



Submission to the Senate Inquiry into Housing Affordability

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Introduction.....	3
General Comments	4
The Broader Context of Local Government’s Responsibilities	5
Local Government’s role in the provision of housing	8
Planning.....	8
Building.....	8
Provision of Infrastructure	8
The impact of the Local Government’s role on affordability.....	9
Statutory Planning	9
Building.....	11
Infrastructure provision	12
Local Government’s Role in Strategies to improve affordability	13
Better Planning Outcomes	13
Other improvements in the Operation of the Planning System	13
Specific Provisions in Planning Schemes or Requirements on Developers	13
Co-ordinated strategic planning	13
Concessional Rating.....	14
The Housing Infrastructure Fund	Error! Bookmark not defined.

Introduction

The Local Government Association of Tasmania (LGAT) is the representative body of Local Government in Tasmania. Established in 1911, the LGAT is incorporated under the *Local Government Act 1993* with membership comprising the 29 Tasmanian councils.

The objectives of the Association are:-

- To promote the efficient administration and operation of Local Government in the State of Tasmania;
- To watch over and protect the interests, rights and privileges of municipal Councils in the State of Tasmania;
- To foster and promote relationships between Local Government in the State of Tasmania with both the Government of Tasmania and the Government of the Commonwealth of Australia;
- To represent the interests of the members of the Association generally, and in such particular matters as may be referred to the Association by its members; and
- To provide such support services to the members of the Association as the Association may by resolution in meeting determine.

The subject matter of this Inquiry is an issue of concern to all Tasmanians and the Association appreciates the opportunity to be able to contribute to this debate. However, as a small Association, we have not had sufficient resource to fully contemplate all barriers raised by the Senate and have drawn heavily on a submission made to Tasmania's Legislative Council Select Committee on Affordable Housing in August 2007. It is not intended that this submission re-iterate in detail the contributing factors or extent of the problem as this has been the subject of numerous recent reports and publications to which the Inquiry has access. This submission will concentrate on what the role of Local Government should and can play in addressing housing affordability within a Tasmanian context.

Whilst Local Government accepts that it has a role to play in the provision of affordable housing, the extent of this role will be examined both in the very broad context of Local Government's overall responsibilities and in the more narrow context of Local Government's role in the provision of housing.

In the former context, it will be suggested that addressing the housing affordability crisis is seen primarily as the responsibility of Commonwealth and State Governments. In the latter context, it is opportune to challenge some of the criticisms that have been levelled at Local Government and the extent to which they have influenced the current situation, particularly in Tasmania. It will be argued that, of the factors that have brought about or exacerbated the current situation, those for which Local Government has control or influence have had a very marginal impact on affordability.

General Comments

Professor Julian Disney, in the 2005 Ozanam Oration, describes housing affordability as: "Housing of an adequate basic standard that provides reasonable access to work opportunities and community services and that is available at a cost which does not cause substantial hardship to the occupants."

Although Australia is enjoying a period of economic growth, the benefits of this growth are not flowing evenly across society. The property boom clearly reflects inequalities in distribution of wealth. According to the 2007 – 08 State of the Regions report (National Economics), in the period 1996 – 2005 the value of land in Australia tripled and the value of dwellings doubled. At the same time housing affordability has declined substantially, and continues to decline, for lower and middle-income households.

As well as those in housing stress (ie households in the bottom two quintiles of income distribution paying more than 30% of their income on housing), there is an increasing number of households who are either under considerable pressure in servicing their mortgages or who have little chance at purchasing or renting in a preferred location.

Solutions will need to be developed which assist those who are already disaffected by housing affordability and which prevent or at least slow down the situation becoming worse. Both the supply of housing and assisting households in stress will need to be addressed. Merely increasing supply, whilst taking some pressure out of the market, will not of itself solve the problem. Whilst property investment continues to be seen as a means of creating wealth, for every prospective builder, buyer or renter in the low income bracket there will be at least one or more buyer who can over bid.

