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HOUSING INDUSTRY ASSOCIATION

Housing Australians

Reforming Building & Planning Laws

Submission to the
Infrastructure, Planning and Natural Resources Committee

Planning Bills

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HOUSING INDUSTRY ASSOCIATION

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ABOUT THE HOUSING INDUSTRY ASSOCIATION

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry, including new home builders, renovators, trade contractors, land developers, related building professionals, and suppliers and manufacturers of building products.

As the voice of the industry, HIA represents some 40,000 member businesses throughout Australia. The residential building industry includes land development, detached home construction, home renovations, low/medium-density housing, high-rise apartment buildings and building product manufacturing.

HIA members comprise a diversity of residential builders, including the Housing 100 volume builders, small to medium builders and renovators, residential developers, trade contractors, major building product manufacturers and suppliers and consultants to the industry. HIA members construct over 85 per cent of the nation's new building stock.

HIA exists to service the businesses it represents, lobby for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry. HIA's mission is to:

> *"promote policies and provide services which enhance our members' business practices, products and profitability, consistent with the highest standards of professional and commercial conduct."*

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into manufacturing, supply, and retail sectors.

The aggregate residential industry contribution to the Australian economy is over $150 billion per annum, with over one million employees in building and construction, tens of thousands of small businesses, and over 200,000 sub-contractors reliant on the industry for their livelihood.

HIA develops and advocates policy on behalf of members to further advance new home building and renovating, enabling members to provide affordable and appropriate housing to the growing Australian population. New policy is generated through a grassroots process that starts with local and regional committees before progressing to the National Policy Congress by which time it has passed through almost 1,000 sets of hands.

Policy development is supported by an ongoing process of collecting and analysing data, forecasting, and providing industry data and insights for members, the general public and on a contract basis.

The association operates offices in 23 centres around the nation providing a wide range of advocacy, business support including services and products to members, technical and compliance advice, training services, contracts and stationary, industry awards for excellence, and member only discounts on goods and services.

1. Introduction

New home building and renovation is a significant economic driver and employer across metropolitan and regional Queensland. Moreover, access to appropriate and affordable housing is a fundamental desire that provides economic security, independence and privacy for individuals and families and is the foundation for healthy, thriving communities.

The planning system can do much to facilitate these objectives if it is sufficiently flexible to accommodate changing housing needs, is transparent to users of the system, and is efficient in delivering good outcomes cost-effectively.

The home building industry's experience with the Queensland planning system is that it does not deliver effectively on flexibility, transparency or cost. This failure compromises the capacity of the industry to deliver for individual Queenslanders and the broader Queensland economy.

Planning legislation is a necessary but not sufficient condition to improving the housing outcomes for the industry and its clients. How state government agencies and local governments respond to the opportunities the legislative framework provides is also crucial to the system's performance. There is ample evidence of this with the operation of the Sustainable Planning Act where some planning schemes and development assessment processes in some local governments provide much of the flexibility, transparency and cost-efficiency that the industry seeks, while other agencies operating within the same legislative framework have produced complex, opaque and costly outcomes.

The complexity and resultant uncertainty of planning regulation is proving to be a genuine barrier for the industry and is discouraging the delivery of housing mix and innovation. The ultimate result is reduced consumer choice with a price premium.

The practical outcome of the current legislation and its implementation is that it is estimated that over 50% of all new home building and renovation projects require a costly planning approval over and above already having to meet the requirements of the Building Act. Twenty years ago probably only one in ten home building projects needed a planning approval as well as a building approval. In HIA's experience the overwhelming majority of these planning approvals add little or nothing to the quality of the finished product but add significant time, cost and frustration to the project.

2. Can the new Planning Bill Improve Housing Outcomes?

A new Planning Act is an opportunity to reflect on the failures and experiences from the past and ensure new legislation is clear in its intent and focuses on those aspects that add value to the outcome.

HIA welcomes the inclusion of "affordable development" in the objectives of the Bill but struggles to identify where the content of the Bill contributes to this objective.

