Can you give the committee an outline of what you think the necessary data is? What would you like to see states and local governments supplying at a national level that would assist in better meeting supply and demand needs?

Managing urban land supply

Governments at all levels must reasonably plan for Australia's population growth and play a role in the coordination and timely delivery of land and housing.

It is vital that Governments maintain an adequate supply of land for housing in Australia's major cities and regional centres.

The primary function of Government in doing this should be:

- to streamline the planning process:
- to provide key infrastructure to facilitate residential growth: and,
- to ensure adequate land supply to meet growing demands for new housing in both infill and greenfield locations.

Government strategies should be long term so that they create certainty of land supply and support an appropriate mix of allotments in good locations at an affordable cost.

Metropolitan strategies and housing strategies that apply across each capital city need to identify a rolling minimum 15- 25 year forward land supply target to meet long term demand. Within this long term strategy for land supply, governments should ensure there is adequate zoned or designated and serviceable land to meet medium term demand (e.g. 10 years supply). Whilst within the medium term supply, government should work with industry to ensure there is adequate land with subdivision approval to meet the short term demand (e.g. 5 year supply of land, serviced and subdivided land).

Need for accurate land supply information

It is acknowledged by all that the delivery of land to market takes a considerable time. Based on current planning systems, taking land from pasture to the point of sale extends over a period of 10 years or more in every jurisdiction.

It is because of this extensive timeframe that HIA believes it is critical to have competent and consistent land supply reporting by states and territories. Without this information, it is impossible to forecast and identify potential gaps in supply in future years. It is also inappropriate to use land supply data from the front end of the process, being unzoned and subdivided land, as a factual representation of the land availability at any given point in time for the construction of new homes today.

Due to the extensive time it takes to bring land to market accurate information across the seven stages of supply is also critical to address any potential changes in sequencing required. In some cases, projects may be delayed due to unforeseen infrastructure delays, environmental approvals or the like. There needs to be accurate information about the next stage of land, which then allows that to be 'turned on', potentially out of sequence, to make up any shortfall.

Similarly, if there is an unexpected peak in population demand, it is essential to understand what land is waiting in the pipeline that can be 'turned on' to allow a pull forward of supply.

HIA has identified seven critical stages in the land supply pipeline that we believe should be reported by all states and territories in a consistent manner. The oversight and coordination of this type of reporting to ensure consistency and timeliness could only come through the involvement of the Federal government.

In its submission to the inquiry HIA recommended the establishment of a national until within Commonwealth Treasury with a primary purpose being to collect, analyse, interpret and report on both housing and land supply pipelines, with a terms of reference similar to those of the Indicative Planning Council for Housing (IPC). The IPC undertook this important function from the 1970's through to the mid 1990's. A synopsis of the former IPC is contained in Appendix A below.

HIA Definition of Stages in Land Supply Pipeline

Step 1: Designated for urban development: (pasture) State planning agency has prepared a strategy document (of any type) that designates an area for future urban development. Provides a statutory mechanism to assist strategic planning, the coordination of major infrastructure and sets aside areas for regional open space and other community purposes. Usually covers more than 1 LGA. Detailed studies and designs may or may not have been completed. The land remains zoned *rural, rural residential, future urban, or the like*.
Step 2: Zoned for Urban Development: (pasture) State and/or Local Government approval has been given to zone the land residential. Local planning schemes set out the way land is to be used and developed, classify areas for land use and include provisions to coordinate infrastructure and development in a locality.
Step 3: Approved for residential development (subdivision) (pasture) Approval body (state or council) has issued a development (planning) approval for the subdivision of the land. (Construction works are yet to start.)
Step 4: Subdivision Works Approval (construction of lots) (pasture) Approval of engineering (civil) subdivision works & services authorities granted by local authority (State, council or private certifier).
Step 5: Lots Completed (land) Subdivision works completed, services completed and local authority (State, council or private certifier) has approved final plan of subdivision. Separate land titles may or may not be issued.
Step 6: Lots Registered (land) The plan of subdivision has been registered by the relevant state agency (land titles) to create legal title.
Step 7: Lots sold (land) Sale transactions/ changes in ownership. Transfer of title registered by State land titles agency.

Investigations by HIA over many years show that the collection of information on these stages of supply, the accuracy and the timeliness of publication, are highly variable. Some examples are provided below on current reporting by states.