These solutions can only be achieved by strong action on macro economic policy at the national level, a role that must be assumed by the Australian Government, working closely with State and Territory governments. It is also suggested that it is necessary to review the assumption that lower income households can be adequately housed in the private market with income supplement and that greater intervention in the supply of housing stock may be necessary by the State Government.

Whilst it is conceded that intervention to assist those struggling in the community is primarily the role of governments, it is noted that amongst those calling for action are those sectors that have profited well from the property boom. Their criticisms, directed at governments, include:

- The amount, and cumbersome implementation, of regulatory systems
- The level of taxation, fees, charges and levies.

Some of these will be examined in greater detail later in the paper, but it is worth making the comment at this point, that although the level of regulation can be burdensome and cumbersome, such systems are put in place in response to a perceived need to deal with a situation or set of circumstances. The wider community is the beneficiary, as are individual stakeholders, including those who may be critical of the system.

In relation to fees etc, governments are not in the business of making a profit but must put in place mechanisms for the services provided to be paid for. It is a constant challenge to do so in a way that is equitable.

The Broader Context of Local Government's Responsibilities

The role of Local Government has expanded considerably over recent years. Historically Local Government provided property-based services. Since the 1960s, however, Councils have increasingly provided a range of regulatory and human services. The move in the 1990s away from prescriptive legislation which set out local government's areas of responsibility to legislation which provided local government with general powers of competence has accelerated this move into non property-based services.

Some of these new roles, functions and powers have occurred as a result of policy choices of Local Government or individual Councils, often as a result of increased community expectations. However, many have been as a result of devolution and prescription through legislation and regulations by other spheres of government or filling gaps left by other spheres of Government.

It is clear that 'cost shifting' over several decades has placed considerable pressure on Local Government. This has been clearly recognised in the 2003 Report of the House of Representatives Standing Committee on Economics, Finance and Public Administration – *'Rates and Taxes: A Fair Share for Responsible Local Government'* and also in the 2001 Report of the Commonwealth Grants Commission, *Review of the Operation of the Local Government (Financial Assistance) Act 1995*.

Since the publication of the Fair Share Report, an Intergovernmental Agreement establishing principles guiding inter-governmental relations on Local Government matters has been entered into by the Australian Government, all State and Territory Governments and the Australian Local Government Association (ALGA). Primarily the agreement addresses changes in roles and responsibilities and any associated financial impact.

However, this will only deal with part of the issue for Local Government. There is clear evidence that Local Government does not have a sufficient revenue base to maintain or meet increasing community demand for human services, and at the same time adequately maintain and replace its traditional forms of infrastructure.

At the national level, ALGA commissioned an analysis of Local Governments' long-term financial sustainability. The Pricewaterhouse Coopers (PwC) report identified significant backlogs in infrastructure investment and renewals as a symptom of financial sustainability challenges. Rural and remote councils were more likely to be under financial stress. A number of states, including Tasmania, have undertaken more detailed studies into the sustainability of Councils.

PwC acknowledged the significant progress made by local government to improve its own efficiency but also noted the need for further internal reforms to ensure that councils are operating as efficiently as possible. Local government has recognised the need for efficiency improvements and has made significant progress in this area over the past decade. This reform process is continuing, particularly in the area of asset management.

At present, more than 80 per cent of Australian taxes are collected at the national level. Only 3-4 per cent of the nation's total tax is collected at the local government level. ALGA has long maintained that local government finances need to be addressed in a manner that provides for long term stability.

It is sometimes argued that the solution to the Local Government's financial needs is in its own hands, with the use of measures such as reducing expenditure and increasing the existing local government rate base.

Local Government already collects some 85 per cent of its revenue from its own sources – predominantly municipal rates, and fees and charges. However, due to the diversity of local councils, capacity to raise own-source revenue varies significantly. To address the disparity between service delivery responsibilities and revenue collection, a system of

intergovernmental financial transfers exists. Local government has been a part of that system since the 1970s following the establishment of the Local Government Financial Assistance Grants (FAGs). The relative value of the FAGs, however, has declined from 1.01 per cent of total Commonwealth revenue in 1995-96 to an estimated 0.74 per cent in 2008-09. This has exposed local government to considerable financial stress.

