years. A comprehensive investigation of the alternatives is sought drawing on significant knowledge and experience in other states.

Significant scope exists for the application of alternative dispute resolution processes and principles, which will minimise the cost and time delays associated with the current dispute resolution system.

The LGAQ suggests that the final report "First Home Ownership" incorporate the following recommendations:

1. **That the shortage of skilled staff in Queensland Local Government is a significant issue impacting on the timeliness and efficiency of the development assessment system and that additional policy and resources are required to address this issue on a national basis.**

2. That an investigation be undertaken into the application of alternative dispute resolution processes into the development assessment system in reducing the overall cost of developments.

7. Are infrastructure charges excessive?

Key Points 1 & 2

- *The claimed savings or improvements to affordability from reducing developer charges for infrastructure appear overstated, as most categories of charges are justified on efficiency/equity grounds - the category for which such charging is not justified is community wide social infrastructure, but charges for such items have generally been small.*
- *While infrastructure charges have increased over time and have contributed to higher house prices, they cannot explain the price surge since the mid 1990's.*

LGAQ Comment:

The Association welcomes the findings that the relative impact of infrastructure charges on housing affordability is limited.

Queensland Local Government are statutorily limited to charge as a maximum cost recovery for the following infrastructure networks;

- Local roads,
- Storm water,
- Sewerage,
- Water, and
- Parks.

The Queensland legislation and the practice of Local Government in infrastructure planning and charging have introduced considerable rigour in ensuring that the infrastructure networks are efficient and that the calculation and allocation of charges is transparent and accountable.

Section 8.3 Building Regulation

Key Point 4

There are apparent shortcomings in the way that building regulations in Australia are developed and implemented. Greater compliance with regulatory impacts statement requirements would help in this regard.

- *The Commission's publicly foreshadowed research study into national building industry regulatory reform will provide an appropriate means of assessing relevant institutional arrangements, as well as ways to improve the efficiency and responsiveness of building regulation.*

LGAQ Comment:

Building regulation is an issue of primary significance to Queensland Local Government.

Queensland Local Government supports the Australian Building Code (BCA) as an appropriate mechanism for regulating building. The Association also supports the variation of the BCA to a higher standard in a planning scheme when determined by a Council. It is recognised that the balancing of higher standards in a planning scheme and the value of a uniform national standard in the BCA needs to be considered carefully.

Queensland Local Government fully supported the reform of the building regulation process to private certification. This reform has resulted in greater efficiencies and cost savings in the building regulation system.

LGAQ undertook a comprehensive review in the Building Certification in the “Review in Building Certification in Queensland 2001” report. This review resulted in reform to the building certification process and the introduction of greater transparency and accountability and reducing overall costs.

The report foreshadows an investigation into national building industry regulatory reform and the potential increased utilisation of Regulatory Impact Statements. Queensland Local Government would be a key stakeholder in the review of current regulatory arrangements and will actively participate in the Productivity Commission process.