In Queensland, there is currently no ongoing reporting. However, the Government recently completed a South East Queensland Broad-hectare Study 2013 (released in March 2014) which provided information on ten local government areas. Prior to this report, the latest information was dated 2011.
http://www.qgso.qld.gov.au/subjects/industry-development/land-supply/publications/broadhectare-study/index.php

In NSW, a comprehensive online monthly reporting portal has been established as part of the Metropolitan Development Program to provide figures on both land created and houses approved.

http://www.planning.nsw.gov.au/deliveringhomes/housingdeliveryoverview/metropolitandevelopmentprogram/housingdataforsydney.aspx
Quarterly reports are also provided which identify progress at ten critical points in the land and housing supply pipeline.

To provide a third example, in Western Australia a suite of publications go together to make up the majority of required information, coordinated through the Urban Development Program. The majority of information is reported quarterly. http://www.planning.wa.gov.au/publications/1158.asp

Role for Federal coordination

There is no coordinated approach by the states and territories in respect to the types of land supply information gathered the reporting timeframes, or the format and method of reporting, in order to allow government and industry to track the real delivery time of land from pastures to point of sale.

There is only one jurisdiction – NSW - that currently collects information on all seven critical stages of land supply and reports this regularly through a single report.

The following benchmarks for land supply reporting by State and Territory governments should be considered.

- **Public Reporting –** Every State and Territory government should publicly report the state of land supply in their jurisdiction.
- **Stages Reported -** Land supply reporting must cover a minimum of five of the seven stages outlined above, being stages 2 to 6, of the land supply pipeline.
- **Timing –** Land supply reporting of Stages 3 to 7 should be provided quarterly. Reporting of stages 1 and 2 should be provided annually.
- **Timeliness** – Land supply reporting of Stages 3 to 7 should be published quarterly and updated within three months of the end of the quarter. Reporting of Stages 1 to 2 should be published annually and updated every 12 months.
- **Coverage** – Land supply reporting should include information for both metropolitan (capital cities) and major regional cities.
- **Greenfield/ Brownfield –** Land supply reporting should include information for both greenfield (new land) and brownfield (infill) land supply.
- **Scope of Data** – Land supply reporting should include aggregated figures for the state (or region) and disaggregated figures for sub regions (precincts).
- **Report against targets/benchmarks –** Land supply reporting should be aligned to the current state government land supply targets and benchmarks.
- **Availability** – Land supply information should be freely available online.
- **Industry Confidence (Accuracy) –** Land supply reporting should be sufficiently robust to have industry confidence that the data is accurate and can be relied upon in their business operations.

An alignment of this information collection could only be facilitated with commonwealth involvement and leadership. As previously noted, a unit within Commonwealth Treasury should be established along the lines of the previous Indicative Planning Council model. This would allow for the coordination of information on

behalf of the Commonwealth which would serve as a practical means to engage with the state and territories and provide an independent report.

Appendix A

Indicative Planning Council for the Housing Industry

Purpose

The IPC was created in the 1970s to undertake forecasts of housing industry activity. These forecasts were intended to be used to calibrate counter-cyclical public housing investment by the Federal Government. While the Council's forecasts were not ultimately used for this purpose its forecasting role endured into the 1990s.

The IPC was also charged from time to time to undertake specific research projects related to the industry. These included studies into the land supply processes in each state, the structure of the building materials supply industry and building labour supplies.

Structure

The Council was composed of:

- The chairs of each of the state and territory IPC committees;
- Representatives from Federal Treasury and the Bureau of Statistics;
- Representatives of peak industry bodies like HIA;
- An independent chair – usually a highly regarded economist. Fred Gruen was the chair for a number of years for example; and
- Secretariat support from the Government Department responsible for the Council. This role moved around a number of departments over the years including Housing and Construction and Industry and Commerce.

Each State and Territory also had a committee structure with a broad range of members from the building construction, material supply, land development, finance and real estate industries as well as some state government representation. Each state committee was supported by a local member of the Council secretariat whose role also included a liaison program with industry participants in their state.

Process

The Council's forecasts were produced quarterly and were built up from the expectations of each of the state and territory committee's forecasts and ultimately moderated by the national committee against its own national estimates. Much of the groundwork for the state committees was undertaken by the Council's secretariat.

Funding

The meetings of the Council, the payment of the independent chair and the cost of running the secretariat were all met by the Federal Government.