In Tasmania, the findings of the recently completed Access Economics Review of the Financial Sustainability of a Local Government indicate that own source revenue is much more important to Tasmanian councils than operating grants from other governments. In part, this highlights the small contribution that other spheres of government are making to Tasmanian councils' financing task.

Table 1 summarises the sources of operating revenue available to Tasmanian Councils in 2005-06.

**TABLE 1 : COMPONENTS OF OPERATING REVENUE
TASMANIAN COUNCILS, 2005-06**

	\$M	%	%
Rates revenue ^(a)	383.446	74.7%	
<i>plus</i>			
Fees and charges	105.397	20.5%	
<i>plus</i>			
Other own-source operating revenue ^(b)	24.186	4.7%	
<i>equals</i>			
Own-source operating revenue	513.029	100.0%	86.5%
<i>plus</i>			
Operating grants from other governments	80.125		13.5%
<i>equals</i>			
Total operating revenue	593.154		100.0%

^(a) Includes annual water and sewerage charges

^(b) Includes any operating contributions and all investment income

Local Government is demonstrating its preparedness to play its part in securing own source revenue, with a focus on ensuring that communities understand the purposes to which that funding is being directed. Actions taken have included increasing rates, greater use of user fees and charges and increased borrowing. However, independent research sponsored by ALGA suggests that own source revenue cannot be further expanded, as there are limitations with these approaches:

– **Increased rates**

Property rates are the only real taxation base available to councils. While the property rates revenue collected by local government in Australia comprises just under 3% of total taxation revenue across all three spheres of government, it should be noted that this same property base is also subject to state government revenue measures where a far greater quantum of revenue is collected. According to the ABS, the states' share of all property taxation revenue was 66% in 2004-05, while local government collected the remaining 34%. Further, the draft report by the Productivity Commission "Assessing Local Government Revenue Raising Capacity" flags that a significant number of councils, particularly rural and remote areas, have limited potential to generate further own source revenue and will remain highly dependent on grants from other levels of government.

Increases in property rates are never well-accepted in the community. This has been even more apparent as rates have been heavily affected by revaluations during the property boom. Again the Productivity Commission have stated in the draft "Assessing Local Government Revenue Raising Report" that property values are an incomplete indicator of the income of residents and do not necessarily reflect their ability to pay increased rates and taxes.

Further, services now being provided by local government have become very diverse, calling into question the suitability of property taxes as a key revenue source. Rates are an appropriate tax to fund services to property, but they are far less appropriate to fund broader community services which address general issues of redistribution. Increasing the level of council revenue derived from property tax would continue the application of this narrow tax base to cover the cost of a broad range of council services.

– **Increased user charges**

National Competition Policy required councils to move to a more cost reflective arrangement for the provision of certain activities in councils. Full cost attribution across specific operations of councils has tended to focus on and foster a shift to a user-pay culture. While rating remains a progressive taxation arrangement, based on property value and a notional concept of capacity to pay, the consumption of particular products and services is deemed to be more fairly or appropriately paid for based on the actual usage. This has seen a much stronger emphasis on user-pay principles being adopted across councils.

Independent research sponsored by ALGA indicates that there is already a high level of reliance on user charges. Current estimates indicate that the average revenue from users as a percentage of operating spending is approximately 37 %. This cost recovery ratio compares with the Commonwealth at a little over 4% and the states at 12%.

– **Increased reliance on borrowing.**

Borrowing for capital expenditure is a legitimate and sound economic strategy, however much of local government's capital investment do not, and arguably are not, capable of generating sufficient revenue returns to service debt. Independent research indicates that an average interest cover of 3.9% for local government in Australia and indicates that local government has adequate cover of its interest expenses. However there is strong evidence to suggest that higher debt levels will not be a sustainable financing strategy. In Tasmania, there are also limits to the amounts that Councils are able to borrow.