HIA has been actively involved over the last four years in the review and drafting of both the Planning and Development Bill 2014 and the Planning Bill 2015 and while HIA has participated in much debate during this period regarding issues related to the purpose of the Bill, categories of development and levels of assessment, assessment timeframes, compensation and currency periods, the focus of this submission will be on three related issues that impact on industry participants on a daily basis. With the possible exception of the compensation provisions in the Bill, HIA is of the view that the Bill's provisions for levels of assessment, timeframes and planning processes generally will have little or no impact on the delivery of housing when compared with the current Act.

However HIA believes that there is scope with some relatively minor amendments to the Bills to deliver significant efficiencies for the home building industry and its clients.

From the perspective of the average participant in the domestic construction industry, be they a builder, architect/designer, building certifier, engineer or planner, the three biggest issues with the current legislative framework that are not in HIA's view addressed in either of the Bills are

- the practical challenge of finding out what all the actual planning rules are that apply to an individual parcel of land;
- the ability and willingness of many Councils to duplicate building related matters within planning schemes and development approvals which then trigger town planning applications for minor building matters, create confusion, the need to get additional unnecessary approvals, cost and delays; and
- the lack of a simple, affordable, timely appeal process to challenge the validity of planning scheme provisions that attempt to regulate building matters.

2.1 Access to Information

Establishing the rules that need to be met and determining what if any approval needs to gained are a logical first step in any building process, therefore easy access to clear accurate information is critical.

However, for practitioners in the residential construction industry the challenge of clearly identifying the sum total of the development rules that apply to any given parcel of land for even quite minor building projects is becoming increasingly difficult.

The maze of detailed zone codes, local plan codes, use codes, overlay maps (with their associated codes) and tables of assessment that are all part of the average planning scheme and that all need to be checked for even quite minor building projects has seen the associated timeframes to identify critical information and therefore the costs of identifying all the relevant requirements as well as the margin for error steadily increase over the last ten years.

This example of a section of the Brisbane City Plan which forms the introduction to the code governing the construction of a house in Brisbane highlights that in addition to this code the applicant also needs to check six other sections of the scheme in addition to all the relevant overlays (29) as well as any applicable neighbourhood plans which amounts to over 35 sections of the plan .The last note however indicates all this could be overridden by any approvals already issued. This is to build a house.

9.3.7 Dwelling house code

9.3.7.1 Application

(1) This code applies to assessing a material change of use or building work if:
(a) self-assessable or assessable development where this code is an applicable code identified in the assessment criteria column of a table of assessment for a material change of use (section 5.5), a neighbourhood plan (section 5.9) or an overlay (section 5.10); or
(b) impact assessable development for a dwelling house if not on a small lot or a use of a similar nature.
(2) When using this code, reference should be made to section 1.5 and section 5.3.3.

Note—Where a dwelling house on a small lot, the Dwelling house (small lot) code applies.

Note—Where the land is identified in an overlay such as the Bushfire overlay map, Flood overlay map, Landslide overlay map, Significant landscape trees overlay map or Waterway corridors overlay map, additional provisions relating to that overlay also apply. For example, minimum floor levels for a dwelling house on a site subject to certain types of flooding, are identified in the Flood overlay code.

Note—Where the site is located may be subject to a zone, zone precinct, neighbourhood plan or overlay, these may vary the outcomes identified in this code and to the extent that these vary, those outcomes prevail.

Note—Preliminary approvals or development permits for other aspects of development can vary the outcomes of this code and to the extent that these vary, those outcomes prevail.

This in combination with the proliferation of Plans of Development (unique sets of rules that only apply to the development being approved) and building specific conditions that are increasingly being incorporated in planning approvals (and over-rule sections of building legislation) has created an environment of uncertainty for all as the task of identifying the relevant development rules becomes overwhelming.

Of significant concern for those who work in the new home building industry is the explosion in the number of Plans of Development (PODs) that Councils have approved in recent years (estimated at around 300 in SEQ) creating a level of hidden legislation (mini planning schemes) that unless you know one exists and know where to search for it would remain invisible.

