

24 June 2016

Director
Planning Systems
Department of Environment, Land, Water and Planning
PO Box 500
East Melbourne Vic 8002

Via email: planning.systems@delwp.vic.gov.au

To Whom It May Concern:

Re: Regulatory Impact Statement for the Review of the Planning and Subdivision Fees

The Property Council welcomes the opportunity to comment on the proposed changes to the planning and subdivision fees.

We currently have concerns that the issues expressed in our letter dated 18 January 2016 have not been addressed in the Regulatory Impact Statement. We have attached a copy of this letter for your reference.

Further to the views expressed in this letter, we make recommendations with regard to the proposed changes as follows.

We believe that there is no justification for fee increases this large without reform of equal magnitude. The Property Council believes that in order for these increases to have any support from stakeholders, they must be coupled with:

- A reduction in red tape at a local government level; and
- An increase in efficiency and services, requirements to meet statutory time frames and better performance based outcomes.

Red Tape

The Property Council is concerned that the proposed cost increase does not represent a legitimate cost recovery exercise. We do not believe many of these should cost the amount proposed and if they do, we recommend that more efficient processes be introduced. It is critical that this is addressed before any of the proposed increases are implemented.

Further, we encourage Government to introduce an incentive based process with these changes to incentivise councils to streamline procedures and meet targets. This proposition would include performance tested measures to assess whether targets have been met on time.

The development of this process should be linked to the findings of the abovementioned efficiency review.

Increased Fees

Industry expects that with such a significant increase in the fees, councils will provide a correlating significant increase in services. We encourage the Government to consider tying fees to outcomes. For example, if industry pays these new fees, councils must be required to meet the statutory timeframe or provide a refund/not collect the full amount. In these instances, we would also support a council being made liable for a portion of the costs associated with the planning application.

Hardship exemption

Due to the sharp increase in fees, the Property Council suggests that the Government also introduce a hardship exemption for developers. This would provide discretion for a council to reduce their fees on hardship grounds by mutual agreement.

Proposed Permit fees

The Property Council does not support the proposed increase to planning permit fees in its current form. Instead, we suggest that these fees be separated into minor permits and major permits as exists in New South Wales. The proposed fee is too high for a minor permit and as such, we encourage Government to only apply it to major permits.

Amendments

Amendments should be encouraged as they provide good policy outcomes for all stakeholders including the broader community. The Property Council is concerned that the proposed increase in fees will result in poor outcomes as it provides proponents with a disincentive to amend their permit and to achieve the optimal result. Under the proposed fees, this is to increase by up to 1330 per cent. This exorbitant escalation instead shifts the focus from the end result to the number of times the permit is amended, which is of no benefit.

The State Government needs to look at the proposed costs as a whole and consider that many of these will simply be passed onto the homebuyer. In the current housing climate, without pairing these increases with the reforms suggested above, the changes simply represent another tax on future home buyers.

If you have any queries regarding the matters outlined above, please do not hesitate to contact Daniella Stutt, Senior Policy Advisor on 9664 4229 or at dstutt@propertycouncil.com.au.

Yours sincerely,



Asher Judah
Acting Victorian Executive Director
Property Council of Australia