In view of the circumstances described above, ALGA is seeking a transition from the current FAGS system to funding based on a 1 percentage share of Commonwealth taxation.

In the meantime, Local Government is very cautious about accepting responsibilities in an area for which other spheres of Government have traditionally had responsibility.

Local Government's role in the provision of housing

Councils play a significant part in the provision of housing in their municipal areas, both directly and indirectly:

Direct involvement refers to the actual provision of housing by councils acting individually or in partnership with others.

Indirect involvement is the role that councils play in facilitating the provision of housing by others, primarily through the exercise of planning and building functions and through the provision of infrastructure.

Planning

The overall purpose of planning is to ensure that land use and development meets present and future needs, reflects minimum community standards of health safety and amenity, protects the environment, provides a process for resolving competing interest and ensures there is a reasonable level of housing choice. Although many people believe that there is too much restriction on how land may be used, planning regulation is intended to protect the interest of all in the community.

Planning occurs at two levels – strategic and statutory.

Strategic planning involves developing plans for a medium to long-term horizon, setting goals and identifying strategies for achieving those goals.

Under the *Local Government Act 1993*, Councils are required to develop, in consultation with their communities, Strategic Plans.

Statutory planning is the legally binding, the statutory framework established by state governments that control development - in Tasmania the Resource Management and Protection system.

Councils, acting as Planning Authorities have two statutory planning functions:

- Development of planning schemes
- Assessment of application against those planning schemes

Building

Tasmanian Councils and General Managers have a number of powers and functions under the *Building Act 2000*.

Councils have also appointed their General Managers to undertake the duties of the permit authority for the municipal area. The permit authority issues building permits, ensures registers are kept in accordance with the Act and ensures that certificates of completion are issued.

Some Councils also provide building surveying services. The building surveyor issues Certificates of Likely Compliance (with the Building Code of Australia).

Provision of Infrastructure

Councils are responsible for the provision and maintenance of a wide range of infrastructure for their communities, including local roads, footpaths, bridges, lighting, water and sewerage, drainage, waste disposal, public buildings, sport and recreation facilities, parks and gardens.

The impact of the Local Government's role on affordability

In Tasmania, Councils have a very limited role in the actual provision of housing, as this has not traditionally been seen as a role of Local Government. It is considered that it would be the decision of individual Councils whether to become involved in this area within its strategic planning process.

At this time, the provision of affordable housing has not been a matter addressed in the Strategic Plans of Tasmanian Councils.

The role of Tasmanian Councils, is therefore primarily in the provision of statutory planning and building services and in the provision of infrastructure.

Statutory Planning

There has been a very high level of criticism of Local and State Governments throughout Australia in relation to the exercise of their statutory planning functions and the associated cost, in particular:

- Delays in the approval process and associated holding costs
- Scale of fees for approval processes
- Restriction on land supply

- Delays in the approval process and associated holding costs

There have been some quite extraordinary claims made in relation to delays with planning approval and the consequential impact on costs. There will always be anecdotal examples of approval processes that have not gone smoothly and caused frustration to the applicant. Similarly, Councils could cite many examples where the delay is not of the Council's making, such as the need to follow up with the applicant where there is inadequate or incomplete information.

However, Appendix 1, taken from the 2005 –2006 Measuring Council Performance in Tasmania Report, does not indicate any pattern of delays in planning approvals in Tasmania, particularly as this statistics show total numbers of days taken, with no allowances for delays for additional information etc. Many Councils are well within the 42 day statutory timeframe.

It is also important to bear in mind that the planning system is one in which third parties have extensive rights. Elected members in Councils are subject to a level of public input in their decision-making which cannot be compared with other spheres of Government. Those decisions are then open to a series of appeal mechanisms which, if exercised, can be extremely lengthy.