Enquiries by HIA have revealed most councils have no record of how many PODs they have approved. It is hard to comply with rules you don’t know exist.

Given that the role of the building certifier for example is to ensure that in issuing a Building Approval for a house he not only needs to ensure it complies with the structural requirements of the Building Code of Australia, he also needs to ensure the house has been designed and

will be sited on the block of land in accordance with the relevant rules which may be contained in any combination of the Queensland Development Code, the residential provisions of the planning scheme, or a POD approved as part of the original subdivision approval that created the allotment. For any areas of non-compliance the building certifier then needs to determine what if any additional planning scheme approvals might be required. Taking all this into account it is clear that gaining access to all the necessary information is vital. While the task of determining which set of rules in which document trumps the other rules can be challenging in itself, finding the rules should not have to be a challenge.

While section 89 of the Planning Bill 2015 identifies the circumstances under which particular approvals are to be noted and section 264 sets out the types of certificates (information) that can be requested from a Council, HIA would argue these provisions go no-where near ensuring Councils provide this essential information in an easily accessible, timely and inexpensive manner. Currently a certificate that includes this information would cost $554 and the Council has 10 business days in which to respond to the request.

HIA would strongly recommend that section 89 of the Planning Bill needs to be expanded to specifically require Councils to publish approvals that include POD's and development conditions that include building related requirements.

> **89 Particular approvals to be noted**
> (1) This section applies if a local government—
> (a) gives a development approval and considers the
> approval is substantially inconsistent with the planning
> scheme; or
>
> *(b)gives a subdivision approval that contains a plan of development or conditions governing building;*
>
> (c) gives a variation approval; or
> (d) agrees to a superseded planning scheme request for a
> superseded planning scheme to apply to the carrying out
> of particular development.

Additionally, the Bill should include a provision that requires at a minimum that councils have to make available to applicants something akin to the New South Wales Section 149 certificate.

This certificate would capture all of the development constraints applying to the parcel of land including zoning, plans of development, overlays and subdivision conditions that impact on the built form and the permitted land uses. As it is in NSW, the fee for this certificate and its timeliness should be regulated via the Bill.

In NSW the fee for the certificate is currently set at $133 for the two most commonly requested planning certificates. Importantly applicants and building certifiers are able to rely on the contents of the certificate in assessing development proposals. This system should be adopted in Queensland and HIA acknowledges this would require the State Government to financially support councils for this to occur.

It should be noted that the NSW government has recently established a planning portal for residential development where all relevant planning information relating to any given site can be sourced. Similar models have been adopted in Victoria and Western Australia and the draft South Australian Planning Development and Infrastructure Bill also proposes a similar requirement which could be included in the Bill (see below).

49—Standards and specifications
(1) The Commission may prepare and publish standards and specifications that are to 30 apply to or in relation to—
(a) the SA planning portal; and
(b) the SA planning database; and
(c) the online atlas and search facility.
(2) A standard or specification under subsection (1) may include— 35
(a) technical requirements for any document, instrument or material that is to be included on the SA planning portal or in connection with the SA planning database; and
(b) requirements as to electronic files, including as to their formats;
(c) requirements as to the provision and certification of any document, instrument or material, or as to any matter; and
(d) requirements as to the accessibility of the SA planning portal or the SA planning database; and
(e) requirements as to the recording, management, preservation, storage, 5 archiving and (if appropriate) disposal of any document, instrument or material; and
(f) other matters determined by the Commission.
(3) Subject to complying with any standard or specification under subsection (2), the SA planning portal and SA planning database may be maintained (and the SA planning 10 database compiled) as determined by the Chief Executive.
(4) In addition to subsection (3), the Chief Executive may—
(a) grant authorisations to a person, or persons of a specified class, to deposit or amend a document, instrument or other materials on the SA planning portal, subject to such conditions or limitations as the Chief Executive thinks fit; and 15
(b) specify requirements, protocols and guidelines that will apply in relation to the administration of the SA planning portal.
(5) A person must not breach, or fail to comply with, a condition under subsection (4)(a).
Maximum penalty: $20 000.
(6) The State Records Act 1997 does not apply to or in relation to a record (within the 20 meaning of that Act) that is received, created or held under this Division.

