



the voice of the industry

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Reform to Development Contributions Required

The Housing Industry Association has welcomed the announcement by the Victorian Government that it has chosen a preferred framework for development contribution plans, however, suggested that the ‘devil will be in the detail’.

“The commitment by the Victorian Planning Minister, Matthew Guy, to reform the development contributions system is welcomed by the housing industry,” said HIA Regional Executive Director for Victoria, Mr Gil King.

“Levies paid by developers go straight onto the price of a new home, and further reduce housing affordability for already struggling Victorians.”

“We know from recent modelling conducted by the Centre for International Economics that up to 38% of the final price of a new house and land package in Melbourne is government taxes and levies, so we don’t need to add any more to this.”

Mr King cited a crucial issue as being how much levies will be collected in the future.

“Until the government has fully costed any of the proposed models – HIA maintains that it is impossible to know whether there will be meaningful improvements for homebuyers.”

“However, the indications are that transparency and consistency of development charges will be improved with this reform, which is a start.”

“HIA accepts the proposition that developers should be delivering local development infrastructure and items which are essential to a new subdivision such as local roads, local open space, drainage and utilities.”

“But what we are now seeing is a proliferation of charges that relate to much broader community infrastructure from which everyone uses and benefits - such as sports pavilions and regional swimming pools, libraries and child care centres.”

“These are important assets that will be owned and utilised by the whole community, and accordingly it should be the broader community that meets the cost, rather than the individual home buyer.”

Mr King noted the announcement by the Minister that an Advisory Committee will be appointed to set levies in the future, and indicated that industry would be seeking to contribute to the group.

“It is essential that if this reform is to be successful and housing affordability is not further eroded that the housing industry has a seat at the table. With this in mind, we look forward to working with the Minister on the Advisory Committee,” concluded Mr King.

For further information contact

Fiona Nield, Director – Gov. Programs & Member Communications, 0419 751 187
Greg Weller, National Director – Communications, 02 6245 1388 / 0438 846 752

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