- **Scale of fees for approval processes**

A criticism made of Councils is that the application assessment fees are not justifiable, especially as they vary considerably from Council to Council. Apart from noting that the level of fees charged by Tasmanian Councils does not appear excessive and would have minimal impact on the ultimate price, the Association considers that where legislation gives power to Councils to establish fees, it is entirely up to individual Councils to do so within their overall pricing and budgeting policies. It should also be borne in mind communities expect their councils to provide them with information and advice over the counter and phone at no charge. Suffice it to say that information from Councils indicate that fees collected fall considerably short of covering the cost of the provision of planning services.

- **Land Supply**

There is no evidence of a limited land supply in Tasmania. This is not to say that when land becomes available it is 'affordable' on the open market. If anything, Tasmanian Councils may be subject to criticism for approving inappropriate subdivision.

Despite the above reservations about these criticisms, Local Government does not dispute that there are shortcomings in the planning system in Tasmania and its operation.

The Association has listened to and heard the concerns expressed by the building and development industry about the number of planning schemes in Tasmania and the lack of consistency between schemes.

The Association has worked very closely with the State Government in the development of the project to improve the state's planning system, *Better Planning Outcomes*, which focuses on some of the longstanding deficiencies of the planning system.

In its response to Better Planning Outcomes, the Association listed the following key themes as being of central importance to Local Government:

- Continuation of the current role and integrity of Councils as local planning authorities
- The development of an effective State Policy framework with input from Local Government to ensure its relevance at a local level

Rather than individual councils having to develop planning responses to a range of issues without reference or leadership from the State Government or the RPDC having to make judgements about a particular circumstance, a State Policy provides clarity and consistency across all planning schemes. The Association supports the development of a suite of simple and effective State Policies to underpin the integrity of the planning system, supported by adequate resources and implementation tools to assist Councils. It is considered essential that Local Government has real input into the development and implementation of State Policies to ensure that they take account of local needs and perspectives so that local communities feel a sense of ownership.

- The development of an integrated State/regional/local planning framework that includes comprehensive planning strategies to guide the preparation and review of planning schemes and investment in infrastructure.

There is widespread support for the concept of regional planning which is considered long overdue as leadership at both State and regional levels is critical to ensuring that growth and development is managed in a coordinated manner. However, there needs to be considerable consultation as to how this can best be implemented and what level of resources would be required.

Local Government is pleased that such a process has commenced with the regional planning project between the State Government and the Cradle Coast Authority.

- Adequate resourcing for both State and Local Government to provide an effective and professional planning regulatory function, particularly the preparation and review of planning schemes.

One of the criticisms levelled at councils is the lack of consistency between planning schemes. Different definitions, different interpretations and different standards place significant imposts on those businesses and individuals that regularly involved with council planning processes. While the Association was a keen advocate and partner in the work that resulted in Planning Directive No 1 and a more consistent approach to planning scheme preparation, there is clearly still much to do to move towards greater consistency.

A significant challenge facing the sector is not only getting planning schemes up to date and consistent but the capacity to regularly review them. Local Government is not averse to consistency of definitions, structure and regular review but the resources necessary to achieve this outcome, as discussed earlier, are simply not available – either inside councils or externally. There is a nationwide shortage of planners at present and councils have extreme difficulty in attracting officers to undertake the statutory planning function let alone the more strategic elements necessary for best practice and long term strategic land use planning. The capacity of councils to focus their attention on the broader and longer term requirements of their municipality tend to take a back seat to the need to address the operational process

applications as quickly as possible and attend to appeals and such like. The resource available in the private sector is also stretched so it is not simply a matter of seeking out external resources to undertake the strategic reviews of planning schemes.

In the event that there was a resource available to councils another problem arises in terms of the capacity of the RPDC to be able to process the necessary planning schemes. In an environment where increasing numbers of state policies are likely to be introduced and projects of state significance require the priority resources of the Commission, there is clearly an inability of the Commission to access the resources necessary to be able to manage a more regular review process.