50—Certification and verification of information
(1) A version of a statutory instrument published on the SA planning portal and certified in accordance with any requirements prescribed by the regulations by the Chief Executive (including a consolidation of a statutory instrument as at a particular day) 25 will be presumed, in the absence of proof to the contrary, to be a complete and accurate record of the statutory instrument (or the statutory instrument as amended or consolidated) and in force on the relevant day specified on the SA planning portal (and so may be relied on for the purposes of this Act).
(2) Any information produced on the SA planning database as to the application of 30 planning policies, rules and information to a specified place within the State will be

presumed, in the absence of proof to the contrary, to be accurate and correct (and so may be relied on for the purposes of this Act).

51—Online delivery of planning services

The regulations may make provision for or with respect to the online delivery of 35 planning services and information in relation to such things as—
(a) the lodging of applications, documents and information under this Act; and
(b) the assessment of categories of development; and
(c) the issuing or registration of development authorisations; and
(d) the provision or publication of information.

52—Protected information

(1) Despite a preceding section of this Division, the Minister may, after taking into account the advice of the Commission, by notice published in the Gazette, issue a direction with respect to prohibiting, restricting or limiting access to any document, instrument or material on the SA planning portal on the ground of— 5
(a) confidentiality or privacy; or
(b) safety or security (including the security, or future security, of a building); or
(c) any other matter prescribed by the regulations.
(2) A direction under subsection (1) may provide access subject to conditions specified by the direction. 10
(3) A person must not breach, or fail to comply with, a direction under subsection (1) or a condition under subsection (2).
Maximum penalty: $20 000.
(4) The Minister may, by subsequent notice published in the Gazette, vary or revoke a notice under this section.

53—Freedom of information

The Freedom of Information Act 1991 does not apply to or in relation to a document (within the meaning of that Act) that is received, created or held under this Division.

54—Fees and charges

(1) The Chief Executive may, with the approval of the Minister, impose fees and charges 20 with respect to gaining access to, or obtaining, information or material held under this Division.
(2) The Chief Executive may, with the approval of the Minister, require a council to make a contribution, on a periodic or other basis, towards the costs of establishing or maintaining— 25
(a) the SA planning portal; and
(b) the SA planning database; and
(c) any online atlas and search facility under this Division.
(3) Any fee, charge or contribution under subsection (1) or (2) may be—
(a) set on a differential basis; and 30
(b) varied from time to time by the Chief Executive with the approval of the Minister.
(4) If a council fails to comply with a requirement under subsection (2), the contribution payable by the council will be recoverable by the Chief Executive as a debt.
(5) Nothing in this section limits or derogates from the power to set or impose a fee or charge by regulation under this Act (and vice versa).

2.2 Building Matters and Minor Building Work in Planning Schemes

The adoption of the Sustainable Planning Act saw the introduction of a number of initiatives aimed at streamlining the approval processes for smaller projects of a residential nature.

The intention was clear, clause (78A) of SPA provides that a planning scheme must not deal with building work that is regulated under the building assessment provisions of the Building Act. The purpose of the clause was to make it clear that a planning scheme must not be inconsistent with the requirements of the Building Act. The intention is that to the extent a planning scheme deals with building work regulated under the Building Act it is of no effect.

Frustratingly, despite this provision many councils continue to include these requirements within their schemes. Logan City Council for example in its newly adopted planning scheme (late 2015) has replicated the siting requirements of the Queensland Development Code within the planning scheme. However, they are by no means an isolated case in fact the majority of Councils in the state specify car parking requirements for houses despite provisions dealing with this matter already existing within the Queensland Development Code. The result of this simple duplication is the need to gain a separate town planning approval (with associated costs and delays) in instances where a variation to the requirement is being sought rather than the more cost effective and streamlined path of a relaxation application as part of the Building Approval.

