



70 Jolimont Street
Jolimont VIC 3002
GPO Box 1614
Melbourne VIC 3001
t (03) 9280 8200
f (03) 9654 8168
hia.com.au

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Keir Delaney – Secretary
Standing Committee on Environment and Planning
via email: epc@parliament.vic.gov.au

INQUIRY INTO RATE CAPPING POLICY

Following the Planning and Environment Amendment (Infrastructure Contributions) Bill 2015 being recently passed in Parliament and HIA's involvement on the Reforming Infrastructure Contributions – Implementation Reference Group HIA consider it important to write to the Standing Committee on Environment and Planning regarding the Inquiry into Rate Capping Policy.

HIA is of the opinion that the topic of the regulatory structure of infrastructure contributions must also be considered as part of the Local Government Rates Capping & Variation Framework Review. It is submitted the design of the Framework will most definitely have an impact on Councils preference for the regulatory structure of infrastructure contributions particularly with regard to Allowable Items to be included as part of the Supplementary Levy.

Though HIA does not have a specific policy in relation to council rates and or rates capping HIA is concerned that if General Rates and or Municipal Rates were to be capped, for a range of reasons, Council's would prefer not to significantly restructure and curtail their expenditure for the period of the cap though would rather look elsewhere for alternative sources of funding and this would not include looking at increasing other types of rates levied by Councils such as; Service rate and charges, Special rates and charges or Revenue in lieu of rates for reasons given in A Blueprint for Change – Local Government Rates Capping & Variation Framework Review Draft Report – Volume 1 (July 2015). Rather Councils would look to the development industry to fund to the maximum extent possible, drawing an unacceptably long bow between nexus and need, the provision of new infrastructure and upgrade of existing infrastructure thereby allowing other monies to be freed up for non-infrastructure related expenses. Accountability and transparency may become compromised.

The topics of a Rate Capping Policy and the regulatory structure for obtaining infrastructure contributions cannot be considered individually.

HIA will watch with interest the progress of this review and would welcome the opportunity for further consultation as the review develops.

We thank you for the opportunity to contribute. Please do not hesitate to contact Mike Hermon – Assistant Director, Planning and Environment (Vic) on 9280 8236 or alternatively m.hermon@hia.com.au should you require anything further.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED

Gil King
Regional Executive Director, Vic