– **Improved enforcement powers for Local Government.**

Local Government has for a number of years been requesting that the enforcement provisions of LUPA be strengthened, for example by the ability to issue abatement notices and infringement notices. Matters could be referred to the Tribunal if contested. Councils need to be able to take time and cost effective enforcement action without needed to commence civil proceedings under section 64.

Whilst the relevance of this issue in the context of affordable housing might seem remote, the current provisions divert Council planning resources away from other matters.

Building

Councils are also criticised in relation to their performance of functions under the *Building Act 2000*:

– **Delays in the permit process**

Appendix 1 does indicate that some Councils may be struggling to meet statutory timeframes and Local Government has raised concerns with the State Government that the timeframes in the Act are unrealistic in some circumstances.

Whilst the new building legislation was a long time in preparation, it was finally implemented in some haste and at the height of the building boom. It has taken some time for all parties to settle into the new regime. It is hoped that the next Key Performance Indicator Report will show an improvement in this area.

It is also considered that the delays in this area a more of an inconvenience than a factor that is likely to lead to increased costs.

– **Scale of fees for approval processes**

Similar to the criticism of planning fees, the level and variation of building fees has been queried. Again, apart from noting that the level of fees charged by Tasmanian Councils do not appear excessive and would have minimal impact on the ultimate price, the Association considers that where legislation gives power to Councils to establish fees, it is entirely up to individual Councils to so within their overall pricing and budgeting policies. It should also be noted that in relation to building fees, Councils collect two levies on behalf of the State Government.

Where Councils provide building surveying services, and are in competition with the private sector, they are sometimes accused of not charging enough for their services and for cross-subsidising these services.

It is suggested that effect of the issues raised above pales into insignificance in comparison to the impact of other factors experienced in the building area, particularly the difficulty in sourcing builders in a time of shortage and extensive delays in actual building work.

Infrastructure provision

Infrastructure, such as roads, footpaths, parks and other public facilities is now an expectation of the community. Not only is there increased demand for infrastructure but also increased expectations in terms of standards and environmental outcomes.

As mentioned previously, Local Government throughout Australia now has a far clearer picture of the enormity of the asset management and renewal task it faces, even before new infrastructure is taken into account. One means of dealing with this increased level of demand/funding shortfall has been the use of developer charges.

Councils have been strongly criticised for the imposition of developer charges for infrastructure, when previously the funding of urban infrastructure was debt financed by state and local government and paid for by the broader community.

This is not a profiteering exercise by Councils. Charging upfront is considered a much more open and accountable way of charging for infrastructure. Without developer contributions there is a risk, as has happened in the past, of large housing estates lacking the necessary infrastructure to make them socially viable and cohesive. This leads to infrastructure demands that are more difficult to put in place and to finance after the event of original development.

In Tasmania, there has been a practice of contributions being made by developers as part of the development approval process. Conditions placed on development approvals have involved direct infrastructure provision or contributions toward adjoining or future infrastructure that may be necessary for a particular development. The practice of councils that collect such funds is to set them aside in reserves and apply them at a later stage to the particular category of asset for which they were originally collected. The regime overall is not particularly transparent and provides little certainty for developers.

In recent times the practice of imposing a more structured regime of developer charges has become more prevalent across councils, particularly in urban and high growth areas where there is an increased infrastructure requirement. There are no legislated limits to the contributions that can be required or charges that can be collected. Unlike other jurisdictions where there are regulated formulae and maximum limits, Tasmanian councils have the ability to determine their own level of contributions.

However, the developer contribution as part of the overall development cost and subsequent selling price of land, is generally relatively small across Tasmanian councils and cannot be equated with the level of charges elsewhere.

As mentioned previously in this submission, the ability for Local Government to meet the level of demand from its communities will not be able to be funded from own-source revenues. To this end, ALGA strongly supports the Commonwealth Government commitment to a Local Government Community Infrastructure Renewal Fund.