Additionally, Schedule 4 of the regulations set out that Councils could not trigger a town planning application for the construction of a new class 1 (house) or 10 (ancillary structure eg carport, patio, shed) building on residential zoned land or for the repair, renovation, alteration or addition to an existing class 1 or 10 building unless the site was bushfire prone or another overlay relevant to the construction of the dwelling was in place.

Despite these good intentions Councils have continued to invent ways to skirt around the intent of the Act and Regulations and develop bespoke criteria that trigger costly and time consuming applications for minor residential projects. For example Brisbane City Council introduced an overlay covering the whole of the city with the simple intention of subverting the provisions of schedule 4 which then allows them to trigger Town Planning applications for houses. Over 60% of all Town Planning Applications received by BCC are related to houses. Brisbane however is not the sole offender with many councils deciding that anything from a mosquito overlay to airport and acid sulphate soil overlays were also sufficient to overrule schedule 4.

Given the number of Councils that continue to duplicate matters within their planning schemes that are already adequately dealt with in building legislation in conjunction with the steady increase in the number of minor building matters (decks, carports, patios, shade sails) that trigger the need to gain additional town planning approval, HIA believes there is only one conclusion. The failure of the legislation to achieve its goals is because there has been a failure of the State Government as the gate keeper of the legislation to ensure Local Governments adhere to the intent of the legislation.

What many in Local Government fail to understand is that the (apparent) simple duplication of assessment processes triggered by incorporating building matters in planning schemes adds significant cost and delays for applicants and consumers while adding little if any material value to the outcome. The costs for the consumer are material. Application fees,

expert consultant reports and the associated delays to the projects commencement quickly add thousands of dollars (sometimes more than the value of the proposed works) to the overall cost of minor projects, often with no discernible change in the outcome from going through the process. To lodge an application for a house for example typically a consultant would charge between $2000 and $3000 not including other specialist reports to prepare an application, while the Council fee is typically in the range of $800 to $1200. Once an application is lodged it can then also trigger a referral through the State Governments SARA process adding another $1400 to the cost. A consultant would typically take two to four weeks to prepare an application while a council would typically take between three and six weeks to assess an application.

Furthermore, advice to HIA indicates that the significant confusion created by the ongoing debate of which matters trigger an application and which matters don't (which of course varies from Council to Council) is responsible for approximately half of the complaints lodged with the Queensland Building and Construction Commission regarding the competency and conduct of Building Certifiers. Additionally, approximately one third of the appeals lodged with the Dispute Resolution Committee are generated by this issue. These dispute processes are costly and time consuming for both the industry and government.

HIA acknowledges that wording similar to section 78A of SPA has been included in the Planning Bill 2015 section 8(5) (is not included in the Planning and Development Bill 2014) and while the clause has been less than effective to date (due in HIA's opinion to a lack of enforcement by the State Government) its presence in the principal legislation should send a strong message.

Clearly, the ambiguity in the definitions of Material Change of Use (MCU) and Building Work provides significant enough wiggle room for Councils to be able to exploit the loophole to the extent they believe they can trigger a Town Planning Application for whatever works they choose regardless of the scale of the project and its suitability with surrounding land uses, and regardless of whether suitable controls already exist in the Building Legislation. To rub salt into the wound the interpretation between councils varies. For example in Brisbane any extension to a house on a corner allotment in the Traditional Building Character Overlay is considered a Material Change of Use (MCU): it is not considered a MCU if you are not in the Traditional Building Character Overlay, nor is it considered an MCU by any other council: it is just building work. Logan City Council treats the relaxation of boundary setbacks as a MCU with an associated application fee of $1300, Somerset Council does not treat the relaxation of boundary setbacks as an MCU but triggers a building relaxation application with an associated fee of $239 as does Gold Coast City Council which charges a fee of $1014.

