



File Ref: 500-9

18 February 2004

Mr Gary Banks
Chairman
Inquiry into First Home Ownership
Productivity Commission
LB2, Collins Street East
Melbourne, Victoria 8003

Dear Mr Banks

Thank you for the opportunity to provide a submission to the First Home Ownership, Productivity Commission Discussion Draft.

The Australian Local Government Association (ALGA) welcomes the release of the discussion paper and compliments you on the breadth and content of the paper. I believe that the paper is a useful starting point for discussion and the delineation of the main issues of substance related to housing affordability. Prior to the release of this paper, ALGA was concerned much of the public comment and debate seemed to be based upon commonly held myths and misconceptions.

ALGA is broadly comfortable with the Commission's findings in the report. In particular, we consider those which relate to local governments' roles and functions to be well founded. ALGA is also pleased with the Commission's conclusion that the impact of local government infrastructure charges on housing affordability is limited. ALGA agrees that 'developer contributions' are an efficient and equitable infrastructure funding mechanism and if applied through a disciplined and transparent process, will not affect housing affordability.

In addition to the issues identified in the discussion paper, I have been asked by some of our member state local government associations to alert the Commission to the need for assistance to local government in developing appropriate responses to local housing needs. Local government recognises that the issue of housing affordability is a major concern for local communities. To address this concern, many local councils are currently developing and implementing innovative approaches to the provision of affordable housing within their communities.

To ensure that local government continues to have the opportunity to address housing affordability, further assistance should be provided. It is suggested that the report recommend that additional support and resources be provided to local government in

the development of local/regional housing strategies to enable local government to better understand local housing circumstances and to develop appropriate responses to local housing needs

ALGA thanks the Commission for the opportunity to offer these remarks and would be happy to further discuss the issues we have raised at your convenience.

Yours sincerely

Ian Chalmers
Chief Executive