Local Government's Role in Strategies to improve affordability

As previously indicated through this paper, the Association considers that it has only a limited ability to directly influence the affordability of housing. That said, there are a number of strategies in which Tasmanian Local Government could be involved.

Better Planning Outcomes

The Association strongly believes that if the objectives of this Project are achieved, there will be positive outcomes for the whole planning system which will have a flow-on effect on housing affordability.

Other improvements in the Operation of the Planning System

As well as working with the State Government on the Better Planning Outcomes project, there are other ways in which overall improvement in the operation of the planning system might be achieved.

- The Association will continue to offer regular training to Council elected members on their roles and responsibilities when acting as a Planning Authority
- There is a general lack of understanding about how the planning system works, in particular the rights of third parties. Where a development is unusual or potentially challenging to the community, the importance of early consultation with the Council and community cannot be stressed enough. One of the specific projects being developed under the auspices of the Tripartite Partnership on Ageing is an education package for developers about the planning system. This might well be a template for other kinds of developments.

Specific Provisions in Planning Schemes or Requirements on Developers

It is possible that planning schemes could contain provisions relating to affordable housing, dealing with such matters as lot sizes and lot density. There is potential for such matters to be developed in a state policy.

Another approach that has been considered is a requirements on developers to provide housing choice, including low cost housing.

The introduction of affordable housing legislation in South Australia is noted with interest. The Affordable Housing Trust will work with local government and planning authorities to provide the legislative and policy framework to encourage developments that include affordable housing targets of 15 per cent affordable housing (including 5 per cent high-needs housing). Amendments to the *Development Act* specify the need to consider affordable housing in strategic planning and local council development plans.

However, one of the issues that needs serious consideration with such approaches is how such housing stock is kept 'affordable'. The ability to do this in the South Australian scheme has been questioned.

Co-ordinated strategic planning

The Association has long been seeking a more co-ordinated approach to infrastructure planning and development in Tasmania.

Local Government is heartened by the pilot infrastructure planning study in the Sorell municipal area which is nearing completion. The objections are to:

- Provide advice on reforms to improve infrastructure planning
- Trial the State Infrastructure Planning System
- Trail benefits of cooperative planning between State and Local Government.

The Study has indicated shortcomings in the alignment of land use planning and infrastructure planning and provision and highlights areas where greater coordination between the State and Local Government are essential.

The Association strongly supports continued work on this project which, if realised, will undoubtedly have positive outcomes on the cost of infrastructure provision and therefore housing affordability.

Concessional Rating

It has been suggested that Councils, together with other levels of Government, should give relief from the application of various taxes, fees and charges to people in housing stress.

Currently Councils administer a concession scheme funded by the State Government for persons with a Pensioner Concession Card or Repatriation health Card. A similar scheme for holders of other benefits cards would have to be fully funded.

Councils do have the ability, under the *Local Government Act 1993*, to apply a remission on rates. Normally this is one-off arrangement to assist an individual household in exceptional circumstances. Alternatively, a remission might be applied to a class of landowners.

This issue is complicated by the fact that many households in housing stress are renting their properties. Whilst they do not pay rates directly, the property owner would pass this cost on but would not be eligible for any rate concession.

The Federal Government's Housing Infrastructure Fund

The Local Government Association welcomes the additional funding to address issues of housing affordability being made available by the Australian Government. However, LGAT has concerns that the funding criteria and processes put Tasmania at a competitive disadvantage in relation to the Housing Infrastructure Fund. This is because in comparison to mainland jurisdictions Tasmanian councils have relatively low developer fees and relatively streamlined processes (as outlined earlier). There is also concern as to how, resource poor councils, might be expected to ensure any developer savings are passed on to home buyers and how to ensure those home buyers are in the lower income brackets and how funding can be demonstrably linked to affordable housing outcomes. We are currently working with the State Government on these issues, looking at how we might innovatively tackle these issues in partnership and awaiting further details on this program.