HIA contends that building work should not be regarded as an MCU where it is intended to undertake construction in accordance with uses permitted under the zoning. What constitutes a "material change of use" should be derived from the attributes of the land and the activity proposed. For example if land is zoned for residential purposes, has been subdivided for these purposes or is currently used for these purposes, then the construction of a residence on that land does not materially change the "use" of the land.

HIA would argue that further work needs to be undertaken to better clarify these definitions to assist in interpretation and implementation.

Additionally, HIA would suggest there is a need for the legislation to contain a definition of minor building work (see below) and nominate the nature of works that fit into the category and furthermore exempt these works from the need for Town Planning Approval.

> ***Minor Building Work***
> *An alteration, addition or extension to an existing building(s) which results in an increase in the gross floor area of the building(s) of less than five per cent of the gross floor area of the existing building(s) or 50 square metres, whichever is the lesser.*

2.3 Opportunity to Appeal

In light of the issues and challenges highlighted above and given these issues highlighted are real and causing confusion daily, HIA would argue that there is a need to put in place a cost effective efficient option (other than the Planning and Environment Court) for providing declaratory advice in relation to whether matters included in planning schemes or conditions placed on development approvals are planning matters or building matters.

HIA notes that the Planning Bill 2015 proposes a broader range of matters that can be dealt with by the Development Tribunal. HIA envisages that this Tribunal would operate in a similar manner to the Building and Development Dispute Resolution Committee currently in operation.

HIA would suggest a tribunal of this nature provides the ideal forum for providing the declaratory advice recommended and as such section 250 of the Bill should be amended to facilitate the ability for the Development Tribunal to hear such matters.

> **250 Matters tribunal may consider**
> (1) This section applies to tribunal proceedings about—
> (a) a development application or change application; or
> (b) an application or request (however called) under the Building Act or the Plumbing and Drainage Act;
>
> *(c)declaratory advice about compliance with section 8(5).*
>
> (2) The tribunal must decide the proceedings based on the laws in effect when the application was properly made, but may give the weight that the tribunal considers appropriate, in the circumstances, to any new laws.

3. Conclusion

As mentioned above HIA welcomes the inclusion of "affordable development" in the objectives of the Planning Bill 2015 but is generally of the belief that the Bill's provisions will have little or no impact on the delivery of housing when compared with the current Act.

HIA acknowledges that some of the recommendations made above will involve investment by the State Government to assist councils to develop and improve systems and that this will pose some challenges. Correspondingly, HIA would highlight the cost of doing nothing and

the result of maintaining the status quo is to accept that the significant burdens already in play are an acceptable part of doing business in Queensland.

HIA has calculated that the annual cost to consumers, industry and government created by the confusing maze of rules and processes, the inconsistencies in interpretation and implementation, and the associated churn this creates is in the order of 170 million dollars annually (see attached).

On this basis HIA believes the following recommendations need to be addressed.

1. Expand section 89 of the Planning Bill 2015 to specifically require Councils to publish approvals that include POD's and development conditions that include building related requirements;

2. In the short term require councils to provide information in a cost effective and timely manner similar to section 149 certificates in NSW with the long term goal of developing an online portal similar to that available in NSW, Victoria and Western Australia and as proposed in South Australia;

3. Review the definitions of Material Change of Use and Building Work to reduce the ambiguity:

4. Introduce into the legislation a definition of Minor Building Work and identify suitable examples that will be noted as exempt development;

5. Broaden the scope of the Development Tribunal to allow applications for declaratory advice regarding the appropriateness of provisions in schemes that maybe contrary to section 8(5) of the Planning Bill 2015.

Cost of Not Having a State-wide Housing Code in Queensland

Background

In the absence of a single state-wide code for detached housing every new build and renovation project requires any or all of the property owner, the designer, the builder and the certifier to assess the proposed project against the requirements and constraints of:

- Local government planning schemes;
- Approved plans of development;
- Conditions on the approval of subdivisions;
- Some state government constraints e.g. transport corridors
- Queensland Development Code; and
- Developers' covenants.

