



MASTERS OF OUR INDUSTRY

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Ms Kathy Mitchell
Chair, Standard Development Contributions Advisory Committee
C/O Planning Panels Victoria
PO Box 500
EAST MELBOURNE VIC 3002

Dear Ms Mitchell

Thank you for the opportunity to provide input into the Standard Development Contributions Advisory Committees first report *Setting the Framework*, following our previous submission in October 2012 calling for a fairer and more consistent development contributions system.

The Master Builders Association of Victoria is the peak body representing employers in Victoria's building and construction industry. Our membership consists of more than 9500 builders, subcontractors, manufacturers/suppliers and students. More than 50 per cent of our members are small businesses with an annual turnover of \$2 million or less.

The purpose of the development contributions scheme is to assist the financing of essential community infrastructure. It should not replace or subsidise the responsibilities of local, state and national governments.

A new development contributions framework should seek to promote innovation in delivery to help ensure communities get the infrastructure they need, better support projects in existing communities to ensure Victoria's high liveability standards can be maintained, whilst minimising regulatory burdens on businesses.

It also needs to provide greater certainty and consistency in the calculation of development contributions. The variation in charges across municipal borders was highlighted in the Urban Enterprise report *DCP Levy Analysis*, which showed that DCP levy amounts can vary from \$7,033 in Tarneit West to \$52,280 in Epping North East LSP per hectare for community facilities.

Master Builders supports the three categories of development settings proposed in the report to be established:

- Growth (for metropolitan and regional Victoria)
- Urban
- Strategic development areas (large and small scale).

We believe that limiting these settings to fewer options will provide greater consistency to the process. Applying one growth setting regardless of whether it is in a new suburb or regional town will enable residents in regional Victoria to have access to the same quality infrastructure as those in metropolitan Melbourne. These settings should reward sensible infill development proposals, which is vital to enhancing liveability, boosting community infrastructure and services as well as encouraging greater diversity in our housing stock.

We also support the establishment of a standard fixed contributions model that sets different rates for residential, commercial or industrial developments. This would create greater certainty by removing the requirement to prepare costly, time consuming development contribution plans. This should include a cap on the total funds required for any particular development contributions.

Master Builders is concerned however, that having a customised Development Levy Scheme (DLS) model in exceptional circumstances would undermine the fundamental goal of these reforms to create certainty for the building and construction industry.

If DLSs are authorised to proceed, a stringent approval process must be required to discourage councils seeking to obfuscate decision making by tactically proposing to apply widespread use of a DLS to any particular development. This must include strict criteria for accessing a DLS and the requirement for Ministerial or Parliamentary approval. The creation of a new body to authorise their use is discouraged, as this adds greater bureaucracy to a process already overburdened by red tape and contravenes the Minister for Planning's statement that the government seeks a "fair and simple development contributions framework" and an "efficient planning system".

Councils should instead be incentivised to use standard levies, as this will minimise their administrative burdens. A clear process of accountability must be required for each council in their annual reporting that discloses the amount of funds raised through development contributions and how these funds have been reinvested into building relevant community infrastructure.

Reforms are also needed to move towards a more streamlined process for builders and developers to be able to appeal or negotiate cumbersome council requests within the development contributions framework, rather than through the current complex and lengthy planning panels process. This would minimise the amount of time lost by businesses in redrafting and recirculating plans associated with the approval of planning scheme amendments and, in particular, precinct structure plans.

Furthermore, there needs to be a clear process for how open space is provided and calculated for in developments, and levies need to be geared to encourage infill development, which can be more costly than Greenfield developments due to high land remediation costs.

Mechanisms must be provided that allow developers to make works in kind contributions but ensure that councils do not take advantage of this arrangement and pursue works in kind above that of any cap on total funds. The framework should not seek to punish builders and developers where infrastructure delivery is delayed for reasons beyond their control.

Finally, a reporting arrangement is required to evaluate the effectiveness of the new development contributions regime.

If have any questions regarding this matter, please contact Tim Salathiel, Policy and Communications Manager, on (03) 9411 4515.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Brian Welch', with a long horizontal flourish extending to the right.

Brian Welch
Executive Director