These assessments all add to the cost of gaining and approval and can also add to the cost of construction. In many cases all of these instruments need to be assessed to cover off on all of the aspects of the proposed home, adding further to the complexity and cost.

An estimate of these costs is made below: the list is not exhaustive and attempts to measure orders of magnitude given the difficulties with obtaining precise costings.

The estimates assume 20,000 detached home approvals and 60,000 approvals for renovations in Queensland each year. Certifiers have estimated that about half of these 80,000 applications need some level of local government planning approval.

1. Cost of establishing development constraints and the potential need for a planning application

While zoning information is readily available on most council websites, information about conditions on subdivision development approvals and plans of development are more difficult to find, or even determine if they exist, especially on older subdivisions.

Councils will provide reports on these constraints but at a significant cost and with weeks of delay. Such a planning report from a council would typically cost $500-1,000 and take 4-6 weeks to prepare.

Not all detached home projects or renovations would need a detailed investigation like this, but every project would need some level of assessment by a designer, builder or certifier, in the first instance to consider whether a planning application is needed.

- It is conservative to reckon that this initial level of assessment costs $100 per job or $8m across the industry.

If 20% of the half of all homes that this initial assessment determines that a planning application is needed purchase a planning report (averaging $750) from a local government

- The cost to home owners would be $6m.

For the other 80% of the half that don't purchase a local government report it is assumed that they spend an equivalent amount undertaking their own assessment of the development constraints

- The cost would be $24m.

For those undertaking a new detached build and assuming a $210,000 land value for a delay of 5 weeks at 5% the cost to each home owner from the delay would be $1,010.

- So the delay cost for all home buyers needing these searches would be $2m

For those who undertake their own enquiries the delay is assumed to be one week making

- the cost of the delay $1.6m

In total search costs to the home buying community are around $40m

2. Cost of developing different plans for different local government areas

Among the twenty or so high growth councils in Queensland, no two have the same code for the construction of a detached home. If plans of development and subdivision conditions are added to this mix there could easily be more than 500 variations of development constraints for a detached home across Queensland. It is estimated that there are at least 300 separate and active plans of development across South East Queensland alone: for renovations locating old plans of development and subdivision conditions there would be many more.

Display home builders estimate that the cost of amending a standard plan to meet the requirements and constraints of a particular lot can be $1,000. Many display home builders have well over 50 standard designs but assuming that the average display builder has 30 different standard designs and that there are 30 of these builders in Queensland, and that they need five models of each design to meet the requirements of different councils; and each re-design costs $1,000 to undertake.

- The cost on this basis is $4.5m for display builder only.

The larger builders account for about 20% of the Queensland detached home market, so even if the additional design costs for the other 80% of homes was only $200 per home

- The cost across the industry would be $3.2m.

There would also be costs associated with the cost of making mistakes: the wrong version of a design being built in a particular local council area.

- So in total additional design costs could easily be $8m. With plans being redeveloped on average on a four yearly cycle then the cost would average out at $2m a year.

3. Homes as displayed may not be able to be built in all local areas leading to sales confusion, redrawing of plans, disappointed customers as additional costs are faced or a different home needing to be selected.

This impact is difficult to quantify without knowing how often this problem arises, but when it does the cost could be significant. Even if it occurred in only 1% of cases and cost $5,000 each to remedy

- The total cost would be $4m a year.

4. Costs associated with planning applications that can be triggered

It has been estimated that a half of all detached home and renovation projects trigger some kind of development application.

When a planning application is triggered, the applicant and their designer will be required to prepare additional documentation for submission to council. In addition to the cost of preparing this documentation there are the additional costs of council application fees and the costs associated with the extension of the approval timeframes.

a. Council fees

Typical development application fees for a home or renovation approval would be $1,000. With half of all jobs needing this approval

- The total cost each year would be $40m.

b. Planning reports

Development applications to council need an associated planning report that covers all of the constraints on the site and how the applicant addresses those issues; these reports are not required for a building approval. A low level planning report would typically cost $1,500 to prepare, so for the estimated 40,000 new homes and renovations that need a report

- The total cost would be $60m.

c. Delay costs

A typical code assessable application would add at least 10 weeks of delay time. The cost of the delay time would fall mainly on the home owner as they have paid for land on which they cannot build. Again, assuming a $210,000 land value for 10 weeks at 5% the cost to the home owner would be $2,020. It is assumed that there are no delay costs for renovations.

Even with a state-wide housing code a proportion of new homes would still trigger a planning application if they did not meet the requirements of the state-wide code. If say 5% of applications were in this category then planning applications would not cause the 10 week delay for 9,000 homes.

- So the cost to the community from planning delays would be $19m.

5. Inconsistency leading to uncertainty and risk on planning and design outcomes

The risk of triggering a planning application would encourage some home owners and developers to adopt conservative approaches to housing design, stifling innovation and market responsiveness. The cost of this conservatism is difficult to quantify.

The spreading of innovative housing solutions is slowed by the many council planning codes that need to be changed before these new solutions can be adopted across the state. A state-wide code would mean that only one code would need to be changed. Again the benefits from this speed-to-market are hard to quantify.

6. Costs to local government

a) Developing their unique codes

A council could spend $ 2m on staff and/or consultants developing their own version of a housing code and a further $.5m each year maintaining and updating that code. If twenty of the higher growth councils adopt their own housing code in this way, the total cost to the community would be a minimum of $10m a year.

b) *Administering the planning applications that are triggered*

There is an administrative cost associated with opening, assessing and deciding each of the planning applications that are made for a detached home each year that could otherwise be approved via a building application only. It is assumed that the fees charged by council above would cover councils' costs.

c) Managing constituent expectations in an uncertain environment

General inquiries from rate-payers about interpreting council-specific housing codes and managing associated complaints would be a cost to council that could potentially be avoided if there was a state-wide housing code. However these costs are difficult to estimate.

d) Wasting planning expertise on low level planning applications

These costs are also difficult to estimate but would include the cost of enforcing the complex codes when complaints are made of alleged non-compliance.

7. Costs associated with disputes and appeals

The complexity and inconsistency among the council housing codes generates mistakes by applicants and council staff which will result in disputes and appeals to the Dispute Resolution Committees or the courts. These will be expensive matters for both applicants and council. Each dispute could cost the applicant a minimum of $1,000 with a similar figure for the council.

So with a minimum of $2,000 per dispute the cost for say 500 disputes that go to the Disputes Committees alone would be a minimum of $1m. The cost of disputes going to the courts would be considerably higher and there would also be costs for those disputes that were resolved prior to a formal procedure.

8. Costs associated with building-related conditions

Councils imposing their own building requirements as part of housing codes and development approval conditions can add unnecessarily to the cost of housing, notwithstanding the council arguments about special local circumstances. The requirement for recycled water plumbing in some areas where recycled water is not available is one example. Councils specifying building material and design features can also add to costs (without even a rudimentary cost-benefit assessment of the requirements).

Conclusion

The absence of a mandated state-wide housing code is at least $150-200m each year in direct costs and considerable additional indirect costs as summarised below.

		Annual Cost
1	Cost of establishing development constraints and the potential need for a planning application	$40m
2	Builders need to develop different plans for different local government areas	$2m
3	Homes as displayed may not be able to be built in all local areas leading to sales confusion, redrawing of plans, disappointed customers as additional costs are faced or a different home needing to be selected.	$4m
4	Costs associated with planning applications that can be triggered	$119 m
5	Inconsistency leading to uncertainty and risk on planning and design outcomes and slow adoption of innovation as changes to many codes are required	?
7	Costs to local government	
a	Developing their unique codes	a. = $10m
b	Administering the planning applications that are triggered	b., c., d., = ?
c	Managing constituent expectations in an uncertain environment	
d	Wasting planning expertise on low level planning applications	
7	Costs associated with disputes and appeals	$1m
8	Costs associated with building-related conditions	?
	Total	**Minimum $170m per annum**